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CEASEFIRES, GOVERNANCE AND DEVELOPMENT: THE KAREN NATIONAL UNION IN TIMES OF CHANGE

KIM JOLLIFFE

Policy Dialogue Brief Series No.16

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ONE: INTRODUCTION

This policy brief examines the governance dynamics surrounding the 67-year-old conflict between the Karen National Union (KNU) and the Myanmar state. It examines how, since 2012, ceasefires and political developments have transformed governance dynamics across rural, southeast Myanmar, the KNU's main area of operation since the 1970s. These developments have allowed the state to expand its presence significantly in territories where only its military had previously been. At the same time, the KNU has also gained much greater freedom to interact with communities in areas of contested authority. This has led to new patterns of cooperation and competition, creating new peace-building opportunities and new conflict risks.

In 2012, ceasefires were signed between the KNU and the government, and the KNU has since become a central player in Myanmar's multilateral peace process. The new government is now leading a peace process aimed at forming a federal system of government, as the KNU and most other ethnic armed organizations (EAOs) have long demanded. However, the Tatmadaw retains significant powers and autonomy in its conduct of warfare, and remains resistant to dramatic political reforms.

This brief demonstrates that the KNU remains a deeply embedded governance actor in areas where the state has repeatedly failed to establish stable governance arrangements. However, Myanmar's new semi-civilian political order appears more successful than any previous government at establishing effective forms of governance in these rural areas, challenging the KNU's primacy. Nonetheless, it seems unavoidable that the KNU – or at least the broad-based movement it embodies – will continue to exist for decades to come in some form, whether in conflict or cooperation with the state. It is therefore crucial that the peace process develop systems of governance that end competition and are supportive of peace. This will likely depend on establishing an officially sanctioned role in governance for the KNU, or a new set of institutions developed under its leadership, so that it can sustainably transition away from dependence on armed resistance. While such a role may involve the KNU becoming a political party, the organization would likely only transform in the event of significant federal reforms and assurances that Karen leaders will have equal opportunities in the governance and security sectors. Most immediately, it is crucial that the KNU ceasefire leads to a comprehensive political settlement and not become protracted while business and development activities increase.

TWO: BACKGROUND AND KEY CONCEPTS

The Karen people: The Karen are thought to be the third-largest ethnic nationality in Myanmar, following the Bamar and the Shan, numbering between three and seven million, and living mostly across lower Myanmar, particularly in the southeast and the Ayeyarwady, Bago, and Yangon Regions. There are also hundreds of thousands of Karen in Thailand and in Shan State. The majority of Karen are Buddhists, with Christians thought to make up around 20 percent and animists making up a significant but unknown portion. However, all of these figures are somewhat imprecise, as the term “Karen” essentially refers to a fluid grouping of related ethnicities that has changed over time. Since the 1950s, at least, the Karen nationalist movement has been led by two main subgroups, the Sgaw and Pwo. In the colonial and postcolonial eras, Pa-O, Kayan, and Kayah were also considered part of the Karen family, but they have since become recognized as separate – though related – ethnic nationalities.¹

The political agenda of the KNU: The KNU seeks for Myanmar to become a democratic, federal union that “guarantees the equality of all the citizens,”² and to provide Karen people with self-determination. The central grievance espoused by the KNU is the domination of the state by the Bamar ethnic group, and particularly by Bamar military leaders. It is often written that the KNU initially demanded independence from Burma and changed its position to favor federalism in the 1970s. This is incorrect; the KNU has almost consistently favored federation with the Union, despite emphasizing an autonomous Karen state.

Since the 1990s, the KNU has voiced continual support for the National League for Democracy (NLD), the pro-democracy movement, and principles of human rights in response to widespread human rights abuses committed by the Tatmadaw. Until 2012, its political demands focused on regime change to establish a democratic government, while stating that it would

support tripartite talks between the NLD, the Tatmadaw, and EAOs. Since entering talks in 2011, the KNU has called for the Tatmadaw to halt offensives against all EAOs simultaneously. A compromise was found in 2013, when the Tatmadaw agreed to negotiate with EAOs as a bloc for the first time in order to establish the Nationwide Ceasefire Agreement (NCA).

The KNU’s strategic position in relation to the state and other EAOs has changed dramatically in recent years. For decades, the KNU was seen as the state’s staunchest enemy, having had no ceasefires, while the majority of other groups maintained them for years. As new and renewed armed conflicts have escalated in the north of the country with other pro-federal EAOs, the status quo has flipped, and the KNU has become perhaps the most cooperative EAO. In line with the KNU’s demands, an NCA text was agreed to in March 2015 that commits all signatories to holding political dialogue towards the establishment of a democratic, federal union, and that even its critics agreed, “encapsulates virtually every issue important to minority communities in war zones,” despite a lack of binding commitments.³ In October 2015, the KNU was among only eight armed organizations to sign the NCA, as other EAOs were barred or refused to sign in solidarity with those that were barred.

The Tatmadaw’s four cuts strategy: In the mid-1960s, after the country’s first coup d’état, General Ne Win developed the “four cuts” strategy, based on British methods, which aimed to cut off EAO support from the civilian population.⁴ What was initially framed as a “hearts and minds” strategy to win over the people soon evolved into a systematic approach to brutal, scorched-earth campaigns, in which hundreds of thousands of people were forcibly relocated to sites near Myanmar Armed Forces (Tatmadaw) camps, away from EAO control. The Tatmadaw designated territories where EAOs were strong as “black areas,” areas under government control as “white areas,” and areas of mixed authority as “brown areas.” Orders were

¹ Most Karen subgroups have mutually unintelligible languages, but they are connected through customs, traditions, and a long history of shared communities, and thus a sense of unity in diversity. See Ardeth Maung Thawngmung, *The Karen Revolution in Burma: Diverse Voices, Uncertain Ends* (Washington: East West Center, 2007); Ardeth Maung Thawngmung, *The “Other” Karen in Myanmar: Ethnic Minorities and the Struggle without Arms* (New York: Lexington Books, 2012); Ashley South, “Karen Nationalist Communities: The ‘Problem’ of Diversity,” *Journal of Contemporary Southeast Asia* 29, no. 1 (April 2007): 55-76; Ashley South, *Burma’s Longest War – Anatomy of the Karen Conflict* (Amsterdam: Transnational Institute, 2011), available at: <http://www.tni.org/en/briefing/burmas-longest-war-anatomy-karen-conflict>.

² See a 2013 position paper released by the KNU Supreme Headquarters, available at: <http://www.knuhq.org/wp-content/uploads/2014/10/2013-Aug-The-KNU-and-the-Peace-Process.pdf>.

³ Maung Zarni and Saw Kapi, “Democratic Voice of Burma: Divisive ceasefire won’t bring peace,” *BurmaNet News*, September 8, 2015, available at: <http://www.burmanet.org/news/2015/09/08/democratic-voice-of-burma-opinion-divisive-ceasefire-wont-bring-peace-maung-zarni-and-saw-kapi/>.

⁴ The term “four cuts” is often interpreted to mean the cutting of four forms of support that populations provide to EAOs (scholars have suggested differing combinations of food, funds, resources, recruits, and sanctuary, among others). See Maung Aung Myoe, *Building the Tatmadaw: Tatmadaw Since 1948* (Singapore: Institute of Southeast Asian Studies, 2009), 25-26; Martin Smith, *Burma: Insurgency and the Politics of Ethnicity*, 2nd ed. (London: Zed Books, 1999), 258-262; Andrew Selth, *Burma’s Armed Forces: Power Without Glory* (Norwalk: East Bridge, 2001), 91-92, 99, 163-164; Ashley South, *Ethnic Politics in Burma: States in Conflict*, (New York: Routledge, 2008), 34, 86-87.

issued for all civilians in black areas to move to white areas, and those who remained were engaged as enemy combatants. The Tatmadaw began regular four cuts campaigns in the southeast in the 1980s, and the devastation caused by these campaigns is still felt today.⁵

Governance by the KNU: Among other functions, the KNU governance system collects formally registered taxes; provides a basic justice system with a police force; registers, regulates, and provides ownership titles for agricultural land; regulates and manages forests and other forms of land; and provides basic social services including education and primary healthcare. Spread across large swathes of rural southeast Myanmar, the KNU retains influence over an estimated population of at least 800,000.⁶ Within that population, an estimated 250,000-350,000 live in mixed-authority areas, and there are at least 100,000 people, living under the firm control of the KNU, who rarely interact with the government or other authorities.⁷ The KNU's principal armed wing is called the Karen National Liberation Army (KNLA), and is geared primarily for defence of existing territories through guerrilla warfare.

Other Karen armed actors and their relations: The KNU has fractured numerous times in its history. Between 1994 and 2007, numerous splinter factions broke away from the KNU and signed ceasefires with the government, some then turning on the KNU and fighting against it – these groups are listed here. The most prominent factions stem from the Democratic Karen Buddhist Army, which was initially formed by Buddhist commanders of the KNU in 1994 and has since splintered numerous times.

| Group | Current relation to KNU | Current relation to the state | Areas of operation |
|---|---------------------------------|--|---|
| Tatmadaw Border Guard Forces (BGFs) #1011-1022 (part of the Democratic Karen Buddhist Army between 1994 and 2010) | Subject to ceasefire | Under Tatmadaw command with embedded Tatmadaw officers | Dooplaya District, Hpa-An District, southern Mu Traw District |
| Khlohtobaw Karen Organization/Democratic Karen Benevolent Army (KKO/DKBA, part of the Democratic Karen Buddhist Army between 1994 and 2010) | Allied | Ceasefire, including NCA | Dooplaya District, Hpa-An District |
| The Kyaw Htet/San Aung/Po Bee faction, which now again uses the name Democratic Karen Buddhist Army (part of the original Democratic Karen Buddhist Army between 1994 and 2010) | Tenuous alliance, limited trust | In active conflict | Dooplaya District, Hpa-An District, southern Mu Traw District |
| The Karen Peace Council (KPC) | Allied | Ceasefire | Hpa-An District |
| Tatmadaw BGF #1023 (formerly Karen Peace Force) | Subject to ceasefire | Under Tatmadaw command with embedded Tatmadaw officers | Dooplaya District |
| Thandaung "peace groups"/ People's Militia Force | Subject to ceasefire | Under loose Tatmadaw command | Taw Oo District |

⁵ More than a hundred thousand Karen civilians fled to refugee camps in Thailand established by the KNU and international partners. Meanwhile, hundreds of thousands of others were displaced, either to Tatmadaw relocation sites or deeper into KNU territory.

⁶ This estimate is based on census data from the 21 townships and 11 sub-townships where the KNU is most active, whose total rural population amounts to more than 2.3 million.

⁷ These figures are based on estimates of the population in the 21 townships and 11 sub-townships where the KNU is most active. See previous footnote.

THREE: A SHORT HISTORY OF THE KNU

During the British colonial era, Karen populations were spread across numerous administrative areas and were subject to divergent governance arrangements. The majority were within what the British termed “Burma Proper,” and later “Ministerial Burma,” where they were intermingled with other ethnic groups. In this area, the colonial state removed traditional power structures and installed a rationalized system of government that favored the Karen for administrative, military, and policing posts. At the same time, many of the region’s mountainous territories were designated “Frontier Areas” and placed under less-direct rule. Among the Frontier Areas, which included today’s Kachin, Shan, Karenni, and Chin States, was one Karen territory, the Salween District, covering today’s KNU Mu Traw District (government-defined Hpapun Township) and surrounding areas. This area had near-total autonomy from the colonial state centered in Rangoon, and has yet to ever be brought under centralized rule, mostly remaining under KNU control.

The formation of the KNU: The Karen nationalist movement began in the 1880s, with the foundation of the Karen National Association (KNA), a secular body formed by educated, Christian Karen elites, which later became a political party. The KNU was formed on February 5, 1947, as an umbrella group of four Karen social, political, and religious organizations, including the KNA. It was led by prominent politicians, lawyers, and educators, and gained broad-based support across the Karen-populated territories. While the KNU and its predecessors repeatedly voiced their aspirations for an independent Karen state, this was consistently envisioned as part of a federation, which would also give them representation in central Burma, where many Karen people resided.

The KNU was formed largely as a response to the Aung San-Attlee Agreement of January 1947, which saw Burma’s independence leader, General Aung San, and the British government agree to form an independent Burma. Tensions were high between Bamar and Karen leaders, as they had fought on opposite sides for much of World War II. Though Aung San had two Karen ministers in the cabinet of his interim government,

neither was invited to this meeting, and Karen leaders had become increasingly concerned that they would be subsumed under a Bamar-dominated independent Burma and would be oppressed. Indeed, the agreement made no reference to particular administrative arrangements for the Karen, referring only to the formation of a constituent assembly to decide on a constitution. Meanwhile, some Karen military leaders remained at the helm of the national armed forces and in control of segregated units called “Karen Rifles.”

The KNU’s first statement (February 1947) called for an autonomous Karen State (covering most of today’s southeast Myanmar)⁸ and for high quotas of Karen people in the Rangoon-based legislature, in the national armed forces, and in the civil service. When those demands were ignored, the KNU boycotted the constitutional development process, and a prominent KNU leader, Saw Ba U Gyi, resigned from his position in General Aung San’s cabinet. In July 1947, the KNU established the Karen National Defense Organization (KNDO) as a unified command for dozens of small, armed units that were being mobilized across the country. The KNU’s second statement (October 1947) was more ambitious, stating the case for an “independent Karen State” including the Ayeyarwady Delta region, though still as part of a federation called “Autonomous National States of Burma.”⁹

War begins (1948-49): By late 1948, both the KNU and the government appeared to be preparing for war, as compromises remained elusive. Full-fledged conflict erupted in January 1949, as KNDO forces were placed under siege at Insein, on the outskirts of Yangon, and joint forces of the KNDO and defecting Karen Rifles seized towns across lower Burma.¹⁰ Karen commanders were removed from the top positions of the armed forces, and General Ne Win was proclaimed commander in chief that month. Ne Win undertook mass recruitments of Bamar males through the 1950s, giving birth to the modern-day Tatmadaw. The KNU declared an independent Karen State in April 1949, with its capital in Toungoo, and was then pushed out of Insein in May. An independent Kawthoolei government was proclaimed in June, with Saw Ba U Gyi as prime minister.

The 1950s-70s: In August 1950, Saw Ba U Gyi was

⁸ See the KNU’s first statement, in the form of a telegram to the British government, in Mahn Robert Ba Zan, *Mahn Ba Zan and the Karen Revolution* (n.p., 2008), 95. See also *Karen National Union (K.N.U.) Bulletin*, no. 10, March 1987, available at: <http://www.ibiblio.org/obl/docs3/KNUBulletin010-LR.pdf>. The KNU wanted the Karen State to include the whole of what was then Tennesserim Division, which covered most of today’s southeast excluding Kayah State.

⁹ Smith, *Insurgency and the Politics of Ethnicity*, 87.

¹⁰ Ibid., 114-8; Thawngmung, *The Karen Revolution*, 7.

killed by the Tatmadaw in an ambush, shortly after proclaiming his famous four principles: there shall be no surrender; the recognition of the Karen State must be completed; we shall retain our own arms; we shall decide our own political destiny. In 1952, a Karen State was formed by the government, with the same boundaries as today's Kayah State.¹¹ In 1956, the KNU was reorganized into three branches, and ideological divisions emerged. Units in the Delta and Bago Yoma leaned more to the left and allied themselves with communist insurgents, while those in the Eastern Division (today's southeast) leaned more to the right.

In 1962, amid negotiations between the parliamentary "federal movement" and the central government, General Ne Win seized power in a coup d'état. Shortly thereafter, the head of the Karen Revolutionary Council, Hunter Tha Hmwe, surrendered,¹² bringing to power Bo Mya as commander of the Eastern Division.¹³ Under Bo Mya's rule, illicit border trade with Thailand boomed, as Ne Win introduced heavy, socialist-style tariffs on imports and exports, and Bo Mya increasingly cooperated with the Thai authorities against communism. This widened the gap between the left- and right-wing factions of the organization, and Bo Mya formally split from the Karen National Unity Party (KNUP) in the late 1960s. In the same period, Tatmadaw four cuts operations were successful

in pushing the KNU out of the Delta, allowing the army to then take the Bago Yoma by the mid-1970s. The KNU reconsolidated in the Eastern Division, and in an uneasy collaboration, Bo Mya and a left-leaning KNUP ideologue called Mahn Ba Zan began developing a new political ideology. A new constitution was promulgated in 1974, based on a proclaimed "national democratic" philosophy, which established the seven KNU districts and basic organizational structure that remains today. While right-left classifications were formally denounced, the new political line erred undoubtedly to the right, asserting that Karen people of all classes could be unified by patriotism as the "sole ideology."

The 1970s-90s: Bo Mya became KNU chairman in 1976 and ruled the organization until 2000, when he officially became vice chairperson.¹⁴ In addition to his marginalization of leftist ideas, Bo Mya was a staunch Christian and was accused of marginalizing KNU Buddhists. Nonetheless, he remains a hero to many, having demonstrated strong leadership and commitment to Karen nationalism. In the late 1960s and 1970s, the KNU developed a series of alliances with other EAOs aimed at the formation of a democratic, federal union.¹⁵ In 1994, Buddhist KNLA commanders mutinied and formed the DKBA, leading to a period of decline discussed in Section 5.

¹¹ Smith, *Insurgency and the Politics of Ethnicity*, 154.

¹² The KNUP was in negotiations alongside a pan-ethnic alliance and rejected the terms offered, which required them to stay within confined areas and placed great restrictions on their activities. See Paul Keenan, *Changing the Guard: The Karen National Union, the 15th Congress, and the Future*, Analysis Paper No.6 (Burma Centre for Ethnic Studies, 2013), 20, available at: <http://www.burmalibrary.org/docs14/BCES-AP-6-red.pdf>.

¹³ Tha Hmwe had actually been head of the KRC, while Ohn Pe, who defected with him, had been commander of the Eastern Division.

¹⁴ This position was the equivalent of what is today almost invariably called "vice president."

¹⁵ The KNU had actually begun forming alliances in the 1950s.

FOUR: THE KNU'S GOVERNANCE STRUCTURE

The KNU's administrative and military structure is divided into seven districts, with seven corresponding KNLA brigades, which contain a total of 26 townships. These districts cover the area corresponding to government-defined Kayin State, Tanintharyi Region, most of Mon State, and parts of eastern Bago Region. Despite its relatively hierarchical structure on paper, the KNU operates as a de facto federation of the seven districts, which enjoy significant autonomy in local governance and financial management but are united through various legislative and executive bodies.

Congresses and plenary meetings: The KNU's most senior decision-making bodies are its congresses, which exist at the central level (known as the KNU Congress) and the district and township levels. The KNU Congress is the most supreme organ of the KNU and convenes every four years, while district and township congresses convene every two years. The congresses elect committees to lead the organization at their level until the next congress (see below) and lay out the primary objectives for their term. They also promulgate formal policies and pass laws and other motions, and are thus crucial for building consensus on broad objectives and agendas.¹⁶

Each congress is intended to be representative of the lower levels: the KNU Congress receives delegates from each of the seven districts, the district congresses receive delegates from their constituent townships, and the township congresses receive delegates from village and village tract committees. At the village and village tract levels, the equivalent to congresses are plenary meetings, which are intended to be representative and are responsible for electing village or village tract committees (sometimes called KNU basic organizations). The KNLA also sends delegates to congresses at all levels.

Standing committees, executive committees, and line departments: Most governance and political responsibilities fall under the leadership of standing committees, executive committees, and line departments at central, district, and township levels, which are all elected at congresses. Standing committees are the largest and most senior and meet for regular sessions once per year and for emergency sessions when important decisions need to be made. Executive

committees include the most prominent leaders at each level and are responsible for day-to-day executive functions.

Executive committees then nominate the heads of line departments to administer specific areas of governance under the leadership of the executive committee. There are 14 departments at the central level and ten at the district and township levels. The department heads then nominate their department secretaries, and both have to be approved by the respective standing committee.

The Central Standing Committee consists of at least 45 representatives, while district and township standing committees consist of at least 21 members.¹⁷ Like congresses, standing committees are intended to be representative of each constituent district, township, and village tract. Standing committees must each have a minimum of three female members. The Central Executive Committee comprises the president, the vice president, the general secretary, and two joint secretaries, in addition to six additional members. The president holds the most senior position in the KNU and is particularly active in determining political strategy and leading high-level delegations. Meanwhile, the general secretary is typically the most active member of the senior leadership, overseeing management and budgeting for central line departments, among other responsibilities.

District-level administration: Each district executive committee is led by a district chairperson, who has ultimate decision-making power, a vice chairperson, who is almost invariably the KNLA brigade commander, and two secretaries, who are responsible for managing and overseeing the district-level departments. Importantly, the district executive committees are in charge of procuring and disbursing rations (or cash equivalents) for district- and township-level department and military personnel, and also disbursing funds for other expenses to the KNLA and KNDO in their districts. As such, the districts retain significant autonomy in determining their own priorities and agendas within the parameters of broad policy. Township-level bodies are often more closely controlled by their districts than district departments are by central bodies.

The district line departments are subject to oversight

¹⁶ Most *laws* are drafted by the Justice Department, while all departments develop *policies* related to their sector, which are proposed to Congress for approval.

¹⁷ The Constitution establishes these numbers, but allows for additional members to be included as necessary. Based on official statements by the Standing Committee, 45 members were elected in 2012, while 48 attended meetings in both 2013 and 2014, and 50 attended meetings in both 2014 and 2015.

both from the central departments and from their respective district executive committees. Though they depend on rations and expense budgets provided by their respective district finance and revenue departments, they are bound to procedures and overall policies that are developed at the central level and approved by the Central Standing Committee and at the KNU Congress.

Village and village tract governance and representation: Similar but more rudimentary governance structures, called “KNU basic organizations,” are established at the village tract level, or in some cases for individual villages. Below village tract-level basic organizations, each village will typically have at least a customary village head with a number of assistants. For each KNU basic organization, plenary meetings are held every year to appoint seven-person village or village tract committees (including at least two women), led by a chairperson and including designated officials for security, finance, and other affairs. The village/village tract committees take directives from the township level, collect taxes, and organize social services. They are also responsible for enlisting people to become KNU party members, and likely for identifying recruits for the KNLA and KNDO as well.

In many communities, leadership positions are extremely unpopular, meaning local leaders often remain in power for a long time. This is because most people are farmers, and they do not want the extra responsibility or do not consider themselves to have the right connections and experience necessary to serve the village well. Those who do take the positions often feel an obligation to their community and are greatly respected for their work. As in many aspects of rural Karen culture, patron-client relations are formed in which “patrons” assume the burden of significant responsibility as well as the apparent luxury of unchallenged authority. Leadership positions are particularly unpopular in areas where multiple armed actors and authorities overlap, due to the added risks of punishment from one armed actor for supporting another, among other challenges.

During periods of insecurity, women often become chairpersons, as they are less likely than men to be

physically abused or intimidated by authorities.¹⁸ Since ceasefires were signed, however, these dynamics appear to be changing. The Karen Human Rights Group has documented how women have become increasingly marginalized from positions of influence. Among these are women who saw the positions as burdensome and dangerous, and others who saw them as improving their status and giving them purpose.¹⁹

Defense and security: The KNU’s defense and security structure consists of the KNLA, an additional defense force called the Karen National Defense Organization (KNDO), the Karen National Police Force (KNPF), and locally organized, village-level militia. The KNLA, KNDO, and village-level militia fall under the direction of the Defense Department, while the KNPF falls under the Interior and Religious Affairs Department, providing a formal division between the military and police. The KNLA is subordinate to KNU civilian officials at all levels, but is customarily represented at all congresses and on standing and executive committees.

The KNPF has a presence in all seven districts of the KNU, and includes female police personnel in each district. The KNPF has headquarters at the district and township levels, based in police offices located in the same compounds as the KNU district and township offices. The KNPF coordinates with village- or village tract-level security representatives, who monitor the situation in their area and report crimes.

The Justice Department and the judiciary: In addition to the KNPF, the KNU’s justice system consists of a Justice Department, which falls under the executive at the central level, and independent judges, who are established at all administrative levels. The KNU’s Justice Department is responsible for making laws and promoting awareness of the law, reviewing current laws, and updating them. The judiciary consists of a Supreme Court, district courts, and township courts. Formal courts do not exist at the village tract level. Instead, village heads have the authority to deal with minor criminal cases and civil disputes within the village. The KNU has recently created a Karen Legal Affairs Committee under the Supreme Court, and includes a representative from the Karen Women’s

¹⁸ KHRG, *Village Agency: Rural Rights and Resistance in a Militarized Karen State* (KHRG, 2008), 94, available at: <http://www.khrg.org/2008/11/village-agency-rural-rights-and-resistance-militarized-karen-state>; KWO, *Walking Amongst Sharp Knives: The Unsung Courage of Karen Women Village Chiefs in Conflict Areas of Eastern Burma* (KWO, 2010), available at: <https://karenwomen.files.wordpress.com/2011/11/walkingamongstsharpknives.pdf>. However, women too are known to have experienced physical and sexual abuse by Tatmadaw soldiers as a means of intimidation.

¹⁹ KHRG, *Hidden Strengths, Hidden Struggles: Women’s Testimonies from Southeast Myanmar* (KHRG, 2016), 24-6, available at: <http://khrg.org/2016/08/hidden-strengths-hidden-struggles-women%E2%80%99s-testimonies-southeast-myanmar>.

Organization (KWO). The committee is mandated to promote rule of law and legal awareness, reform the legal system, strengthen knowledge of legal issues, and train police, judges, and village heads.

KNU councils and committees: The KNU Constitution provides for ten additional councils and committees at the central level²⁰ to assist in specific sectors. They typically provide additional oversight or peripheral support to the other KNU bodies, develop new policies and strategies, or ensure that standards are being upheld and that certain individuals or elements are not going against broadly agreed objectives. There are also committees of various forms at district and township levels.

Community-based organizations: Various community-based organizations (CBOs) operate in KNU-controlled areas, some of which have officially mandated roles in relation to the KNU structure. The KWO, the Karen Youth Organization (KYO), and the Federation of Trade Unions – Karen (FTUK) all report to the Organizing and Information Department and have rights and responsibilities as part of the organization. Every village, village tract, township, and district in the KNU domain is required to select a KWO and KYO member for their area, which gives these CBOs unique abilities to organize at the community level. However, they have much greater independence than KNU departments, operating with their own constitutions and internally determined mandates. Other CBOs, such as the Committee for Internally Displaced Karen People and the Karen Office for Relief and Development, also maintain close official links to the KNU, while still others, such as the Karen Environmental and Social Action Network and the Karen Human Rights Group, operate in cooperation with the KNU but remain entirely independent.

Taxation, revenue, and financial management: The KNU collects taxes from local people and from traders and companies that operate within its territory. The KNU uses this revenue for organizational expenditures, which are likely dominated by military costs, in addition to food rations for personnel, general services expenditures, and expenditures for political activities.

Internal revenue, taxes, and fees: The KNU is relatively poor in comparison with other large EAOs,

such as the Kachin Independence Organization (KIO) and the United Wa State Party (UWSP). Its primary source of revenue is the mining sector, in particular gold, tin, and antimony mines followed by taxes on agricultural land use and livestock. Until the 1990s, the KNU benefited from ample, informal, cross-border trade, as the Ne Win government maintained heavy import tariffs on most goods. Some districts have engaged in intense logging activities in the past, but an official ban on commercial logging since 2009 has been relatively successful in most districts.²¹ The most common form of tax paid to the KNU by ordinary people is an agricultural tax based on the size of the landholding, adjusted for the type of land and its assumed productivity or through customary practices according to yields.

The Finance and Revenue Department is responsible for administering taxes and fees at each administrative level in coordination with other departments in their respective sectors. Village tract authorities are permitted to keep 10 percent of total revenue before delivering the rest to the township Finance and Revenue Department. The township is not permitted to take any, and must log and send it all to the district Finance and Revenue Department. The district Finance and Revenue Department then pays 14 percent of most forms of revenue, and 40 percent of revenue from mining, to the Central Finance and Revenue Department.

Irregular taxation: In practice, some districts pay little or no tax to the central level, and in some cases allow townships to take a set amount before sending it on. This is both an effect and a cause of the high levels of autonomy enjoyed at the district level. The KNU's main source of revenue, mining, is subject to particularly weak central departmental control and remains poorly regulated and managed. There is also a range of informal taxes: these are sometimes negotiated with local communities and are based on specific circumstances (such as communal land use), but are sometimes arbitrarily levied by local officials and amount to extortion. The proper implementation of taxation procedures is largely dependent on security conditions and levels of KNU control. Typically, in areas where the KNU's presence is weak, taxes are collected summarily from village chairpersons based

²⁰ These include the Council of Patrons, the Military Council, the National Security Council, the Discipline Supervision and Maintenance Committee, the Finance Committee, the Economic Committee, the Cooperation and Advisory Committee, the Committee for Relations with Karen in Diaspora, the Award and Honor Conferring Committee, and the Natural Environment and Resources Conservation Committee.

²¹ Logging appears to have decreased in some districts simply because all the valuable wood has been logged and the land has already been converted to agriculture or other uses.

on estimates of the value of agricultural land or other taxable objects. Taxation can be particularly burdensome in mixed-control areas, because other authorities tend to also charge their own taxes.

External sources of funding: Some KNU activities, particularly social services, benefit from targeted funding from international aid donors. In particular, the education and health services provided by the Karen Education Department (KED) and the Karen Department of Health and Welfare (KDHW) depend

on international funding to provide services. Additionally, the Agriculture Department and the Forestry Department have some projects administered with international funds, including work related to policy development and community-led livelihood programs. These funds do not pass through the KNU Finance and Revenue Department, and are managed according to normative aid practices, often through partnerships between the relevant departments and international NGO partners or local CBOs.

FIVE: LIFE UNDER “OCCUPATION” – GOVERNANCE DYNAMICS FROM 1995 TO 2011

Between 1994 and the 2012 ceasefire, the KNU suffered a sharp decline as the Tatmadaw seized huge amounts of territory, leading to mass displacement and devastating the preexisting social and political order.

Key dynamics of the KNU conflict (1995-2011): In 1994, the DKBA was formed, after tensions emerged between the Myaing Gyi Ngu Sayadaw and Christian KNU leaders, leading to the splintering of numerous Buddhist KNLA commands.²² By January 1995, the new army had allied with the Tatmadaw, and joint offensives had seized the KNU headquarters at Mannerplaw. Although the Tatmadaw had secured numerous towns in the southeast since the 1950s, and had been slowly taking rural and border territories since 1984, these offensives marked a turning point in the conflict, and allowed the state to rapidly expand its control. Through the late 1990s, the Tatmadaw carried out extensive four cuts operations, displacing hundreds of thousands, and establishing military facilities deep in KNU territory.

The seven KNU districts became subject to what Callahan has termed “occupation” and “ongoing but deterritorialized war.”²³ Tens of thousands of civilians were relocated by the Tatmadaw to “relocation sites” near bases, towns, or vehicle roads and told they would be treated as insurgents for attempting to return to their homes or farms.²⁴ Hundreds of thousands of others fled to refugee camps in Thailand or IDP camps in KNU territory, or into hiding in the forests. Meanwhile, the majority of senior KNU leaders moved their offices and family residences to Mae Sot, Thailand.

The governance dynamics in KNU areas during this period varied greatly from place to place. To simplify, there were two main types of areas: strongholds, viewed by the Tatmadaw as “black areas”; and areas of mixed authority, viewed by the Tatmadaw as “brown areas.” Stronghold areas were typically majority Karen, had more Christians, and had experienced less interaction with colonial Burma or historical Myanmar kingdoms. In contrast, areas of mixed authority had more Buddhists and higher proportions of other ethnicities, and were historically more integrated into Myanmar proper.

Stronghold (“black”) areas: From the 2000s onwards, the main KNU stronghold included the majority of Mu Traw District, eastern Kler Lwe Htoo District, and southern Taw Oo District, where at least 100,000 civilians remained. Though the Tatmadaw developed a network of facilities and roads even in these areas, it was largely confined to these nodes and arteries, as the majority of territory remained controlled by roaming KNLA guerillas. Other patches of territory throughout the districts remained under similar degrees of KNU control, particularly in mountainous areas. Populations in black areas were considered to be KNU members and were targeted as combatants. Human rights groups have reported extensively on high rates of shooting, arrest, interrogation, physical abuse, torture, and other abuses against civilians who remained in black areas, and have repeatedly accused the Tatmadaw of using sex as a weapon of war. Communities in areas close to Tatmadaw facilities, in particular, were subject to routine forced labor, extortion, and other exploitation.²⁵

Mixed authority (“brown”) areas: Outside of these strongholds, particularly throughout Hpa-An,

²² The website of Paul L. Keenan, “The Formation of the DKBA,” May 6, 2016, available at: <https://paullkeenane.net/2016/05/06/the-formation-of-the-dkba/>; Ashley South, “The Politics of Protection in Burma,” *Critical Asian Studies* 44, no. 2 (2012): 18-20.

²³ Mary Callahan, *Political Authority in Burma's Ethnic Minority States: Devolution, Occupation, and Coexistence* (Washington, DC: East West Center, 2007), 33.

²⁴ See The Border Consortium (TBC) website, “IDPs Reports,” published annually between 2002 and 2014, available at: <http://www.theborderconsortium.org/resources/key-resources/>.

²⁵ The documentation of human rights abuses is too vast to usefully disaggregate claim by claim. Some of the most credible include: International Human Rights Clinic, *Policy Memorandum: Preventing Indiscriminate Attacks and Wilful Killings of Civilians by the Myanmar Military* (Human Rights Program at Harvard Law School, 2014), available at: <http://hrp.law.harvard.edu/wp-content/uploads/2014/03/2014.03.24-IHRC-Military-Policy-Memorandum-FINAL.web.pdf>; KHRG, *Abuse Under Orders: The SPDC & DKBA Armies Through the Eyes of Their Soldiers* (KHRG, 2001), available at: <http://khr.org/2001/03/0101/spdc-and-dkba-armies-through-eyes-their-soldiers>; KHRG, *Flight, Hunger and Survival: Repression and Displacement in the Villages of Papun and Nyaunglebin Districts* (KHRG, 2001), available at: <http://khr.org/2001/10/0103a/flight-hunger-and-survival-repression-and-displacement-villages-papun-and-nyaunglebin-districts>; KHRG, *Village Agency: Rural Rights and Resistance in a Militarized Karen State* (KHRG, 2008), available at: <http://www.khr.org/2008/11/village-agency-rural-rights-and-resistance-militarized-karen-state>; KHRG, *Cycles of Displacement: Forced Relocation and Civilian Responses in Nyaunglebin District* (KHRG, 2009), available at: <http://www.khr.org/2009/01/cycles-displacement-forced-relocation-and-civilian-responses-nyaunglebin-district>; KHRG, *Truce or Transition? Trends in Human Rights Abuse and Local Response in Southeast Myanmar Since the 2012 Ceasefire* (KHRG, 2014), available at: <http://www.khr.org/2014/05/truce-or-transition-trends-human-rights-abuse-and-local-response>; Ashley South, Malin Perhult, and Nils Carstensen, *Conflict and Survival: Self-Protection in South-East Burma* (Chatham House, 2010), available at: <https://www.chathamhouse.org/publications/papers/view/109464#sthash.AgSCxa5a.dpuf>.

Dooطلا, and southern Doo Tha Hto Districts, communities became subject to much deeper state control and overlapping territorial claims by KNU splinter factions such as the DKBA. The government was slow to implement any significant government administration, while the Tatmadaw and its proxies subjected communities to extensive taxation and human rights abuses such as forced labor for military and development purposes. Much of this “development” was essentially for large commercial projects such as agribusiness, resource extraction ventures, and connected roads. The KNU continued to organize

communities under its existing administration system where it could, through what one administrator called a “mobile ministry” approach, typically having to meet community members in secret outside of their communities. Despite the provision of some services and continued political relations, in their everyday lives, some communities came to view the KNU/KNLA as just another group making demands. Even where they supported the KNU’s broad cause, the desire for a single and consistent authority that would allow people to live in relative stability became the primary desire of many Karen civilians in these areas.²⁶

²⁶ See Kim Jolliffe, “Refugee decision-making processes, community-based protection and potential voluntary repatriation to Myanmar,” external research commissioned by United Nations High Commissioner for Refugees (UNHCR, 2015), 25-30, available at: <http://research.kim/works/refugee-decision-making-processes-community-based-protection-and-potential-voluntary-repatriation-to-myanmar>.

SIX: TENSIONS IN THE KNU AMID TIMES OF CHANGE

Backroom peace talks began between the KNU and Thein Sein's government in 2011, and disagreements quickly surfaced within the KNU. While all sides agreed that peace should be pursued and that their ultimate aim was political negotiations, differences arose over the degree to which the KNU should cooperate and whether to prioritize alliances with other EAOs. During the 1990s and 2000s, KNU skepticism about external influence, and particularly about development, grew stronger, due to the experiences of other EAOs and the Karen splinter factions. The DKBA came to be viewed as opportunists who had sold their struggle and communities to the Tatmadaw. As a result, by 2011, many KNU leaders had come to view the term *ceasefire* as synonymous with *surrender*, and the term *development* as code for *personal profit*. The notion that development could be part of peacebuilding became greatly distrusted by many within the KNU and Karen civil society groups, who viewed it as a means to quell political opposition by distracting and dividing their leaders.

Fractures emerge as ceasefires are signed: The informal talks of 2011 were led by Mu Tu Say Po (then General Officer Commanding of the KNLA), Kwe Htoo Win, Roger Khin, and the late David Taw. Criticized by other Karen stakeholders, they were seen as pro-development. However, they insisted that organizational survival and the well-being of Karen society depended on engagement with the government and regional development. They felt that the opening up of southeast Myanmar to the regional economy was inevitable. It was therefore crucial, they argued, that the KNU become a stakeholder in the new economy. In order to avoid their local-level commanders becoming corrupt or forming their own fiefdoms, for

example, KNU central would have to be proactive with economic reform.²⁷ Other leaders were deeply resistant to these views, including President Tamla Baw, Vice President David Thackapaw, and General Secretary Zipporah Sein (daughter of Tamla Baw). For them, the goal of regime change and solidarity with the pro-democracy movement in exile remained foremost, and they were deeply skeptical that their demands could be realized through negotiation or economic cooperation.

New leadership and a fragile path forward: At the 15th KNU Congress in November 2012, Mutu Say Poe was elected president, and Kwe Htoo Win was elected general secretary. Meanwhile, Naw Zipporah Sein was appointed vice president, and her close associate, Mahn Mahn, became joint secretary 2. Previously, the KNU had agreed that development cooperation should not get underway prior to a substantive political settlement for a federal system of government. The new leadership continued the policy that large-scale development, such as mega-dam construction, would have to wait until there was clear political progress, but asserted that more pro-active engagement in the economic and development sectors would be necessary. Accordingly, the Congress agreed to establish economic and development policies and a more formal Economics Committee, and some leaders have become increasingly engaged in these sectors. Meanwhile, the Congress affirmed that "there is a grave and urgent need to work on reaching political dialogue," and that the KNU would cooperate with other EAOs "towards establishment of a genuine federal union in order to achieve democracy and equality and self-determination of all ethnic nationalities." This shift set the stage for ceasefires that have continued into late 2016, leading to increased development activity and the emergence of a wide range of new forms of competition and cooperation between the state and the KNU at the local level.

²⁷ Ibid.; interview with Central Executive Committee leaders (Thailand, 2013).

SEVEN: CHANGING DYNAMICS SINCE 2012

Since 2012, political developments have transformed the territorial and governance dynamics across the seven KNU districts. On one hand, the state has been able to expand its presence significantly. On the other hand, the KNU has gained greater space for civilian activities, and has become increasingly involved in the fast-growing economy. Civilians have experienced improvements in overall security, but remain subject to multiple authorities and ongoing militarization, and have been exposed to new threats from business activity and a growing drug trade.

How control is claimed: None of the active ceasefire agreements identifies territorial boundaries on paper, and the “ceasefire areas” referred to in the NCA remain poorly defined.²⁸ Therefore, the authority of different actors continues to overlap significantly. The KNU, the government, and other armed actors establish their authority in two main ways:

a) **Military deterrence.** This works by posing a threat to other actors that enter a territory. In most areas, mutual recognition of each actor’s deterrence capabilities allows the Tatmadaw, EAOs, and paramilitary actors to reach local-level agreements over “areas of operation.”

b) **Building relations with community leaders.** Establishing relations with village-level leaders allows authorities to ensure communities cooperate with their activities. This does not give them exclusive access to territory, but makes it easier to operate. In many ways, influence over populations, i.e., governance, is in itself an objective of both the state and the KNU.

Expansion of the state through development and services: Since 2012, the state has invested heavily in extending government administration, land management systems, social services, and development to communities that had previously only interacted with the Tatmadaw. Through such processes, the state has established and deepened relations with community leaders, gaining increased control over the ceasefire areas. The state does not expand from east to west or from central Myanmar to border areas. Rather, it

expands outward from administrative centers at sites that have been fully secured, but that are surrounded by EAO-influenced territories. These centers include towns that have long been under government control, such as Hpapun or Kawkareik, as well as newly established “sub-township towns,” which act as administrative hubs in areas too difficult to govern from the township capitals.²⁹ The government typically reaches out to new areas by offering social services and development opportunities. Much of this activity has been led by the General Administration Department (GAD), which has established village tract administrators (VTAs) wherever it can, often by providing stipends to long-serving KNU village tract chairpersons.

Tatmadaw – back to the barracks? Since 2012, interaction between civilians and Tatmadaw soldiers has been greatly reduced in the ceasefire areas. This has led to much overall improvement in the security conditions of local people, but abuse by government security forces persists. Meanwhile, governance has largely been transferred to civilian departments, but the military-controlled GAD remains the most powerful agency, and Bamar males, including former officers, continue to dominate most departments.

Despite its improved conduct with regard to civilians, the Tatmadaw has maintained a forward posture throughout the ceasefire areas and continued to strengthen its military standing. While, in numerous areas, the Tatmadaw has pulled back from some of its outposts and consolidated forces in its larger bases, it has also been able to replace bamboo fortifications with concrete, to resupply and rotate its troops far more regularly, and to begin reconnaissance operations in new areas. The Tatmadaw’s continued forward posture and the strategic gains it has made during the ceasefire have greatly damaged confidence in the ceasefire among the KNLA, whose military strategy had long focused on harassing and constraining Tatmadaw positions and movements.

Growing space for KNU civilian activities: At the same time, the KNU now has more space for a range of governance and other civilian activities because of reductions in conflict and improved relations with

²⁸ An addendum to the NCA that outlines issues needing further clarification notes, “It is agreed to discuss the definition of the term ‘Ceasefire Area’ and to review this phrase while discussing it.” As of late 2016, discussions are ongoing through the NCA Joint Monitoring Committee to better define ceasefire territories, but progress has been slow.

²⁹ The GAD previously designated 84 sub-townships in remote areas across Myanmar, including nine in Kayah State. The government no longer uses the term “sub-township,” and the sites are simply designated as towns. However, they effectively operate as administrative centers for the surrounding areas.

other authorities. In particular, the KKO/DKBA has permitted the KNU to fully reestablish its governance structures in areas under its control, as have some BGFs. Across the southeast, the KNU can now organize congresses and committee meetings and provide social services much more liberally than before.

Schools supported by the KED and its network, the Karen State Education Assistance Group (KSEAG), have increased each academic year since 2012, as government and paramilitary authorities have allowed their staff much greater access to communities under their control. Between academic years 2012-13 and 2015-16, the number of schools receiving support from KSEAG rose from 1,356 to 1,506.³⁰ The KDHW has also benefited from the ceasefires and has been able to begin setting up village tract health centers, a new type of health facility more stationary than in the past. According to KDHW leaders, speaking in 2016, the department is now officially coordinating the health activities of all the Karen armed actors, including those linked to some of the BGFs.

IDP support and other areas of social support have also received a boost from increased cooperation with Karen religious and civil society organizations that previously only operated in government-controlled areas. Open cooperation between Karen CBOs and civil society organizations, including those from the refugee camps, KNU-controlled areas, and government-controlled areas, has also burgeoned since the ceasefire due to these changes. Additionally, independent CBOs can now operate much more openly in government-controlled areas.

Civilians are now able to attend KNU events such as Martyrs Day, Revolution Day, and Karen New Year celebrations much more openly. The KNU has been able to engage communities to raise awareness about the peace process and its political objectives and to strengthen relations with other Karen organizations across the country. Liaison offices have also been instrumental in allowing the KNU to engage with Karen communities in towns and other government-controlled areas.

Increased space for business activity: The most controversial new “opportunities” now available to the KNU are those associated with business and large-scale development. Some Executive Committee

members have taken the lead in establishing new KNU-affiliated companies. Meanwhile, district- and township-level authorities, particularly in Mergui-Tavoy, Dooplaya, Hpa-An, and Doo Tha Oo districts, have also set up their own companies. According to multiple sources, the government has actively encouraged the KNU to establish companies, purportedly to discourage taxation of communities. The perspective of some within the KNU and Karen civil society is that this encouragement is aimed at distracting and weakening KNU leaders’ political agenda. It is often unclear if these enterprises are privately owned and managed, if they are being run by district- and brigade-level authorities, or if they have direct links to the central level. It is also not clear if and how they have benefited from the KNU’s political and military influence.

Overall, it appears that business activity has been poorly regulated by the KNU, given the districts’ significant autonomy. There are substantial risks that political progress will move more slowly than the expansion of private business (particularly in extractive industries). This could create a vast ceasefire economy and hinder governance reforms, while individual commanders make personal profits. There has also been increased cooperation between the KNU and the government in the development of roads and other public goods, but it is often unclear how the KNU is involved.

Governance on the ground, sector by sector: These changing dynamics have led to many new forms of cooperation and competition on the ground, particularly in eight main sectors: administration, taxation, education, healthcare, land management, road construction, justice, and humanitarian assistance.

Administration: At the village tract and village levels, the KNU administration system and the GAD system of the Myanmar government often run in parallel, with village tract leaders sometimes filling the role of both KNU village tract chairperson (VTC) and GAD village tract administrator (VTA). In other cases, KNU VTCs and GAD VTAs are different people operating side by side, covering the same or overlapping jurisdictions. There may be multiple KNU-designated village tracts within one government village tract or vice versa, or

³⁰ Data provided by KSEAG. See Kim Jolliffe and Emily Spears-Meers, *Strength in Diversity: Towards Universal Education in Myanmar’s Ethnic Areas* (The Asia Foundation, 2016), available at: <http://asiafoundation.org/publication/strength-in-diversity/>. The percentage of these schools also receiving support from the Myanmar government’s Ministry of Education also rose significantly in this period, from 26.8 percent to 49.3 percent.

the boundaries of KNU and government village tracts may simply overlap. Typically, these officials have to deal to some extent with both authorities, as well as with other armed actors, whether they are formally integrated into their system or not. Nonetheless, maneuvering among multiple authorities is typically much easier during times of ceasefire than during war.

Taxation: Taxation remains a sensitive area, where there is little cooperation between the different governance actors. The government seems to view all EAO taxation as illicit, and often denounces the KNU and other groups for taxing communities and placing an unnecessary burden on those people. Meanwhile, the DKBA and the KNU seem to tax side by side in areas where they overlap. The KNU has been restricted in some areas from accessing communities outside of its direct control, where local-level agreements have been made to delineate boundaries of authority. This is often not a bad thing for local people, as taxation in areas of limited control is often done summarily and is particularly burdensome and poorly regulated; nonetheless, communities in some areas apparently continue to choose to pay taxes out of loyalty for the KNU.

Education: Since the ceasefires, the number of government MoE teachers in KSEAG-supported schools has almost tripled, from 1,574 in 2012-13 to 4,718 in 2015-16. This has led to the creation of 379 new mixed schools in just a few years, bringing the total to 743. Today, almost half of the schools supported by the KED are mixed schools that also receive MoE support.³¹ The MoE has typically dispatched teachers with little or no direct coordination with the KNU. GAD or MoE officials have tended to reach out directly to village leaders, KED-supported teachers already in the schools, or school committee members to make offers of teachers, school uniforms, upgrades to school buildings, textbooks, or other support. There are suspicions among the KNU that the government is trying to occupy Karen territory and “Bamanize” the local people rather than negotiate a political settlement.

Communities have mixed opinions on whether they want the teachers or not. For example, 29 KED-supported community schools in East Daw Na Region have been offered MoE teachers for the first time since

2012. While 13 have accepted this support from the state, thereby creating mixed schools, 16 have rejected it, often after consulting with the KNU. Perceptions of authority play a key role in these decisions. Higher-level coordination between the KED and the MoE has been extremely limited overall, leading to a wide range of local-level tensions and administrative difficulties.³²

Healthcare: Unlike education, there is typically very little organic interaction between healthcare providers linked to the KNU and the government’s Ministry of Health (MoH), as they simply administer different clinics, even if serving overlapping catchment areas. Nonetheless, due to a “convergence” agenda initiated by the KDHW and its partners, cooperation has taken place on many levels, improving services overall.³³

Land management: Both the government and the KNU have been implementing their new land-management systems by demarcating and registering plots owned by local farmers in mixed-authority areas. The KNU’s April 2012 bilateral ceasefire with the Union government commits the state to recognizing the KNU’s land system, and the KNU has begun systematizing its land registration processes explicitly to ensure that this is adhered to. Desperate to attain secure tenure in an environment of increased development, many landowners have been enthusiastic to register their land with both authorities, and have often been able to do so. The KAD has been actively prioritizing the registration of land in areas where the government also has access, to ensure that KNU and community land practices are not overridden.

Roads: Since the ceasefires, the government has initiated a comprehensive program of road construction and upgrading. The most famous is a section of the Asian Highway connecting Thin Gan Nyin Naung (near Myawaddy) to Kawkareik, which has made the Daw Na mountain range traversable in less than half the previous time. Other major road developments include Asian Highway sections from Kawkareik to Ein Du, which will complete the Myawaddy-Yangon corridor, and a road from from Kanchanaburi, Thailand, to Dawei Town, where a deep-water port is under construction. A large number of roads are being upgraded in Hpa-An and Dooplaya Districts.

³¹ In 2015-16, 49.3 percent of KSEAG-supported schools also had teachers supported by MoE, up from 26.6 percent in 2012-13.

³² See Jolliffe and Spears-Meers, *Strength in Diversity*, for detailed accounts of education administration in these and other conflict-affected areas.

³³ For detailed accounts of health service provision, see Bill Davis and Kim Jolliffe, *Achieving Health Equity in Contested Areas of Southeast Myanmar* (The Asia Foundation, 2016), available at: <http://asiafoundation.org/publication/achieving-health-equity-contested-areas-southeast-myanmar/>.

In previous eras, the state depended on forced labor to build and maintain roads in conflict-affected areas. Roads were previously used primarily for military and large-scale commercial purposes, offering few benefits to communities. In black areas, roads were considered off limits to local people, who would avoid them to stay away from Tatmadaw patrols.³⁴ The new roads are now open to the public and have stimulated a rise in rudimentary public transport. Interviewees universally agreed that the new roads have brought huge, demonstrable benefits to ordinary, local people. On the other hand, they have resulted in the confiscation of local people's land, often with little or no compensation,³⁵ and have also been associated with armed conflicts.

Roads appear to have affected conflict dynamics in two main ways. They have sometimes been a source of tension and distrust in ceasefires, as KNLA and DKBA commanders have become concerned about their strategic implications. Roads provide much greater access to the Tatmadaw to conduct regular supply missions and troop rotations, and even to bring in larger military assets, while EAO forces typically benefit from rough terrain. A second way that roads have affected conflict dynamics is by fostering competition over the taxation of traders. Most notably, conflicts broke out in mid-2015 along the Asian Highway between a faction of the KKO/DKBA and a number of BGFs based in Myawaddy and Kawkareik.

Justice: Since the ceasefires, the government has established police stations in all nine of the sub-township towns in Kayin State. Meanwhile, the KNU has continued to expand its own police force, the KNPF. Both systems work primarily by responding to reports from village tract-level leaders, who come to them with serious crimes or disputes that cannot be

solved within the village tract. Although no systematic survey of opinion has been conducted, it is the view of all CBO members spoken to that communities take their cases to EAOs or the BGFs much more commonly than to the government. Overall, the vast majority of crimes and disputes in rural Karen areas still go unreported, or are handled at the local level, often through customary practices.³⁶

Humanitarian assistance: As the number of international humanitarian actors working in the ceasefire areas has increased, there has been a lack of cooperation to coordinate and regulate their activities. Most INGOs begin by obtaining a memorandum of understanding from the government, and then approach the KNU later if they deem it necessary to get access to specific territories. INGOs providing assistance from the Thai side of the border have long worked with CBOs and KNU social departments, with the latter typically taking care of implementation.

In 2014, the KNU issued an updated humanitarian policy asserting its authority over the “grant[ing] of permission, termination, withdrawal of permission, extension” for all projects. The KNU announced in 2015 that 10 percent of the value of all projects must be provided to the KNU; according to KNU officials who initiated this policy, this was intended to require that at least 10 percent of all project costs go towards local KNU departments or other vetted implementing partners. However, it was widely viewed as a direct tax on humanitarian assistance, leading to some opposition from the international aid community. In practice, the KNU has failed to implement a consistent system for regulating aid flows. This is partly because INGOs and the government will often cooperate on a program and only later engage the KNU, when it is too late to disturb the program without harming the beneficiaries.

³⁴ KHRG, *Development by Decree: The Politics of Poverty and Control in Karen State* (KHRG, 2007), 18-31. Available at: <http://khr.org/2007/04/development-decree-politics-poverty-and-control-karen-state>

³⁵ THWEE Community Development Network, Karen Environmental and Social Action Network, and KHRG, *Beautiful Words, Ugly Actions: The Asian Highway in Karen State* (KHRG, 2016), available at: <http://khr.org/2016/08/press-release-beautiful-words-ugly-actionsthe-asian-highway-karen-state-burma>. See also KHRG, *Losing Ground: Land Conflicts and Collective Action in Eastern Myanmar* (KHRG, 2012), available at: <http://khr.org/sites/default/files/losinggroundkhr-march2013-fulltext.pdf>; KHRG, “*With Only Our Voices, What Can We Do?*”: *Land Confiscation and Local Response in Southeast Myanmar* (KHRG, 2015), available at: http://khr.org/sites/default/files/full_with_only_our_voices_-_english.pdf.

³⁶ For more details on justice systems in KNU-controlled areas, see Brian McCartan and Kim Jolliffe, *Ethnic Armed Actors and Justice Provision in Myanmar* (The Asia Foundation, 2016), available at: <http://asiafoundation.org/publication/ethnic-armed-actors-justice-provision-myanmar/>.

EIGHT: RESPONDING TO CHANGE

Facing new threats and opportunities, KNU officials have had to make difficult decisions about how to manage change. There is a seemingly ubiquitous consensus within the KNU that ceasefires must be maintained and that political dialogue must be pursued as central priorities, but there are also widespread concerns about state expansion, as the KNU is no longer the primary civilian authority in many of its traditional areas of influence. Indeed, in many places, the KNU is being superseded by the state in terms of capacity to deliver social services.

Concerns within the KNU: Rapid state expansion in ceasefire areas has created uncertainty within the KNU and has damaged confidence in the peace process. KNLA commanders are especially sensitive to the strategic challenges posed by government expansion through development. In discussions with the author, KNLA battalion commanders from six of seven brigades called the expansion of government administration the most urgent threat they face. Additionally, international assistance for government social services in KNU territories is perceived to be weakening the KNU's bargaining position and leading to tensions. In reality, state expansion has benefited far more from increases in the government's own budgets for health and education than from international aid.³⁷ Nonetheless, the international community has committed funds and technical support to these sectors, and has added great legitimacy to the government's development agenda.

Different perspectives within the KNU: There has been some variety among KNU and KNLA leaders in the extent to which they are willing to cooperate with the government. On the one hand, leaders maximize the benefits of increased development and pursue cooperation with the government for the sake of peacebuilding. On other hand, they are wary of losing territory before a political settlement, and of the social and environmental impacts on livelihoods and natural heritage. For most leaders, considerations of three main factors are key: what is best for the local people; what is best for the KNU movement in the near and long term; and what is best for selfish interests – profit-making, individual power, or personal security. Leaders vary in how they prioritize and address each of these factors. At the central level, President Mu Tu Say Po and General Secretary Kwe Htoo are particularly

cooperative with the government. They have also taken a leading role in joint, KNU-government peacebuilding development projects, such as those supported by the Myanmar Peacebuilding Support Initiative and various Nippon Foundation programs.

Meanwhile, other leading Central Executive Committee members, including Vice President Naw Zipporah Sein, have sought to retain the KNU's "politics first" position, and focused on KNU regulation of humanitarian and development activities. Despite these differences in perspective, the extent of factionalism should not be overstated, as leaders have continued to cooperate broadly.

Stronghold areas: Leaders in KNU strongholds have been highly sensitive to the risks of allowing the state access. These territories have never yet been brought under a centralized government or sent delegates to any centralized parliament, and they are sometimes more integrated into the Thai economy than Myanmar's. Leaders in Mu Traw and parts of Taw Oo District have been particularly resistant to government advances, refusing access to government departments and demanding that international aid actors continue to provide all assistance directly. According to the Mu Traw District secretary, "We remain focused on being prepared for the ceasefires breaking down, ... so we don't want to change things to depend on government." The district administration remains particularly active in regulating logging and gold mining, and takes a hard line against narcotics and the inward migration of businesspeople for similar reasons.

Areas of mixed authority: KNU leaders in less isolated areas are more accustomed to integration and have fewer means to resist it. Since the mid-1990s, these areas have been all but occupied by the Tatmadaw and its local allies, greatly constraining KNU relations with local communities. These districts had much more limited access to cross-border assistance, and local populations have been more integrated into the Myanmar economy. KNU leaders in these areas, therefore, have typically been more hopeful about rebuilding relations with former antagonists and benefiting from the rapid development processes, though some skepticism remains.

The push for "interim arrangements" and for high-level cooperation: Overall, KNU officials have taken a moderate approach, wary of allowing the government too much influence too quickly, but also recognizing

³⁷ See Jolliffe and Spears-Meers, *Strength in Diversity*; Davis and Jolliffe, *Achieving Health Equity*.

the benefits of cooperation. Since 2012, the KNU has sought to ensure the right balance of cooperation and local autonomy through negotiations with the government. The KNU and other EAOs pushed for “interim arrangements” in the NCA that would recognize their governance roles and secure some

autonomy prior to a political settlement. The final NCA text, however, contains only a loose recognition of EAOs’ roles, providing a basic mandate to protect existing governance functions from explicit government repression, but failing to provide them with clear authority.

NINE: IMPLICATIONS FOR REFORM, PEACE-BUILDING, AND DEVELOPMENT

The findings in this report demonstrate that the KNU remains a deeply embedded governance actor in the rural communities of hundreds of thousands of people. Myanmar's new, semi-civilian political order has been more successful than any previous government at establishing effective governance in rural areas, challenging the KNU's primacy. Nonetheless, given the KNU's deeply embedded role in many rural regions, a successful transition will likely require the KNU, or a new set of institutions developed under its leadership, to assume an official role in governance and politics. This would ensure that the process of reform builds on existing societal structures that have existed since the country's independence, and assure KNU personnel that they have a clear future.

Without question, any such arrangements would be best shaped around the KNU establishing itself as a political party and competing in elections. This will likely only be agreeable to the KNU in the context of significant reforms to introduce a federal and more democratic system of government, however, as the current Constitution gives limited powers to locally elected leaders. Furthermore, such a process will be inextricable from the challenges of reforming the security sector. As the political dialogue picks up, there will no doubt be further talk of how the KNU's existing defense and security forces can be reconstituted. Without a workable settlement on security sector reform, disarmament, demobilization, and reintegration, the potential for renewed conflict will remain.

Of crucial importance to building peace will be the establishment of appropriate governance arrangements for the northern KNU districts. These areas are at the heart of Karen nationalist narratives, but Karen elites hold conflicting visions for their future. Some lament the area's perceived neglect, and called for it to be "uplifted" through increased development. Others have heralded the area as an example of a Karen lifestyle that should be guarded at all costs. It will be extremely difficult for all parties to agree on a uniform system of governance covering all of Kayin State, and consideration should be given to allowing greater administrative autonomy to Hpapun Township and certain surrounding areas.

More than anything, these complicated questions indicate just how long it will take the two sides to find and implement workable compromises. Stable, temporary arrangements for governance and economic management in KNU-influenced areas will be critical to reduce potential tensions and increase cooperation. Lessons should be learned from ceasefires in the north of the country in the 1990s and 2000s, which failed to produce political settlements and then broke down from 2009 onwards, engulfing the region in armed conflict. Renewed attempts to establish "interim arrangements" could create a stabilizing order that provides a basis for gradual reform. Such arrangements might grant more direct governance authority to stronghold areas, and establish specialized, joint administrative bodies for areas of mixed authority.

All stakeholders, particularly development actors, should remain mindful of the divisions within the KNU. Attempts to drive the peace process by increasing development are risky, and could marginalize some of the KNU's less visible, but powerful, leaders, undermining confidence in the dialogue.

TEN: DISCUSSION QUESTIONS AND FURTHER READING

Discussion Questions

- How do the varied historical, geographical, and strategic realities faced by the different KNU districts affect leaders' perspectives on development and the peace process?
- How can new development and social service resources being introduced by the state be harnessed for the benefit of local communities, while building trust between the state and the KNU?
- How can more secure “interim arrangements” be established to promote better governance and cooperation in ceasefire areas, particularly in mixed-control areas?
- What will be the KNU's future role, and how can its institutions and personnel ultimately contribute to peace, development, and good governance in Myanmar?
- How can the government demonstrate that the KNU's existing political and societal structures will have a future in the Union and will not be overrun, or “Bamanized,” by the state, in order to generate trust and increase cooperation?
- What lessons for peacebuilding across Myanmar can be drawn from on-the-ground developments since the 2012 KNU and KKO/DKBA ceasefires?
- How can international aid donors enhance the positive social roles played by the KNU, and contribute to a sustainable peace transition, in a way that is conflict sensitive and that helps to build trust among all actors?

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