Ethnic Autonomy and its Consequences in Post-coup Myanmar

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What's new? The Myanmar military, which has suffered a series of battlefield defeats to opposition forces, is rapidly losing control of the country's periphery. Elite circles are blaming Commander-in-Chief Min Aung Hlaing, whose days in charge could be numbered, but the military itself is not on the brink of collapse.

Why does it matter? The Myanmar state is fragmenting as ethnic armed groups consolidate control of their homelands, while in the country's centre a weak regime clings to power and launches revenge air attacks on territories it has lost. Further fragmentation seems inevitable but does not necessarily presage catastrophic intergroup violence.

What should be done? Myanmar's neighbours should be more flexible in engaging with bordering non-state authorities. Notwithstanding the inclination to engage with national governments, donors should explore ways to strengthen the service delivery and governance functions of existing and emerging subnational administrations, while remaining mindful of conflict risks, human rights considerations and legal constraints.

I. Overview

The Myanmar military has suffered a series of humiliating defeats, losing territory, bases and towns to ethnic armed groups along the country's periphery. It no longer has control of most of Myanmar's borders, and further territorial losses seem inevitable. Nevertheless, the military is not right now on the brink of collapse. Its main battlefield opponents are focused on consolidating their hold on their ethnic homelands, not taking the fight to central Myanmar, and the post-coup resistance forces that do aim to topple the regime do not have the firepower to defeat the military on its home turf. The current trajectory is one in which various ethnic armies will tighten their grip on autonomous statelets in the periphery, while a weak regime brutally clings to power in the centre. While concerning, this atomisation of the state only entrenches a long-existing situation and may not trigger a slide into chaotic violence. It will, however, require outside actors that wish to support Myanmar's people to

grapple with the challenge of engaging with the country as a collection of separate subnational units rather than a unified state.

The military's recent failures have been dramatic. After losing large swathes of territory in northern Shan State, near the Chinese border, to an alliance of ethnic armed groups following a joint offensive launched on 27 October 2023, it has since been routed by the Arakan Army in much of northern and central Rakhine State, losing control of all the Bangladesh border and part of the Indian Ocean seaboard. Since March 2024, it has also faced pressure from the Kachin Independence Army (KIA) in the far north, getting pushed back from strategic hilltops and losing a key trading town on the Chinese border. Its hold on lucrative jade, gold and amber mining areas is also in question. In April, the Karen National Liberation Army (KNLA) temporarily defeated regime forces at Myawaddy, a commercial hub on the Thai border, although the military subsequently retook the town with the help of a rival Karen faction.

Apart from military and economic consequences, these losses are having a huge political impact in the capital Naypyitaw. Many in pro-military elite circles see Commander-in-Chief Min Aung Hlaing, the coup leader, as primarily responsible for the failures. Senior serving and retired officers are openly criticising him, while prominent monks and nationalist bloggers are publicly calling upon him to hand over his military command to someone more capable. With no institutional mechanism for removing him, however, it is hard to predict if or when other officers might move against the top general. Neither is the military likely to disintegrate after the battlefield defeats: its most powerful opponents – ethnic armed groups – have little interest in taking the fight to its strongholds in the central plains and main cities. The regime is likely to remain ensconced in Naypyitaw for now, taking vengeance from the air and prompting chaotic violence for some time to come.

By contrast, armed groups in the periphery are rapidly consolidating control of ethnic homelands and expanding their governance and administrative systems. Many of these groups are intent on building autonomous, quasi-independent statelets that they can protect from incursions. For most of them, this objective has always seemed like a distant dream, but it now appears within reach. Already well under way, the fragmentation of the state is likely to be an impediment to, rather than a stepping stone toward, the federal union that many in the country aspire to.

Yet fragmentation in Myanmar is not necessarily a prelude to the kind of catastrophic inter-group violence seen in some other countries riven by civil strife. The post-independence state has always been fractured, with many parts of the country under the control of ethnic armed groups, meaning that some of today's protagonists have almost eight decades of experience with this reality. While the regime has launched punitive air and artillery attacks on areas it has lost – often targeting civilians – fighting among anti-regime groups has, thus far, been limited. It is quite possible that functioning ethnic minority statelets will be able to coexist amid the convulsions of a failing regime at the centre.

Negotiating this landscape, however, will be a challenge for Myanmar's neighbours as well as international donors and multilateral institutions. The international system is predicated on bilateral and multilateral relationships among nation-states and has difficulty engaging effectively with subnational entities. Yet with the regime having rapidly lost control of most of the country's borders, the neighbours must grapple with how to respond. By all appearances, they understand that good policy requires them

to step up engagement with armed group administrations, but they worry about the precedent they may be setting, given that several are contending with their own insurgent or separatist groups and may struggle with other constraints as well.

Western and multilateral donors also need to explore far more flexible aid responses that are not predicated on the fiction of a central government authority. An adjusted approach along these lines would be a departure from the traditional model for governance and state-building support and would have to be developed mindful of conflict risks, human rights considerations and legal constraints. Still, there is no way for outside actors to steer around the reality that much of Myanmar is likely to be fragmented for the foreseeable future. Rather than focusing on efforts to build strong central state structures and institutions which, even if federal in intent, are unlikely to gain traction, the greatest potential for positive impact lies in working with the grain to help strengthen existing and emerging subnational administrations.

II. The Military's Dramatic Battlefield Losses

A. *Evolution of Armed Struggle since the Coup*

The February 2021 military coup, which unseated the popularly elected administration of State Counsellor Aung San Suu Kyi, unleased a wave of nationwide popular fury and mass protests.[1] The military cracked down with brutal force, killing hundreds of civilians over a period of a few weeks and some 1,500 in the twelve months following the coup, while detaining thousands of others.[2]

As people watched their fellow protesters gunned down or arrested, anger rose, along with determination to prevent the regime from consolidating its coup. Nonviolent protest evolved from demonstrations to other forms of dissent that were more difficult for the military to quash, such as women and men banging pots and pans on balconies in big cities, flash mobs and silent strikes where, on designated days, people stayed off the streets and businesses closed.[3] Refusing to work for the regime, hundreds of thousands of civil servants, including many women teachers and medical staff, quit their jobs or were sacked for going on strike as part of the civil disobedience movement.[4] At the same time, people across the country – most of them young – formed armed resistance groups in rural areas, often with the support of ethnic armed groups (see Section II.B below) as well as some urban guerrilla forces. These groups ambushed military convoys, attacked security posts and carried out assassinations of individuals allegedly connected to the military or the regime.[5] The junta

[1] See Crisis Group Asia Briefing N°166, *Responding to the Myanmar Coup*, 16 February 2021; and Richard Horsey, "A Close-up View of Myanmar's Leaderless Mass Protests", Crisis Group Q&A, 26 February 2021.

[2] See Crisis Group Asia Briefing N°167, *The Cost of the Coup: Myanmar Edges Toward State Collapse*, 1 April 2021; and Richard Horsey, "One Year On from the Myanmar Coup", Crisis Group Q&A, 25 January 2022.

[3] See Horsey, "One Year On from the Myanmar Coup", op. cit.

[4] Ibid.

[5] See Crisis Group Asia Briefing N°170, *The Deadly Stalemate in Post-coup Myanmar*, 20 October 2021.

attempted to counter these developments by raising its own rural militias, with limited success.[6]

In September 2021, the National Unity Government (NUG) – a parallel administration appointed by elected lawmakers ousted in the coup and operating mostly from exile – declared a "people's defensive war" to combat the regime. Thereafter, the primary means of resisting the military takeover was violent rather than non-violent action.[7] By that time, some 250 resistance groups, often referred to as "people's defence forces", or PDFs, had coalesced across the country – ranging from small units with a handful of members, to well-organised militias with hundreds of fighters equipped with modern light arms.[8] Many of these supported the NUG's political legitimacy, but only a few were under its chain of command.[9]

The upshot was that by 2022, a sort of equilibrium had been reached, where the military was able to unleash deadly violence against its post-coup opponents and the civilian communities in which they operated, but was unable to vanquish them.[10] For their part, many resistance groups acquired better weaponry and rapidly gained warfighting experience, carrying out effective raids on regime-linked locations as well as killing alleged informants. But they mostly lacked the heavier weaponry, number of fighters and level of coordination needed to attack well-defended targets such as army bases and towns.[11]

B. *Operation 1027*

In addition to the new post-coup resistance forces, some twenty ethnic armed groups in Myanmar have been fighting successive central governments for ethnic rights and greater autonomy for many years – in some cases, decades.[12] While the coup – and the collapse of the nationwide peace process that it precipitated – increased tensions between the Myanmar military and many of these groups, most of them adopted a wait-and-see attitude and did not immediately resume fighting. Several did, however, provide sanctuary to politicians, activists and demonstrators fleeing from regime-controlled areas, and many quietly provided training and sold or donated weapons to the new resistance forces; some even dispatched experienced fighters or officers to embed with these forces. A small number openly sided with the NUG and the broader resistance movement.[13]

For many newly created resistance forces, the patronage of an ethnic armed group was crucial for their survival and ability to take on experienced and well-equipped

[6] See Crisis Group Asia Briefing N°171, *Resisting the Resistance: Myanmar's Pro-military Pyusawhti Militias*, 6 April 2022.
[7] The NUG posted its declaration on its Facebook page on 7 September 2021. See also "Declaration of war necessary as international pressure fails: Myanmar shadow govt", *The Irrawaddy*, 9 September 2021.
[8] See Crisis Group Briefing, *The Deadly Stalemate in Post-coup Myanmar*, op. cit.
[9] Ibid.
[10] Ibid.
[11] Ibid.
[12] See Crisis Group Asia Report N°308, *Rebooting Myanmar's Stalled Peace Process*, 19 June 2020.
[13] Those who coordinated most actively with the NUG were the Chin National Front, the Karenni National Progressive Party, the Karen National Union and the Kachin Independence Organisation.

regime troops.[14] While larger and long-established groups such as the KNLA and KIA exercised firm control of the new fighters they sheltered and trained, two small ethnic armed groups, the Chin National Front and Karenni National Progressive Party, have been eclipsed in size and strength by the resistance forces they helped nurture – the various branches of the Chinland Defence Force and Karenni National Defence Force, respectively.[15]

What broke the apparent equilibrium reached by 2022 was not the combined forces of the post-coup resistance groups and their most stalwart ethnic armed group patrons, but rather a blitzkrieg offensive against the military by a group of three allied ethnic armies in northern Shan State – the Myanmar National Democratic Alliance Army (MNDAA), Ta'ang National Liberation Army (TNLA) and Arakan Army, collectively known as the Three Brotherhood Alliance. The groups, which had been participating in peace talks with the regime while simultaneously preparing their forces to attack, dubbed the offensive Operation 1027 in reference to its launch date of 27 October 2023.[16]

The groups had spent many months preparing their forces and stockpiling arms and ammunition; they benefited from the element of surprise as well as from hundreds of Chinese agricultural drones they had reconfigured to drop explosive shells, something the military was not equipped to counter.[17] The alliance also trained fighters from several post-coup resistance groups, who were seconded to participate in the operation. On the offensive's first day, the MNDAA seized Chinshwehaw, an important trading town on the Chinese border, and within the first two weeks, coordinated attacks across northern Shan State saw the alliance capture more than 100 Myanmar military positions and take control of several more towns.[18] The groups achieved further gains on all fronts until a China-mediated ceasefire on 11 January 2024 mostly ended the fighting in northern Shan State.[19]

Operation 1027 marked some of the most rapid, significant defeats in the Myanmar military's history, including some particularly humiliating ones.[20] These include the capture of Kunlong on 9 November, a strategic town near the Chinese border with an important bridge over the Salween (Thanlwin) River. Kunlong is highly symbolic as it is the site of a famous Myanmar military victory over communist insurgents in 1971 – exhibits recounting how a small garrison repelled successive human wave attacks by rebel forces over 42 days dominate an entire room in the Defence Services

[14] Crisis Group Asia Report N°319, *Myanmar's Coup Shakes Up Its Ethnic Conflicts*, 12 January 2022.
[15] Ibid.
[16] For detailed analysis of the TNLA and its objectives, see Crisis Group Asia Briefing N°177, *Treading a Rocky Path: The Ta'ang Army Expands in Myanmar's Shan State*, 4 September 2023. For discussion of the circumstances of Operation 1027, including how the growth of abusive scam centres in the area triggered a more interventionist stance from China, see Crisis Group Asia Briefing N°179, *Scam Centres and Ceasefires: China-Myanmar Ties Since the Coup*, 27 March 2024.
[17] Crisis Group interview, analyst with knowledge of the drone market, November 2023; and Richard Horsey, "A New Escalation of Armed Conflict in Myanmar", Crisis Group Q&A, 17 November 2023.
[18] Morgan Michaels, "Operation 1027 reshapes Myanmar's post-coup war", IISS, November 2023.
[19] For a detailed account, including China's role, see Crisis Group Briefing, *Scam Centres and Ceasefires*, op. cit.
[20] The contemporary Myanmar military, which refers to itself as the Tatmadaw, meaning "glorious armed forces", was founded in 1941 during World War II with Japanese help, before switching sides to fight alongside the British in the war's closing stages.

Museum in Naypyitaw.[21] Even more significant was the fall of Laukkaing, the capital of the Kokang Self-Administered Zone and the last holdout of regime forces in the area, on 5 January. The town fell when some 2,400 troops and their family members, including six brigadier generals, gave up after negotiating safe passage to a regime-controlled area – the largest surrender in the military's history. The six senior officers were subsequently court-martialled for insubordination and mutiny.[22]

These territorial losses and humiliating defeats revealed the military to be far weaker than most observers and its opponents expected, including the Three Brotherhood Alliance itself.[23] They also demonstrated the extent of Beijing's unhappiness with the regime. China has close relations with the MNDAA. It must have been aware of the Three Brotherhood Alliance's planned offensive, but did nothing to stop it.[24] The main reason for Beijing's inaction was likely its frustration with the regime and its allied border guard force in Kokang, the latter of which was involved in the zone's proliferating scam centres using trafficked workers, including many Chinese nationals, to defraud victims in China and elsewhere.[25] As part of its offensive, the alliance cracked down on these operations and handed tens of thousands of workers and criminal gang leaders over to Chinese authorities.[26]

C. *Subsequent Anti-regime Operations*

1. The Arakan Army in the ascendant

While it mostly ended the fighting in northern Shan State, the 11 January ceasefire provided little respite for the beleaguered military in other regions. The Arakan Army had already abandoned its ceasefire in Rakhine State on 13 November, attacking Pauktaw town and then further escalating operations over subsequent months. By late May 2024, it had captured ten key towns – nine in Rakhine State and one in adjacent Chin State, on the Indian border.[27] On 8 February, it seized the symbolically important town of Mrauk-U, the former capital of an independent Rakhine kingdom that fell to Burmese forces in 1785.[28]

These successes gave the Arakan Army control of nearly all central and northern Rakhine State, leaving the state capital Sittwe surrounded. Also encircled is the Myanmar navy base at Kyaukpyu, along with the Chinese oil and gas terminals and

[21] Crisis Group observations, 2014. See also Bertil Lintner, *The Rise and Fall of the Communist Party of Burma* (New York, 1990), p. 26.
[22] See Crisis Group Briefing, *Scam Centres and Ceasefires*, op. cit., Section IV.B.
[23] Crisis Group interview, analyst, November 2023. A Mon armed group leader has also stated that "previously, it was widely believed across the country that the military council could not be easily defeated. [Operation 1027] immediately changed that view". See "Things fall apart: The NCA cannot hold", *Frontier Myanmar*, 10 March 2024.
[24] Crisis Group Report, *Scam Centres and Ceasefires*, op. cit.
[25] Ibid.
[26] For details, see ibid.; and Crisis Group Asia Report N°332, *Transnational Crime and Geopolitical Contestation along the Mekong*, 18 August 2023.
[27] That is, Pauktaw, Minbya, Ponnagyun, Kyauktaw, Rathedaung, Mrauk-U, Myebon, Ramree and Buthidaung in Rakhine State, as well as Paletwa in Chin State. The rural areas of these townships were already mostly under Arakan Army control prior to the group capturing the towns themselves.
[28] For a brief history of Rakhine State, see Crisis Group Asia Report N°261, *Myanmar: The Politics of Rakhine State*, 22 October 2014, Section II.

storage facilities nearby. In addition, the Arakan Army has seized much of Maungdaw and Buthidaung townships in the Rohingya-majority north of the state, putting nearly all the Myanmar-Bangladesh border in its hands.[29] It captured Buthidaung town on 18 May, with allegations of widespread looting and burning of Rohingya homes in the town and surrounding villages.[30] Since then, the armed group has been pushing farther south, encircling the Western Regional Command base in Ann town, the military's headquarters for operations in Rakhine and Chin States. It has also been launching offensives in Toungup and Thandwe townships, as well as across the state border in parts of Magway and Ayeyarwady regions.[31]

In a very short time, the Arakan Army has managed to carve out the largest territory controlled by any non-state armed group in Myanmar, both in terms of size and population, coming close to realising its objective of taking control of the whole of Rakhine State. In a speech on 10 April marking the 15th anniversary of the Arakan Army's founding, its leader Twan Mrat Naing hinted that decisive battles for Sittwe and Kyaukpyu were coming soon.[32]

2. Rapid gains for the Kachin Independence Army

In Kachin State in the far north of Myanmar, the KIA – the armed wing of the Kachin Independence Organisation (KIO) – has also been having rapid success. It launched an offensive against regime forces on 7 March, seizing some 60 outposts and bases within a month.[33] Its advance eliminated the most serious threats to the KIA's Laiza headquarters, pushing the military back far enough to put Laiza out of mortar and artillery range.[34] The group holds most of the main road between Bhamo town and the state capital, Myitkyina, and on 8 April captured the important trading town of Loije, on the China border.[35] It has also occupied strategic locations in the state's far north, including the key garrison town of Sumprabum, as well as areas in the south of the state and some adjacent parts of Shan State.

The KIA is also moving to take control of valuable natural resources. It has, in particular, stepped up operations in and around the Hpakant jade mines, as well as around gold and amber mines in Tanai township.[36] Collectively, these mines generate several billion dollars' worth of annual revenue, which would be crucial to funding the KIA's war effort, as well as its administration and service delivery in territories

[29] Maungdaw and Buthidaung were the main townships from which some 750,000 Rohingya were violently expelled to Bangladesh by the Myanmar military in 2016-2018. See Crisis Group Asia Report N°296, *The Long Haul Ahead for Myanmar's Rohingya Refugee Crisis*, 16 May 2018.
[30] See Crisis Group Statement, "War in Western Myanmar: Avoiding a Rakhine-Rohingya Conflict", 10 May 2024; and "As ethnic armed group claims to have captured a town in western Myanmar, Muslim Rohingyas flee again", Associated Press, 19 May 2024. The Arakan Army denied being responsible for the destruction. See "Statement", United League of Arakan, 20 May 2024.
[31] Crisis Group interview, Yangon-based diplomat briefed on recent security developments, April 2024.
[32] Telegram post by Arakan Army, 4:17pm, 10 April 2024 [Rakhine].
[33] "KIA seizes Myanmar junta base controlling access to jade hub Hpakant", *The Irrawaddy*, 11 April 2024.
[34] Morgan Michaels, "Operation 1027 reshapes Myanmar's post-coup war", op. cit.
[35] "KIO assumes administration of recently captured Loije", Kachin News Group, 17 April 2024.
[36] "KIA seizes Myanmar junta base controlling access to jade hub Hpakant", op. cit.

it holds.[37] It has not so far moved against the regime-aligned Kachin Border Guard Force (formerly, the New Democratic Army-Kachin), which runs rare earth mines in Chipwi township, to the north of Laiza, that in 2023 generated $1.4 billion in revenue and supplied the majority of the heavy rare earth elements available worldwide.[38] But it has begun developing its own mines, despite strong local resistance due to the environmentally devastating nature of rare earth production.[39]

3. Karen National Liberation Army successes

Myanmar's oldest ethnic armed group, the Karen National Union (KNU), which has in effect governed parts of Kayin State, on the Thai border, for decades, has also gone on the offensive, together with several post-coup militias under its battlefield command.[40] On 28 March, its armed wing, the KNLA, took control of Hpapun, an important military garrison town deep in the Karen hills, although it is still clearing army encampments near the town.[41] It has also taken control of lowland areas of Bago Region for the first time in decades, and moved west of the Sittaung River, threatening the country's most important transport arteries, the Yangon-Naypyitaw-Mandalay rail line and highway.[42]

The most striking KNLA success, however, was its temporary defeat of the military in Myawaddy town on the Thai border on 10 April. The town, which has been under continuous central state control since independence, is the most important border trade post with Thailand, handling around $4 billion of imports and exports annually.[43] It also serves as a logistical hub for the thriving casino and scam centre

[37] Chinese customs data show jade imports from Myanmar, essentially all of which originate in Hpakant, of $4.1 billion in 2022 and $2 billion in 2023. Some jade is likely to be smuggled and thus not recorded in Chinese data. There are no reliable estimates for the amber and Kachin State gold trade, but both are estimated to be worth several hundred million dollars. See "Sector Wide Impact Assessment of Limestone, Gold and Tin Mining in Myanmar", Myanmar Centre for Responsible Business, May 2018; and "Blood amber: Military resource grab clears out indigenous peoples in Kachin State's Hukawng Valley", Kachin Development Networking Group, August 2019.

[38] Chinese customs data; and "Possible impact of Myanmar coup on China's metal and rare earth supply", Reuters, 10 February 2021. While not moving against the group as such, the KIA did capture one of its outposts in Tsawlaw township on 11 April 2024. See "KIA arrest six PMF soldiers after capturing camp in Hsawlaw Township", Kachin News Group, 15 April 2024.

[39] See "How the Kachin public overturned a rare earth mining project in KIO territory", *Frontier Myanmar*, 2 May 2023; "KIO allows rare earth mining outside of village in Chipwi township", Kachin News Group, 8 June 2023; and "Kachin Independence Army detonates bomb to disperse protestors opposing rare earth minerals exploration project in Kachin State's Chipwi Township, say residents", 74 Media, 15 February 2024 [Burmese]. "Fuelling the Future, Poisoning the Present: Myanmar's Rare Earth Boom", Global Witness, 23 May 2024.

[40] Some of these militias, known as "people's defence forces" are under the political authority of the NUG, or allied with it, while others are independent of the government in exile. When they operate in KNU-controlled territory, however, they are in the KNLA's chain of command; a similar situation pertains in areas held by other ethnic armed groups, including the KIO and Three Brotherhood Alliance.

[41] "Ethnic Karen-led forces seize Hpapun town from military", *Myanmar Now*, 29 March 2024.

[42] Crisis Group interview, foreign analyst who had recently travelled with the KNLA to these areas, Chiang Mai, February 2024.

[43] "In a rebel-held Myanmar town, fragile unity pushes junta to the brink", Reuters, 18 April 2024. In fiscal year 2022, Thai customs data show bilateral trade through Myawaddy-Mae Sot of 135 bil-

industry run out of criminal enclaves in the surrounding area, such as KK Park and Shwe Kokko.[44]

Prior to its success in the battle for Myawaddy, the KNLA and allied resistance forces launched attacks over several weeks on military bases around Kawkareik town and other locations on the east-west highway leading to Myawaddy (known as the Asia Highway 1).[45] These operations prevented a large reinforcement convoy dispatched under the direct orders of deputy military chief Soe Win from reaching besieged regime troops in Myawaddy in time.

A few days after Myawaddy fell, however, regime forces returned to the town through the intervention of another Karen armed faction. By way of background, in January, the Kayin Border Guard Force, a breakaway KNLA faction, which had allied itself to the military in 1995, announced it was severing ties with the military and re-branding itself as the Kayin National Army (KNA).[46] After the KNLA overran the last regime military outpost in Myawaddy on 10 April, the KNA moved in to patrol the streets, preventing the KNLA from occupying the town and subsequently allowing the return of regime troops.[47] The KNA did so primarily to ensure its own economic interests: it controls lucrative criminal enclaves nearby that host casino, money laundering and scam centre operations. Some observers suggest that the military may have threatened to launch airstrikes on these assets unless the KNA cooperated in pushing back against the KNLA.[48]

III. Political and Military Consequences

A. *Unprecedented Myanmar Military Weakness*

The scale and speed of losses since October 2023 is unprecedented in the Myanmar military's post-independence history. There are several factors that have led to these failures:

- Determined armed opposition to the regime in many different parts of the country has stretched its forces thin across several fronts. While the military has numerous soldiers (though still not as many as it wants), many of them are guarding fixed locations. The military has a smaller number of mobile troops, the "light infantry divisions" typically deployed for major offensive operations that, in the past, were needed in only a handful of locations at any given time.

lion baht (around $4 billion). Myanmar data underreport the extent of this trade, the majority of which goes through informal gates run by the previously military-affiliated Kayin Border Guard Force (now avowedly neutral and restyled as the Karen National Army).

[44] See Crisis Group Briefing, *Scam Centres and Ceasefires*, op. cit.; Crisis Group Report, *Transnational Crime and Geopolitical Contestation along the Mekong*, op. cit.; and Crisis Group Asia Report N°305, *Commerce and Conflict: Navigating Myanmar's China Relationship*, 30 March 2020, Section IV.C.

[45] Crisis Group interview, analyst, Mae Sot, April 2023.

[46] Ibid. Regime forces thus lost access to a key source of fighters and intelligence, with the group instead acting as a mediator for the surrender of regime troops.

[47] Crisis Group interview, foreign analyst with detailed knowledge of the situation, April 2024.

[48] Ibid.

- Military morale has collapsed. The widespread public anger at the coup has left many military families ostracised, subject to social media shaming and at risk of violent attack.[49] While the number of defections has remained limited, many officers no longer have pride in their job or the institution they serve.[50] The overstretched military has been unable to adequately support its units in the field, regularly leaving them short of rations and vital materiel, and requests for reinforcements are often unmet.[51] As a result, field officers no longer believe in the mission or trust their superiors, leading to units regularly choosing to surrender or withdraw from positions rather than put up a determined fight.[52] Such losses have a corrosive effect, reducing troop strength and morale further, with soldiers no longer certain of the military's warfighting capabilities. The corollary is that resistance forces are in high spirits and confident in their capabilities.[53]
- Opposition forces have been using novel asymmetric tactics, particularly with weaponised drones (see Section II.B above). These are typically built from a combination of off-the-shelf parts and custom components fabricated by the drone teams themselves (such as the drone chassis and frames for holding explosive shells).[54] The Three Brotherhood Alliance used swarms of such attack drones very effectively in Operation 1027. The drones have also enhanced the capabilities of opposition forces in other theatres, partially neutralising the military's superior firepower, such as armoured vehicles, which are susceptible to drone attacks.[55] Resistance drones have twice been able to penetrate regime air defences and drone countermeasures to strike the capital, Naypyitaw, although these attacks were largely symbolic.[56]

The combination of these factors will be extremely difficult for the regime to reverse. It has shown very limited ability thus far to launch effective counteroffensives, other than in a few instances in the central Dry Zone where the terrain is flat and provides little cover, and where resistance forces do not have the same level of backing from experienced ethnic armed groups. But in many other areas its territorial losses seem irreversible, at least for the medium term. In Kayah State, for example, the regime has been unable to defend the capital Loikaw, despite its proximity to Naypyitaw; more than half the city is in resistance hands with regime forces confined to a few heavily fortified bases that can be resupplied only by air.[57] The regime has also lost

[49] See Crisis Group Briefing, *The Deadly Stalemate in Post-coup Myanmar*, op. cit.
[50] Crisis Group interview, Myanmar analyst, February 2024.
[51] Ibid. Crisis Group interview, Myanmar researcher who has conducted interviews with Myanmar military soldiers who have surrendered or deserted, March 2024.
[52] Crisis Group interviews, Myanmar analyst, February 2024; Myanmar researcher who has conducted interviews with Myanmar military soldiers who have surrendered or deserted, March 2024; member of a Myanmar think-tank, April 2024.
[53] Crisis Group interview, member of a Myanmar think-tank, April 2024.
[54] Crisis Group interview, head of an opposition drone unit, September 2023.
[55] Ibid. Crisis Group interviews, Chinese academics in institutions close to the government, November 2023; analyst with knowledge of the drone market, November 2023.
[56] See "Naypyitaw junta airbase hit by Myanmar resistance drone strike", *The Irrawaddy*, 18 September 2023; and "Drones changed this civil war, and linked rebels to the world", *The New York Times*, 4 May 2024.
[57] "'We'll never give up': The fight for Loikaw", *Frontier Myanmar*, 3 February 2024.

control of most of the country's frontiers, causing economic damage and lost revenue from the interruption of border trade, complications in relations with neighbours and a certain level of humiliation. The trajectory appears to point in the direction of further regime losses across Myanmar.

B. *Min Aung Hlaing under Pressure*

The military's losses have had significant political ramifications. Regardless of whether the failures are a result of poor leadership at the top or more systemic factors, they have unfolded under Min Aung Hlaing's watch as commander-in-chief. The military-connected elite in Naypyitaw see him as bearing responsibility, and they are expressing their frustration with unprecedented candour. Senior regime officials and military officers are now briefing against the junta leader in meetings with diplomats, local business leaders, journalists and personal acquaintances – something that seemed unimaginable just six months ago.[58]

Some pro-military commentators have gone further, publicly calling for Min Aung Hlaing's replacement as commander-in-chief, which would leave him with political leadership of the regime but no direct command of the military. A nationalist blogger called him "incompetent" and advocated for deputy commander-in-chief Soe Win to take over the top job.[59] A prominent nationalist monk, Pauk Sayadaw, told a 16 January rally in Pyin Oo Lwin – a town home to the elite Defence Services Academy and other military institutes – that Min Aung Hlaing was not coping and should move to a civilian role, while Soe Win was "a real soldier".[60] The monk was briefly detained for questioning, then released. It is highly unlikely he would have made such public comments unless he was acting at the behest of, or had protection from, a powerful individual, such as a senior military figure.

Despite the mounting pressure, Min Aung Hlaing appears determined to hang on to power, and ousting him would be no mean feat. Elite discontent is such that Min Aung Hlaing's future is in serious doubt, but since there is no institutional mechanism for removing him as commander-in-chief, it is difficult to predict when or how he might be toppled. He has used his thirteen years as military chief to impose his authority on the institution and to position loyal officers in the senior ranks. He might thus be able to keep his job, but given the level of discontent, he could nevertheless face a plot to remove him. On 10 April, an influential former general, Myint Hlaing, was arrested on corruption charges, but sources indicated that the real reason was that he had told other retired generals that a change of leader was needed to save the country from falling apart.[61]

Against this backdrop, Min Aung Hlaing has largely hewn to the course he laid out two years ago, while taking steps that seem intended to reassure nervous elites. In

[58] Crisis Group interviews, Myanmar individuals who participated in or have direct knowledge of these conversations, December 2023-April 2024. See also "'Worst leader': Military's winter of discontent", *Frontier Myanmar*, 19 January 2024; and Thomas Kean, "Myanmar: The many foes of Min Aung Hlaing", *The Diplomat*, 1 March 2024.

[59] Ko Maung Maung, video, YouTube, 6 January 2024 [Burmese].

[60] "The many foes of Min Aung Hlaing", op. cit.; and "Three years after coup, Myanmar junta chief under unprecedented pressure", Reuters, 31 January 2024.

[61] Crisis Group interview, individual with knowledge of the case, April 2024.

his speech to the semi-annual meeting of the National Defence and Security Council on 31 January, he gave no hint that he was reconsidering his position and made no policy changes, reaffirming the political roadmap he had announced within a week of the coup.[62]

He did, however, subsequently announce an important policy shift with his 10 February decision to activate the long-dormant military conscription law.[63] This decision has caused widespread panic, particularly among young men, leading many to move away from their homes within Myanmar, join resistance groups or leave the country by legal or illegal means.[64] Dozens of local officials have been killed or injured in attacks when attempting to enforce the draft, which aims to train 60,000 conscripts per year, or 5,000 a month – a small infusion of mostly unmotivated and poorly trained troops that is unlikely to significantly improve the military's battlefield prospects.[65] It is, however, a sign of the pressure within the military for more troops, and likely a political signal from Min Aung Hlaing to the Naypyitaw elite that he is taking some kind of action, however ineffective.

Although he bears primary responsibility for the events and decisions that put Myanmar in its current straits, Min Aung Hlaing's departure would be unlikely to put an end to the conflict. While a change in leader could present an opportunity for the regime to seek an off-ramp from the crisis, the level of polarisation in society triggered by the coup and subsequent violence has entrenched a siege mentality in the higher echelons of the military and a sense that they are fighting an existential battle against resistance forces. Given that Min Aung Hlaing is most often criticised internally for being indecisive and ineffective at quelling popular dissent, there is a risk that a successor might take an even harder line, doubling down on the regime's insistence that it must crush the anti-coup movement at any cost.[66]

[62] "Meeting 1/2024 of National Defence and Security Council of the Republic of the Union of Myanmar held", *Global New Light of Myanmar*, 1 February 2024. The roadmap has gone through two revisions since it was first issued shortly after the coup. All three versions focus on elections – and hence a return to the 2008 constitutional order – as the regime's ultimate objective. Other steps relate to boosting the economy and gaining control of the security situation by crushing the post-coup resistance.

[63] "Facing setbacks against resistance forces, Myanmar's military government activates conscription law", Associated Press, 12 February 2024.

[64] "Conscription or conflict? Dry Zone draft dodgers come home", *Frontier Myanmar*, 5 April 2024; "Fight back or flee? Myanmar draft forces hard choices on youth", Reuters, 8 April 2024. While under the conscription law both women (aged 18-27) and men (aged 18-35) can be drafted, the regime has indicated that it is only planning to draft men for the moment. It has also stated that only citizens are eligible for the draft, but several consistent reports indicated that by late April several thousand Rohingya – who are mostly denied citizenship – had been drafted, many (but not all) of them unwillingly. Crisis Group interview, analyst who has been tracking Rohingya recruitment, April 2024. See also Crisis Group Statement, "War in Western Myanmar", op. cit.

[65] See "Conscription or conflict? Dry Zone draft dodgers come home", *Frontier Myanmar*, 5 April 2024; "Killings of junta military recruiters rise to 17, tripling in last week", Radio Free Asia, 27 March 2024; and "Military unable to provide security for administrators in Magway Region from being killed for involvement in junta's conscription drive", *Than Lwin Times*, 12 April 2024 [Burmese].

[66] Crisis Group interviews, Myanmar individuals with elite connections, December 2023-April 2024.

C. *Challenges for Federalism and State Building*

The great hope of resistance forces is not that the regime's leadership will change, but that the military will simply fall apart.[67] It is understandable that the fast-moving events in various parts of the country in recent months would embolden them in this view, but such an outcome is far from certain. While the military has been ineffective on the battlefield and troop morale appears to be extremely poor, it is not so far suffering from unit-level defections or a collapse in its chain of command. It also retains a significant capacity for punitive violence using airpower, long-range artillery and raids on population centres and other civilian targets by mobile forces. By these means, it can to some extent deter its opponents from taking key locations. With Russia, India and China continuing to supply it with weapons, and its access to jet fuel unaffected by Western sanctions, the regime's material capacity to carry out such scorched-earth attacks is not in jeopardy.[68]

It is also unlikely that regime forces will suffer outright military defeat. The National Unity Government and some Burman resistance forces do aspire to take the capital and other major cities such as Yangon and Mandalay, but this objective would likely be feasible only if the regime's authority over its own forces was already slipping away. It would also require active support from the much better trained and equipped ethnic armed groups.

But while some of these groups may agree to extend a degree of support to such an operation, most would be reluctant to attack regime heartlands, for at least two reasons. First, these are challenging from a tactical perspective – urban environments and flat, open terrain where the military can use its firepower more effectively than in the hilly areas where these groups traditionally operate. Secondly, and perhaps more importantly, ethnic armed groups do not aspire to control the country as a whole. In line with their historical quest for autonomy, their priority is to consolidate their hold on the territories they have gained in recent offensives and put in place administrative mechanisms for the people who live there.

Indeed, although some express solidarity with resistance forces' aim of overthrowing the junta, the country's major armed groups are increasingly presenting their objectives in terms of establishing secure, autonomous control of their ethnic homelands and building up or consolidating their governance structures. Different groups are adopting different administrative models, but overall, they share the common objective of creating statelets that they can govern independently, insulated from the increasing chaos unfolding in the centre.

Some observers present the emergence or strengthening of subnational non-state administrations as a step toward forming a federal democracy, which is the aspiration of many people in Myanmar. While Aung San Suu Kyi resisted steps toward federalism during peace negotiations with ethnic armed groups when she was in power between 2016 and 2021, elected parliamentarians from her party, the National League for Democracy, changed tack by embracing federalist principles when they participated in drafting a parallel constitutional framework, the Federal Democracy Char-

[67] See, for example, "3-year anniversary statement", National Unity Government, 30 April 2024.
[68] See "Myanmar: New data suggests military still importing fuel for deadly air strikes despite sanctions", Amnesty International, 31 January 2024.

ter, issued in April 2021.[69] They made this shift at least in part in recognition that ethnic armed groups were critical to fighting the junta.

Yet the objectives of at least some ethnic armed groups seem incompatible with the power sharing required under a federal system. The recent successes that several groups have had in expanding their territory have put their goal of autonomy within reach – not as the negotiated outcome that they may have hoped for in the past, but as a de facto reality. Achieving autonomy through negotiations would likely have required them to make concessions to the central power, but they are much less likely to accept compromises in the future from a position where they already have the autonomy for which they have been fighting for decades. Despite some collaboration between ethnic armed groups and post-coup resistance forces, the former's historical mistrust of the Burman majority also still runs deep. Against this backdrop, the likely trajectory at this juncture is therefore not toward federalism, but toward establishment of a collection of quasi-independent statelets.

For example, the Arakan Army, one of the country's most powerful ethnic armed groups, rejects federalism, saying it aims for a "confederal" status for Rakhine State, modelled on the enclave controlled by the United Wa State Army (UWSA) on the Chinese border. The UWSA accepts that its territory is part of the Myanmar state, but it administers these lands almost completely autonomously from Naypyitaw – with its own political system, army, police, immigration controls, justice system, banking, utilities, social service delivery and so on.[70] Since the coup, the Arakan Army has made rapid progress toward its objective. It is now grappling with the challenge of rolling out governance structures in the areas it has recently taken, which for the first time includes towns with sizeable populations. In April, the group's leader hinted that it was preparing to seize the state capital Sittwe and other strategic locations (see Section II.C.1 above), which would bring it very close to controlling the entire state.

In Shan State, after re-establishing control of the Kokang special region as part of Operation 1027, the MNDAA is also emulating the UWSA approach – despite rhetorical nods to the need for a federal union.[71] Nearby, the TNLA similarly aims to autonomously administer its self-declared "Ta'ang State", which is less reliant on trade or services from central Myanmar now that it is connected to the Chinese border.[72]

Even groups that are in principle committed to the federal democratic vision, such as the Karen National Union and Karenni forces, are increasingly speaking and acting in ways that are in tension with such a vision. The KNU's attempt to seize Myawaddy for the first time is telling. In the past, when it was better funded and militarily stronger, it never took such a step, reckoning that the cost and complication of administering such an urban centre outweighed the benefits. Its rationale at present, as a KNU spokesperson implied, is that the town is included within the intended Karen auton-

[69] See Crisis Group Report, *Myanmar's Coup Shakes Up Its Ethnic Conflicts*, op. cit.; and Committee Representing Pyidaungsu Hluttaw, "Federal Democracy Charter", 2021.

[70] For more details on the Arakan Army's aims, see Crisis Group Asia Report N°325, *Avoiding a Return to War in Myanmar's Rakhine State*, 1 June 2022.

[71] Crisis Group interviews, Shan analysts, December 2023 and March 2024. See also "MNDAA declares all junta's administrative orders cancelled and annulled in the newly restored Kokang Self-Administered Zone", Shan Herald Agency for News, 19 January 2024; and "Wa and Kokang leaders meeting in Panghsang", Mizzima News, 27 January 2024.

[72] See Crisis Group Briefing, *Treading a Rocky Path*, op. cit.

omous state (known as Kawthoolei), and therefore must be in Karen hands.[73] Whether it manages to dislodge the regime from the town remains to be seen. But its effort to do so says a great deal about its objective to take control of the entire Karen homeland, and it continues to make progress on the battlefield in other areas.

Even the rival Karen faction, the KNA, which foiled the KNU's Myawaddy plans, is talking about developing its enclave into an autonomous region "similar to Wa State".[74] Its change of name to Karen National Army, with its ethno-nationalist overtones, may well be intended as cover for its mostly illicit economic agenda, but it may also be a signal of the group's calculus that, in the emerging reality of ethnic statelets, developing a more political agenda is important for its economic sustainability.[75]

In many parts of Myanmar, the groups' efforts on the ground to carve out ethnic homelands, achieved at considerable human and financial cost, will be difficult to reverse. Such a trajectory was not inevitable. A scenario in which post-coup revolutionary success had come first to the centre of the country could have influenced the political evolution of ethnic uplands, if only because there would have been a new central power to forge relations with. Instead, however, there have been swift military victories in the periphery, while a weakened regime clings to power in what may well be an extended and chaotic endgame in the centre. Ethnic areas have therefore followed their own paths, with a focus on autonomous control. This dynamic is not limited to ethnic minority areas but is also starting to emerge in Burman-majority regions such as parts of Magway, Sagaing and Tanintharyi, where Burman (and minority) post-coup resistance forces and other political and civil society actors are making plans for setting up autonomous administrations.

These developments constitute a reversal of the historical trend of an imperious Burman centre, backed by a powerful military, imposing its will on ethnic minorities. By the time meaningful political change comes to the centre, it is hard to imagine ethnic armed groups already enjoying de facto autonomy easily agreeing to join a federal project, which would require them to cede to a central government powers that they have fought costly battles to secure. The prospect of them giving up their armies is particularly unlikely.

A collection of autonomous areas with little interest in engaging with a central authority is not a federal union. But it need not be a recipe for chaos, either. Unlike countries that have descended into violent contestation when a central government has weakened or collapsed – like the former Yugoslavia – Myanmar has never been a unitary state to begin with. Ever since independence in 1948, large parts of the country have been under de facto control of ethnic armed groups, entirely cut off from the central administration. Some of these groups, such as the KNU and KIO, have administered and provided services to significant territories and populations for decades, with relative effectiveness.[76] Political, economic and civil society structures have long

[73] Padoh Saw Kler Say, quoted as saying "Myawaddy is our town" in "KNU claims to have captured most of Myawaddy", *Myanmar Now*, 9 April 2024.
[74] KNA spokesperson, quoted in "The Kayin BGF's game", *Frontier Myanmar*, 5 May 2024.
[75] For details of the KNA's involvement in the illicit economy, see ibid. See also, "'Business is back': BGF adapts under pressure", *Frontier Myanmar*, 8 April 2024; and Crisis Group Report, *Commerce and Conflict*, op. cit., Section IV.C.
[76] See, for example, Ashley South, "Burma's longest war: Anatomy of the Karen Conflict", Transnational Institute, March 2011; and Mandy Sadan, *Being and Becoming Kachin* (Oxford, 2013).

functioned in these circumstances, without causing Myanmar to implode, even if conflict between armed groups and the central government has been a constant backdrop.

Thus, the future path is more likely to be an extrapolation and expansion of long-standing trends, rather than a destructive collapse. It is of course possible that many actors will continue to use violence, including most obviously the beleaguered military, as well as non-state armed groups with overlapping territorial claims or economic interests, including in the illicit economy.[77] But, given Myanmar's history, there is no strong reason to believe that such dynamics will come to dominate. Rather, there is a foreseeable future in which autonomous statelets form, co-exist (albeit with some degree of friction) and achieve a measure of stability, while providing some basic services to residents.

IV. Dealing with the New Myanmar

On the current trajectory, non-state administrations – particularly those run by the more powerful ethnic armies – look set to expand and become more durable, while Myanmar's political centre sinks deeper into chaos. The outside world should take note: for the foreseeable future, it may well be necessary for other states, donor agencies, the UN and non-governmental organisations to engage with Myanmar as a collection of subnational units rather than as a state entity if they wish to have a positive impact on the lives of the people who live there.

With the regime losing control of almost all the country's borders, the need to step up engagement with ethnic armed groups now governing these areas is particularly important for Myanmar's neighbours. China has long pursued a border management approach that relies in part on maintaining close relations with armed groups along its frontier, as well as with Naypyitaw.[78] Since the coup, Myanmar's other neighbours – Thailand, Laos, India and Bangladesh – have tended to prefer keeping their ties to the military and regime. These governments assumed that the army was very unlikely to be defeated, and they were reluctant to engage in a formal way with non-state armed groups due to sovereignty principles – particularly as several of them are dealing with their own insurgent or separatist groups. With the Myanmar military looking increasingly fallible, however, these neighbours are starting to shift their diplomatic postures.

In April, following the (temporary) fall of Myawaddy, Thai Prime Minister Srettha Thavisin told journalists that the regime was "losing" and that "maybe it's time [for the regime] to reach out, make a deal"; the then Thai Vice Foreign Minister Sihasak Phuangketkeow subsequently indicated that Thai officials were in dialogue with the

[77] For example, there have been periodic clashes over recent months between the MNDAA and the Shan State Progress Party armed group in northern Shan State. See "Fighting spreads between MNDAA and SSPP/SSA-North in northern Shan State's Hseni Township; SSPP says it will try to resolve situation through negotiation", *Daily Eleven*, 29 March 2024 [Burmese]. Typically in Myanmar, the illicit economy has not been a source of major violent contestation, although there have been exceptions. See Crisis Group Asia Report N°299, *Fire and Ice: Conflict and Drugs in Myanmar's Shan State*, 8 January 2019; and Crisis Group Report, *Transnational Crime and Geopolitical Contestation along the Mekong*, op. cit.

[78] See Crisis Group Briefing, *Scam Centres and Ceasefires*, op. cit.

KNU and other resistance groups operating on the Thai border.[79] After long resisting doing so, Bangladesh also began security discussions with the Arakan Army in recent months, as the group took control of the shared border and most of the areas in Rakhine State to which Dhaka hopes to see the million-plus Rohingya refugees it hosts return at some point.[80] These discussions could have laid the groundwork for political engagement with the group, but they have proven difficult and the two sides remain far apart in their views, potentially undermining the prospect of political-level talks.[81]

While it has not started engaging with armed groups on its border, India, too, has begun to cautiously shift its approach. Explaining its decision to fence the Indo-Myanmar border and end the free movement of residents in the border zone, Indian External Affairs Minister S. Jaishankar stated that "the conditions in Myanmar are very disturbed. In many cases, the authority of the government does not run [these areas]".[82] While such kneejerk measures are unlikely to be effective, they are a recognition that relations with the junta in Naypyitaw are no longer serving to secure India's north-eastern border, where several insurgencies are active.

Donors will also have to adjust their approach if they wish to deliver humanitarian and development assistance to territories controlled by these and other groups, at least for the foreseeable future. It will not be easy. The international aid system is predicated on bilateral and multilateral relationships among nation-states, despite broad agreement on the need for engagement on the subnational level as far back as a Paris aid forum in 2005, which informed the subsequent "localisation" agenda.[83] The nature of the international system means that governance and state-building support tend to be directed toward helping forge strong states, whether federal or unitary, when faced with the kind of atomisation that Myanmar is experiencing.

The predisposition for engaging with nation-states also translates into reluctance by many Western donor agencies to support the strengthening of non-state governance and service delivery systems. In some situations, such concerns are valid. Where state structures are temporarily absent due to natural disasters or insecurity, for example, bolstering parallel structures can prove detrimental in the long term, undermining national health and education systems. It is precisely for this reason that

[79] "Thai PM says Myanmar regime 'losing strength'", Reuters, 9 April 2024; and "In a rebel-held Myanmar town, fragile unity pushes junta to the brink", Reuters, 18 April 2024. The regime's loss of control along the Thai border also fatally undermined a Thai government effort to provide humanitarian assistance to those areas, based on collaboration with the Myanmar Red Cross, which operates under regime authority. See Thomas Kean, "Time for Myanmar aid, trade rethink?", *Bangkok Post*, 11 May 2024.

[80] Crisis Group interview, analyst, April 2024.

[81] Ibid.

[82] "'If things were normal in Myanmar …' – in Mizoram, Jaishankar says free movement scrapped as precaution", *The Print* (India), 11 April 2024.

[83] That is, the 2005 High-Level Forum on Aid Effectiveness held in Paris. Localisation is the principle that humanitarian funding should go to local and national responders as directly as possible, to improve the effectiveness and efficiency of humanitarian action worldwide. At the 2016 World Humanitarian Forum, donors agreed to boost the proportion of funding allocated directly to local responders, but progress has been extremely slow. See, for example, "Localisation in Humanitarian Practice", Overseas Development Institute (Humanitarian Policy Group)/International Council of Voluntary Agencies, December 2020.

assistance is usually focused on short-term humanitarian aid, rather than development, in such circumstances.[84]

But this default approach would, as a policy matter, be a mistake in today's Myanmar. Some ethnic armed group administrations have been functioning for decades, delivering the services that a government normally would in the territories they control. The newer bodies being put in place by groups such as the Arakan Army and TNLA, which draw inspiration from these experiences, may well prove to be durable. Supporting such systems as well as civil society organisations in these areas, with technical assistance and resources, is vital not only for alleviating pressing humanitarian needs, but also for bolstering the capacity and effectiveness of these groups' governance and service delivery mechanisms, which are essential for people living in these areas. It is particularly important to help these groups now that they have rapidly expanded to administer much larger populations, including – more or less for the first time – urban areas.

For outside actors to take this step would be significant, but it would not necessarily be a major departure from the course that they are already on. Some international donors have long supported health and education services and livelihoods support being delivered by some of the more established ethnic armed groups, and many more have funded civil society organisations in non-government-controlled areas. As anywhere in the world, such programs obviously need to be carried out with due caution when it comes to conflict risks and to be mindful of legal constraints. Engagement also needs to be calibrated to the context, and to the recipient groups' willingness to respect minority rights, protect other human rights and refrain from belligerence toward other groups.

Engagement will also have to take into account the illicit economy, which many armed groups rely on to fund their activities and which influences their political and strategic decisions. Many are engaged in a range of activities, from natural resource exploitation – which is illicit from the perspective of the regime in Naypyitaw, the authority of which the opposition groups of course reject – to crimes such as drug trafficking and online scam operations. These considerations will as a policy matter, and perhaps a legal one, influence which groups donors are able to engage with, and the kinds of support they can, or cannot provide to areas they administer. Armed groups also have a responsibility to refrain from funding their operations through criminal and exploitative means.

More broadly, donors can do more to support humanitarian and protection needs in Myanmar. As Crisis Group has argued before, given the post-coup situation it is crucial that donors inject sufficient flexibility in their procedures, as many civil society groups delivering aid are simply not in a position to comply with the onerous paperwork usually required for international funding – because of limited administrative capacity, security concerns and the rapidly changing situation on the ground.[85]

[84] See, for example, "Adapting Aid Delivery Modalities and Technical Assistance", in *Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance* (Paris, 2011), chapter 4.
[85] See, for example, Crisis Group Briefing, *Treading a Rocky Path*, op. cit., Section V.

V. Conclusion

More than three years after the coup, the armed opposition is in the ascendant in Myanmar, with the country's military suffering a succession of humiliating defeats. The regime is rapidly losing control of the country's periphery, including most of its international borders. The ethnic armed groups that have achieved many of these military victories are consolidating control of their expanded homeland areas, with many well on the way to establishing autonomous statelets.

But Myanmar's growing fragmentation does not necessarily mean the country is headed for the chaotic inter-group violence that played out in the post-Cold War Balkans or in similar situations. Myanmar has never been a well-functioning unitary state, having experienced various degrees of non-state control in many parts of the country over the last 75 years. While the risks of inter-group violence are real, and may not be completely avoidable, they are mitigated by the fact that ethnic armed groups as well as Myanmar society as a whole have long experience of navigating these challenges.

Outside actors that wish to support the people of Myanmar will need to take into account the size of the populations already under non-state control (which appear only to be growing) and the reality that their considerable needs cannot be met through typical state-based aid modalities. They will need to adopt the flexibility required to engage with non-state authorities and provide them and the civil society groups in their areas with appropriate assistance, to address humanitarian needs as well as support for improving governance. These non-state administrations are likely to endure for at least the medium term, making it critical to find ways to work with them to assist populations under their control.

Bangkok/Brussels, 30 May 2024

Appendix A: Map of Myanmar

International Crisis Group / KO / Dec 2015. Based on UN map no. 4168 Rev. 3 (June 2012).

Appendix B: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes *CrisisWatch*, a monthly early-warning bulletin, providing a succinct regular update on the state of play in up to 80 situations of conflict or potential conflict around the world.

Crisis Group's reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is co-chaired by President & CEO of the Fiore Group and Founder of the Radcliffe Foundation, Frank Giustra, as well as by former Foreign Minister of Argentina and Chef de Cabinet to the United Nations Secretary-General, Susana Malcorra.

Comfort Ero was appointed Crisis Group's President & CEO in December 2021. She first joined Crisis Group as West Africa Project Director in 2001 and later rose to become Africa Program Director in 2011 and then Interim Vice President. In between her two tenures at Crisis Group, she worked for the International Centre for Transitional Justice and the Special Representative of the UN Secretary-General in Liberia.

Crisis Group's international headquarters is in Brussels, and the organisation has offices in seven other locations: Bogotá, Dakar, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Addis Ababa, Bahrain, Baku, Bangkok, Beirut, Caracas, Gaza City, Guatemala City, Jerusalem, Johannesburg, Juba, Kabul, Kyiv, Manila, Mexico City, Moscow, Seoul, Tbilisi, Toronto, Tripoli, Tunis, and Yangon.

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May 2024

Appendix C: Reports and Briefings on Asia since 2021

Special Reports and Briefings

Ten Challenges for the UN in 2021-2022, Special Briefing N°6, 13 September 2021.

7 Priorities for the G7: Managing the Global Fallout of Russia's War on Ukraine, Special Briefing N°7, 22 June 2022.

Ten Challenges for the UN in 2022-2023, Special Briefing N°8, 14 September 2022.

Seven Priorities for Preserving the OSCE in a Time of War, Special Briefing N°9, 29 November 2022.

Seven Priorities for the G7 in 2023, Special Briefing N°10, 15 May 2023.

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Scam Centres and Ceasefires: China-Myanmar Ties Since the Coup, Asia Briefing N°179, 27 March 2024.

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Risky Competition: Strengthening U.S.-China Crisis Management, Asia Report N°324, 20 May 2022.

Preventing War in the Taiwan Strait, Asia Report N°333, 27 October 2023 (also available in Simplified and Traditional Chinese).

Thin Ice in the Himalayas: Handling the India-China Border Dispute, Asia Report N°334, 14 November 2023.

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What Future for Afghan Peace Talks under a Biden Administration?, Asia Briefing N°165, 13 January 2021.

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A New Era of Sectarian Violence in Pakistan, Asia Report N°327, 5 September 2022.

Taliban Restrictions on Women's Rights Deepen Afghanistan's Crisis, Asia Report N°329, 23 February 2023 (also available in Dari and Pashto).

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Beyond the Election: Overcoming Bangladesh's Political Deadlock, Asia Report N°336, 4 January 2024.

The Taliban's Neighbourhood: Regional Diplomacy with Afghanistan, Asia Report N°337, 30 January 2024 (also available in Dari and Pashto).

Pakistan: Inching toward Contested Elections, Asia Briefing N°178, 6 February 2024.

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