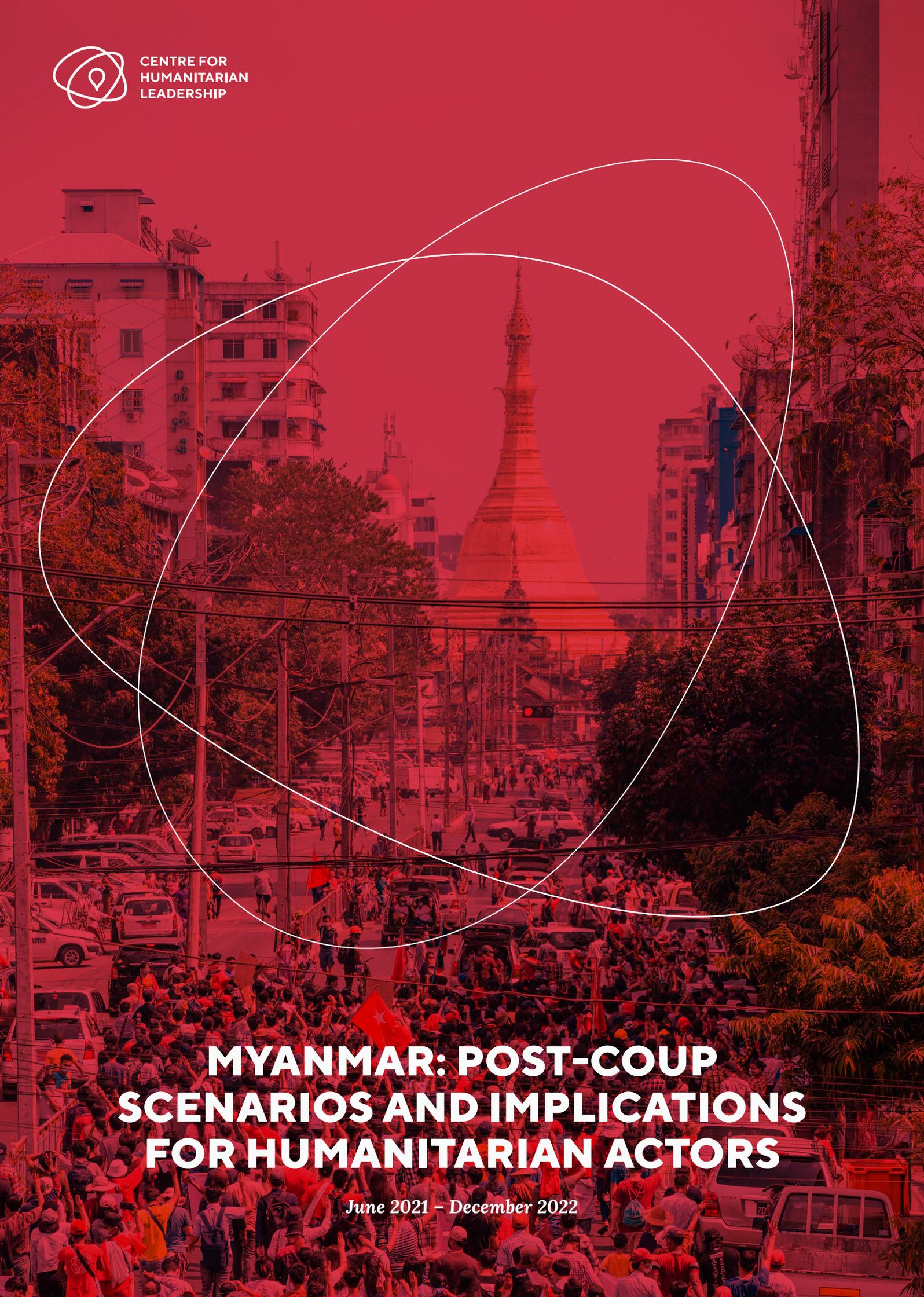




CENTRE FOR
HUMANITARIAN
LEADERSHIP



MYANMAR: POST-COUP SCENARIOS AND IMPLICATIONS FOR HUMANITARIAN ACTORS

June 2021 – December 2022

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SUMMARY

On 1 February 2021, the military (Tatmadaw) and junta leaders in Myanmar took control of the country, deposing democratically elected members of the country's ruling party, the National League for Democracy (NLD).

The purpose of this document is:

- to identify plausible scenarios that could unfold as a result of the coup in Myanmar over the period of June 2021 to December 2022;
- to identify the potential impacts on the population of Myanmar and the implications for humanitarian actors for each of those scenarios.

The scenarios set out in this analysis are not predictions of the future, nor are they intended to be exhaustive. Instead, they offer plausible versions of Myanmar's immediate future. These plausible versions are intended to provoke thought and discussion among humanitarian actors who operate in-country and in the region, and to support anticipatory planning for decision-makers.

Summary of scenarios

Scenario one: Transition back to civilian rule	Scenario two: Disintegration	Scenario three: Regression into 1990s-style military dictatorship
Coming to terms with the fact that this time around violence is not effective in suppressing protest; under pressure from neighbours to bring back stability; and concerned with the economic impact of the crisis on their interests; the junta negotiates to step back in exchange for immunity and major political concessions. Owing to the economic impact of the political and COVID-19 crises, the social services sector experiences severe fiscal pressure, and poverty rises sharply.	As the junta seeks to consolidate its power by force, conflicts with ethnic armed organisations (EAOs) intensify. An organised insurgency emerges in the main cities, and eventually the state collapses. The public social sector falls in disarray. Displaced communities flock to (or across) borders with neighbouring countries.	The junta ruthlessly suppresses resistance and reaches accommodations with many of the EAOs through power-sharing arrangements and permitting illicit trade in ethnic states. It is successful in restoring a semblance of order but is unable to establish a political platform that gathers popular support. Tensions remain high in urban centres. The situation is volatile in the periphery ¹ , and the economy remains depressed. It is the 2000s all over again.

Impact of potential 'game changers': large-scale disaster and/or COVID-19

Scenario 1: Transition back to civilian rule	Scenario 2: Disintegration	Scenario 3: Regression into 1990s-style military dictatorship
Accelerant of political transition back to civilian rule, as the position of the junta becomes increasingly untenable.	Major shift in trajectory, as the junta is forced to reconsider its hold on power and its engagement with civil society. OR The junta doubles down on its position; the potential for widespread civil uprising, conflict, and/or (attempted) large-scale movement of people.	Significant shift in trajectory, as a new crisis forces the junta to open up, engage with international community, and create space for local civil society. This provides leverage over time for supporting political transition.

¹ 'Periphery' refers to the states outside central Myanmar, including Kayin, Shan, Kachin, Rakhine and Chin states.

SCENARIOS

Scenario 1: Transition back to civilian rule

In brief: Coming to terms with the fact that this time around violence is not effective in suppressing protest; under pressure from neighbours to bring back stability; and concerned with the economic impact of the crisis on their interests; the military junta negotiates to step back in exchange for immunity and major political concessions. Owing to the economic impact of the political and COVID-19 crises, the social services sector experiences severe fiscal pressure, and poverty rises sharply.

As in the past, the international community is unwilling or unable to bring about change in Myanmar: while forcefully condemning the junta on the public stage, Western powers avoid widespread sanctions against the country out of humanitarian and geopolitical considerations. However, within this context, there are increased targeted sanctions against military leaders as well as growing pressure for a co-ordinated response based on 'Responsibility to Protect' (R2P) principles. This adds to pressure on the regime to retreat. The public position of Western powers makes it impossible for them to engage with the junta, but is seen as an act of solidarity with the people of Myanmar that legitimises the opposition and welcomes any form of transition back to a civilian power. Meanwhile, China strictly adheres to its non-interference principle, remaining mostly neutral vis-a-vis the junta and opposing any international sanctions. Likewise, ASEAN upholds its stance on non-interference, but accepts to facilitate negotiation between the military and opposition leaders, on the model of Indonesia's involvement in supporting the democratic transition in 2008–2011. Japan, India and Korea maintain some engagement with the junta and facilitate behind-the-scenes negotiations.

On the national stage, the growing economic impact of the civil disobedience movement combined with targeted financial sanctions against individuals, assets and companies identified as directly or indirectly benefiting those responsible for the coup—including their families and their economic interests—generates discontent within the military leadership. To a lesser degree, social punishment campaigns and the staunch condemnation of the coup from highly respected monasteries, such as the Mahagandayone and the New Masoyein in Mandalay, and the discontinuation of activities by the State Sangha Mahā Nāyaka Committee (SSMNC) affects the morale of the rank and file and puts to test the cohesion of the military.

The junta engages in negotiations with selected members of the National League for Democracy (NLD)/Committee Representing Pyidaungsu Hluttaw (CRPH) toward some form of political transition, realising not only are they unlikely to ever regain legitimate and unchallenged authority, but they risk a total collapse of the country. The propaganda apparatus conveys promises of peace and economic prosperity alongside appeasement measures by using less violent repression tactics, reinstatement of dismissed civil servants, and symbolic concessions to ethnic minorities through progressing peace agreements with ethnic armed organisations (EAOs). A new signed peace agreement is underpinned by a fair amount of 'ceasefire capitalism' (non-aggression versus economic concessions and large degree of de facto autonomy to run ethnic control areas). In some instances, this strategy leads to new fighting among EAOs, which use some of their newly acquired resources to press territorial claims against rival groups (for example, Shan and Karen State) without intervention from the Tatmadaw. The legitimisation process and the new military-civilian coalition may also entail the fostering of unity among the majority Buddhist Bamar population and the discrediting of the emerging NLD/CRPH pan-ethnic agenda. This may result in the targeting of one or more ethnic groups generally ill-perceived by the public (for example, Rohingya).

On the surface, the crisis gets resolved with a return to the 2008 Constitution. As part of the transition process and in anticipation of elections to be held in 2023, the State Administrative Council (SAC) and the military grant themselves immunity for life and disband the NLD. Aung San Suu Kyi and key NLD leaders are barred from political activities.

A new generation of civilian leaders emerges, hand-picked from the ranks of allied ethnic parties and the most pliable fringe of the opposition. Its popular acceptance is tainted by the compromises it has to make with the junta, but the general appeal for a return to civilian rule ('anything but the Tatmadaw'), resumption of public services (health, utility, banking) and security guarantees half-hearted support from the population. Remaining opposition leaders are silenced or driven into exile when deemed too great a threat. This compromise does not, however, sit well with all members of the Tatmadaw, and the possibility of a new coup or some form of resistance within the Tatmadaw with more democratic underpinnings remains.

Economic activity returns gradually to some form of normalcy as the prospect of a political solution and hard financial realities pushes breadwinners back to work. Strikes come to an end, goods start to move in and out of the country again, and industrial production resumes. The economic cost of the crisis and fiscal pressure,

however, means that the delivery of basic services is pruned down, particularly in the opposition hotbeds.

To avoid derailing a political solution that although imperfect seems the best alternative to a total catastrophe, international sanctions remain limited and robust foreign investments from allies cushion the economic downturn. Unemployment lingers for some time, poverty increases in urban areas, and some sectors—for example, tourism—do not recover in the short to mid-term, but as political stability prevails the socio-economic impact remains overall limited.

International donors keep providing aid through international non-government organisations (INGOs) and the United Nations, which the junta has no interest in disrupting. Such channels have a stabilising effect, extend service provisions well beyond what they can deliver, and reduce the risk of further uprisings; they continue to exert a degree of control but do not impose any major restrictions.

Impact of Scenario 1

Humanitarian impact

Household-level impact

- Substantial regression of poverty reduction gained in the past 8 years, with an increase in household food insecurity (over 45%), particularly in urban areas where households were previously better off due to industrial production (that is, both an increase of people who fall under poverty line and more acute poverty among the poor).
- Basic services significantly disrupted by budget shortfalls and political considerations (opposition strongholds deprioritised). Budgetary cuts on social protection schemes (such as the Maternal and Child Cash Transfer) threatens existing programs and their further expansion.
- Some Civil Disobedience Movement (CDM) members who are breadwinners will return to work, but a significant portion of people may remain outside of the workforce or seek asylum (especially those highly skilled).
- Income levels overall are expected to reduce with prices stabilising after an initial rise. Food prices will highly depend on access to agricultural inputs and logistics in the country, both of which is expected to gradually improve in the course of the artificial harmony.
- Reduced international trade causes further (yet limited) currency depreciation.
- All estimates of additional numbers of displaced people are based on UNHCR regional displacement estimates, as well as historical data from the International Displacement Monitoring Centre, The Border Consortium and trends on the Kachin-China border.”

Internal displacement¹

- Increase in number of internally displaced persons (IDPs): 100,000–150,000 in the periphery in addition to 330,000 people currently in need; possible influx into camps at Rakhine

Grouped regions, Myanmar	2021 HNO PIN IDPs*	Scenario projections (number of IDPs)
Chin (southern)	8,000	+10,000–20,000
Rakhine	210,000	+30,000–45,000
Kachin	95,000	+10,000–20,000
Shan (northern)	10,000	+5,000
Bago (eastern)	3,000	+3,000
Kayin	10,000	+40,000–60,000
Total	336,000	+100,000–150,000

* OCHA, *Humanitarian Needs Overview Myanmar 2021*, ‘People in Need’, ‘Internally Displaced People’.

- Increased risk of conflict between rival EAO in Kachin and Shan leads to limited displacement within or around affected states. Potential for increased restrictions of movement in Rakhine and Kayin.
- Increased risk of conflict between Tatmadaw and EAO in South Chin/Rakhine and Kayin, leads to large-scale displacement within states and across borders (Thailand, Bangladesh).
- Some temporary migration to rural areas given rising poverty in urban areas.

Cross-border displacement

- Possible refugee influx, based on conservative historical trends:
 - Bangladesh: Cox’s Bazar 20,000–30,000 people.
 - Thailand: 15,000 people across Mae Hong Son, Chiang Rai, Tak.
 - India: 5,000 people into Mizoram.

Operational considerations

Key risks

- Volatile situation in the periphery, meaning access and security issues in areas where the needs are the greatest.
- Risk of transition being purposely delayed by the junta, which could lead to more tension/violence.

1 All estimates of additional numbers of displaced people are based on UNHCR regional displacement estimates, as well as historical data from the International Displacement Monitoring Centre, The Border Consortium and trends on the Kachin-China border.

- SAC likely to clamp down on information about the true extent of the COVID-19 crisis, challenging access to infection figures and ability to communicate, therefore hindering ability to mount a timely response at scale.

Key challenges

- Limited space for advocacy as SAC seeks monopoly of political space ahead of transition.
- Need for humanitarian actors to define degree and modality of engagement with the junta during transition phase.
- In the first months, banking and supply chain disruption will mean the need for an increase in overseas banking, informal money transfer and cross border supply.
- Lack of co-ordination; need to strengthen state institutions and services.

Opportunities

- Operational space will be relatively open by Myanmar standards (that is, no new restrictions), except in areas where Tatmadaw engages EAOs.
- International organisations/NGOs able to deliver aid rerouted by donors from junta until political transition completed.

Program scale and modality

- Significant increase of operations in urban and rural areas, including:
- supplemented public services where financial and political considerations have impacted delivery;
- increased economic empowerment, food security and nutrition in urban centres and in rural areas to where urban poor have migrated;
- increased humanitarian operations in conflict-affected areas requires scale-up; possible increase in camps.
- Cash likely to be a key programming modality in urban centres, requiring additional preparedness arrangements.
- Strengthen and expand partnerships in conflict areas (where access is challenged by Tatmadaw).

The junta does not change its course of action and continues to use a mix of brute force, extrajudicial killings and waves of mass arrest to silence the opposition. This, combined with mass surveillance, drastic restrictions on communication and movements, and monitoring of international financial flows, effectively puts an end to the protests that have taken place since the first days of the coup. The Tatmadaw establishes/reinforces militias, community informants, local administrations and vigilante forces to undermine the CDM.

However, a sizeable portion of CRPH cadres refuse to stand down: they know their fate if they get caught and have nothing to lose by continuing the fight. They gradually adopt a more violent, polarised discourse and increasingly resort to insurgency tactics. They are joined by middle-class urban youth, who have been strongly mobilised since the beginning of the CDM and can't accept a return to a pre-2015 situation, and by workers whose livelihood has been destroyed by the crisis (for example, garment/factory workers).

In exchange for the commitment to instating a pluralistic and federal democratic government, a majority of the 20-plus ethnic armed organisations (most of the ten signatories of the 2014 peace deal and the Kachin Independence Organisation) provide active support to emerging opposition armed groups. They launch coordinated attacks and open different fronts throughout the country, stretching Tatmadaw's capacity to its limits. They supply weapons and logistics support, and train opposition forces in urban areas. Other groups (United Wa State Army [UWSA] and the Arakan Army) remain agnostic to the national power struggle, but take advantage of the chaos by extending their territorial claims.

The military's strong cohesion and unity that could be observed at the beginning of the coup is strained by an untenable situation: multiple fronts across the country exceed their capacity; the value of and income from the joint ventures they established post-2011 plummet; and their traditional income source (rent economy) is challenged by the security situation. Power struggles and purges regularly jolt Tatmadaw, the chain of command weakens and the behaviour of units in the field becomes more erratic and driven by the interest of local commanders.

The escalating conflict is aggravated by geo-political tensions in the region: the United States is quick to present the crisis as the result of Chinese interference in democratic processes, while China denounces the remnant of colonialism and the encroachment of the West.

The United States—with limited economic interests at stake—have little to gain from a solution to the crisis that would consolidate China's power; they take wide-ranging sanctions (for example, prohibition of USD denominated transactions, banking sector and key exports, such as natural gas, garments and agricultural products) that cripple the formal economy. Japan, Korea and India are encouraged to support the US agenda as

Scenario 2: Disintegration

In brief: As the junta seeks to consolidate its power by force, conflicts with ethnic armed organisations (EAOs) intensify. An organised insurgency emerges in the main cities, and eventually the state collapses. The public social sector falls in disarray. Displaced communities flock to (or across) borders with neighbouring countries.

part of a broader regional effort to contain China, but have country-specific interests (economic and security) to protect: they reckon that antagonising the junta and disengaging completely would only increase China's influence over the military generals.

China, Russia and Myanmar's other main trading partners (such as Thailand and Singapore) do not support those sanctions, but widespread insecurity in the country and banking sanctions limit their economic and diplomatic investments in Myanmar.

China, Russia and India maintain their official recognition of the junta as the legitimate national authority. However, while destabilisation in Shan and Kachin States pushes refugees inside China and boosts a well-established illicit economy (gambling; drug and human trafficking) across both sides of the border, China gradually decreases its support to the junta as it loses hope in its ability to restore order and stability. Still posturing about non-interference, China expands its historical support to some ethnic armed organisations with the intention of securing its border (for example, the UWSA) and critical infrastructure (for example, the oil and gas pipeline).

The deteriorating situation in Myanmar challenges ASEAN's unity and consensus-based decision-making. Recognising a failure to deal effectively with the crisis hurts both the institution's credibility and diplomatic and economic relations with the West; some ASEAN members (Indonesia, Malaysia) push for concerted action. Others, such as Singapore and Thailand, have more investment and trade at stake and prioritise stability over the values of the Charter; they keep engaging the junta behind the scene to secure their economic interest. Cambodia and Laos, in support of Beijing's agenda, ensure that the group remains ineffective in progressing a multilateral solution. Member states prove unable to resolve the group's differences, which ends up more fractured and less cohesive than ever before.

An extended banking freeze and inadequate monetary policy leads to complete economic meltdown. To make up for the shortfall in state revenue, the Myanmar Central Bank issues a large amount of liquidity; in an economic context depressed by months of COVID-19 restrictions and political turmoil, this quickly triggers hyperinflation. Unemployment spikes, the payment of wages in the public sector is ceased, and the urban poor move back to the countryside, increasing food security challenges in both urban and rural areas.

Pre-coup, an illicit economy thrived under the Tatmadaw's watch. Estimates vary, but it is widely accepted that a significant share (30–50%) of the GDP was generated by the trafficking of humans, wildlife, timber, drugs, gems and jade; the Tatmadaw historically operated in symbiosis with key actors, directly running some activities and facilitating others by shielding actors from the law, facilitating border crossing, et cetera.

This trend accelerates as illicit trade becomes an essential tenet of the war economy. The near-collapse of the central state offers unrivalled opportunities. Collaboration with transnational crime intensifies and drug production surges, as does competition between armed groups for control over territory, supply lines and exploitation sites. Pressed by shortfall in other areas, the Tatmadaw increases its pressure on resource-rich ethnic-controlled areas. Multiple parties to the conflict—including the Tatmadaw—increasingly rely on drug production and natural resources exploitation to sustain their military force and arm supply.

A large number of civil servants never resume work after the strikes as they either resign or are sacked. Others walk away from public services as salaries are no longer paid. Meanwhile, the leadership of the public administration is replaced by individuals whose main credential is their loyalty to the junta. Lack of personnel, a budget shortfall and bureaucratic prevarication result in the collapse of basic services across the country. In particular, the public health sector—quite fragile since before pre-COVID-19 times—is further strained by a year of responding to the pandemic; regarded as a hotbed of the CDM, the sector is essentially wiped-out. In parallel to the military health system and Ethnic Health Organisations, a fragmented private sector grows, based on private clinics and NGO service delivery.

National and international civil society organisations make an easy scapegoat and are accused of serving as foreign agents and promoting the agenda of the West. Local CSOs are essentially banned and international organisations that are deemed too visible or critical are swiftly expelled; others are subject to drastic restrictions that challenge humanitarian principles. However, as the Tatmadaw struggles to assert control over the country's ethnic-controlled areas, opportunities remain for local groups and international agencies to work across borders with the support of neighbouring countries anxious to prevent an influx of refugees. Donors step up their humanitarian support in Myanmar and to neighbouring countries as a response to the crisis in Myanmar. However, regional co-operation is tested as the absence of clear legal frameworks and fears about COVID-19 being 'imported' creates a climate where refugee influxes are, in some instances, pushed back, and host community sentiment toward those who do make it across borders is very hostile.

Impact of Scenario 2

Humanitarian impact

Household-level impact

- Collapse of public services and widespread insecurity (insurgency in urban areas, increased fighting in urban areas), combined with large-scale internal and cross-border displacement, leads to a surge in humanitarian needs throughout the country exceeding overall response capacity.

- Hyperinflation and lack of access to basic goods, including food shortages across the country, especially in areas with little or no local food production; up to 70% of households face food insecurity on a moderate or severe level.
- Industrial production reaches record lows and the state budget struggles to fund the conflict, resulting in complete suspension of all social protection programs.
- Health and education services are drastically impacted, with facilities becoming a target for both sides.
- Refugees in the border areas, as well as IDPs, face life-threatening circumstances, including a lack of services and basic food items, with limited assistance.
- Collapse of the banking system and hyperinflation causes even well-off households to struggle, as these people leave the country to find security.
- Increased drug production and arms trafficking, yaba (methamphetamine and caffeine) spreads in urban centres.
- Young people are at risk of recruitment by warring parties, higher risk of youth to be involved in drug trade/drug addiction, especially in ethnic-controlled areas.
- China maintains strict closure of its borders, with potential for returns of those who do manage to cross.

Operational considerations

Key risks

- Very volatile security situation in urban centres (insurgency and crime) as well as ethnic areas, with widespread movement and communication restrictions.
- Shrinking space for civil society as impartiality is challenged by all parties and restrictions are imposed; possibility of INGOs being expelled from the country and risk of staff being targeted.
- Supply lines and banking severely disrupted by sanctions and insecurity, leading to major challenges in moving cash and scaling up response efforts.
- Administration in SAC and ethnic areas unable to address COVID-19 crisis amid competing priorities, and resource and access constraints. Infection left unchecked, with slow or no progress on vaccination; program delivery staff at increased risk of exposure and inadequate treatment.
- Increased potential for aid diversion as monitoring is curtailed.

Internal displacement

- Large-scale internal displacement of 200,000–250,000 beyond current level of people in need of 330,000.

Grouped regions, Myanmar	2021 HNO PIN IDPs	Scenario projections (number of IDPs)
Chin (southern)	8,000	+30,000–50,000
Rakhine	210,000	+45,000–65,000
Kachin	95,000	+25,000
Shan (northern)	10,000	+10,000
Bago (eastern)	3,000	+3,000
Kayin	10,000	+80,000–100,000
Total	336,000	+200,000–250,000

Cross-border displacement

- COVID will remain a key concern for neighbouring countries, meaning restrictions on entry likely to persist.
- Refugee influx of approximately 160,000 people into:
 - Bangladesh: Cox's Bazar 50,000 people.
 - Thailand: 100,000 across Mae Hong Son, Chiang Rai, Tak (as in 1980–90s).
 - India: 15,000 into Mizoram and Manipal.

Key challenges

- Access to IDPs inside Myanmar will be a major challenge due to ensuing conflict. These people will be the most vulnerable and might be the greatest number. IDPs may be reluctant to cross the borders for fear of being unable to return for many years (that is, the Rohingya).
- Challenges of identifying appropriate local actors for co-operation and delivery; potential for overloading local actors as all INGOs try to increase reach. Strong co-ordination required among international agencies.
- Need to balance risk implications of responding in this environment with humanitarian imperative—will require robust processes and regular engagement across all levels of INGOs.
- Likely no or very limited entry for international staff of INGOs.

Opportunities

- Existing working relationships with ethnic organisations under the Myanmar Economic Corporation (MEC) and other.
- If the conflict escalates, neighbouring countries may support cross-border operations to avoid large-scale influxes.
- Opportunity to identify solutions for cash flow (such as overseas banking, informal money transfer and cross-border supply); strengthen relationships with, and support to, local actors in priority areas; and establish response options in border areas where cross-border programming may be likely.

Program scale and modality

- Access constraints and restrictions on surge capacity means a large portion of response delivery through local actors.
- Platforms for support and training to local actors, as well as remote management and monitoring protocols will need to be established/strengthened.
- Potential cross-border operations will require establishment of operational capacity in likely locations.

Scenario 3: Regression into 1990s-style military dictatorship

In brief: The junta ruthlessly suppresses resistance and reaches accommodations with many of the EAOs through power-sharing arrangements and permitting illicit trade in ethnic states. It is successful in restoring a semblance of order but is unable to establish a political platform that gathers popular support. Tensions remain high in urban centres. The situation is volatile in the periphery, and the economy remains depressed. It is the 2000s all over again.

Following the current popular uprising, the junta comes to the conclusion that there is no pathway to a political transition that would safeguard its interest and sets out to consolidate its power and rule by force. Brutal targeted repression in urban centres and regular intimidation campaigns send the opposition underground. The 2008 constitution is abolished. Opposition leaders are imprisoned under bogus charges or pushed into exile. Mass surveillance, drastic restrictions on communication and movements, and monitoring of international financial flows cripple the CRHP and CDM operational capability.

Large-scale unrest all but disappears, sporadic demonstrations still occur but are violently repressed. Strikes and economic sabotage remain frequent, as factory and transport workers remain strongly mobilised and social actions are relatively easier to organise at the workplace. Personnel reshuffle between urban centres and the provinces ensure that the security forces have no personal connection to their operation theatre and remain committed to using the appropriate level of force to nip any potential unrest in the bud. Buddhist nationalist organisations, such as the Patriotic Monk Association, throw their weight behind the junta; to a degree, their moral stature contributes to rally the support of the conservative fringe. Meanwhile, the junta leverages the Union Solidarity and Development Party (USDP) infrastructure to exert tight political control over the public administration.

Some ethnic armed organisations, such as the Arakan Army in Rakhine State, Karen National Union (KNU) and Kachin Independence Army (KIA) in the east, see an opportunity to expand their control over their territorial claim while the Tatmadaw is busy consolidating its power in the Bamar-dominated areas of the country, sparking large-scale armed conflict. To prevent having to fight on multiple fronts, the Tatmadaw cuts implicit deals with other EAOs that entail a fair amount of ceasefire capitalism (non-aggression versus economic concessions and a large degree of de facto autonomy to run ethnic-control areas). An illicit economy thrives again as EAOs have increased leeway to engage in drug production and trafficking. This strategy may also result in an increase of fighting between EAOs that would put some of their newly acquired resources to 'good use' by seeking to expand their territory or to press territorial claims against rival groups (for example, Shan and Karen State) without much intervention from the Tatmadaw.

As a result of the tripartite meetings facilitated by China, Bangladesh portrays that the junta has enough of an authoritative hold, while the Tatmadaw are willing to accept a limited trade-off to improve the perception that concessions are being made for the minority. Parties hurriedly process the forced repatriation of Rohingya to Rakhine (which had been postponed to later in 2021), effectively increasing the total IDPs displaced within Rakhine.

China and Russia reap the benefits of their early support: economic and defence co-operation blooms. Recognising that the junta is not going to go any time soon and seeking to protect and develop their economic interests in a context of strategic competition with China, Japan and Korea normalise their relationship with the de-facto government while professing their commitment to democracy. Singapore and Thailand welcome the emergence of a stable power structure. ASEAN takes note of the fait accompli and moves on. The West is left with few options: expanding sanctions would run contrary to their Asian allies' interest but would not significantly hurt the junta. As part of their posturing for domestic consumption, they extend the targeted sanction regime that has virtually no effect on the course of events.

Destabilisation in Shan and Kachin States pushes refugees inside China and the effect of a thriving illicit economy (gambling; drug and human trafficking) spills on the other side of the border. While still posturing about non-interference, China steps up its covert support to the junta, reasoning that it is the safest bet to get stability and order restored at its doorstep and increases the provision of equipment, training and technical assistance to the Tatmadaw.

The junta is successful in putting the banking sector back in business. However, sanctions and lingering instability drive many investors out of the country and limit trade opportunities. Relative economic isolation drives unemployment up and income down, while

supply chain disruption drives prices up. Food security of migrant workers in urban areas (10 million in 2020) is threatened; they return en masse to their place of origin in the provinces.

Changes to the legal frameworks will lead to stricter restrictions on and monitoring of international and national aid organisations and excessive surveillance and control of aid flows—including targeting and supply chains—by the military, which curtail their freedom of action and challenge the application of humanitarian principles. Rights-based organisations and groups are shut down.

Impact of Scenario 3

Humanitarian impact

Household-level impact

- Poverty increases throughout the country as basic services are disrupted and sanctions impact jobs. This results in more people falling below the poverty line and more acute poverty among the poor, particularly in the contested and urban areas where 50% of households struggle to meet basic needs.
- International migration is reversed and basic food security is found in rural areas as domestic remittances become non-existent. An estimated 30% of households are facing food insecurity on a moderate or severe level.
- Mass urban migration quickly overwhelms the already limited capacity in rural areas (such as Ayeyarwady and Magway).
- Newer jobs created through tourism and garment industries are lost as ‘Everything But Arms’ trade arrangements get withdrawn and Myanmar remains limited to their traditional trade partners (China, Singapore, India).
- Coping mechanisms include joining illicit industries and increased child labour, especially in dangerous occupations.
- Volatile currency movement makes even the middle class highly vulnerable to market movements, which are dictated primarily by the conflict movement.
- Agricultural inputs are limited and agricultural production reverts to 2000s levels—effects both the international export income as well as household incomes of both producers and brokers.
- IDPs in conflict areas are completely dependent on international assistance for food and other basic items.
- Targeted actions against still standing opposition are causing harm for large number of households.
- Increased drug production and arms trafficking, yaba (methamphetamine and caffeine) spreads in urban centres.
- Young people are at risk of recruitment by warring parties; youth at higher risk of being involved in drug trade/drug addiction, especially in ethnic-controlled areas.

Internal displacement

- Increased number of IDPs in conflict areas (up to 100,000); unlikely to spill into neighbouring countries for extended period of time as the Tatmadaw maintain enforced ‘stability’.

Grouped regions, Myanmar	2021 HNO PIN IDPs	Scenario projections (number of IDPs)
Chin (southern)	8,000	+10,000
Rakhine	210,000	+20,000–100,000
Kachin	95,000	+10,000–20,000
Shan (northern)	10,000	+5,000
Bago (eastern)	3,000	+3,000
Kayin	10,000	+20,000–40,000
Total	336,000	+80,000–100,000

- Increased risk of conflict between rival EAO in Shan, and Kachin likely to result in limited displacement within or around affected states.
- Increased risk of conflict between the Tatmadaw and Karen National Union in the south-east, Kachin Independence Army in Kachin, and Arakan Army in Rakhine and southern Chin.
- Increased displacement in Rakhine should force repatriation of Rohingya from Bangladesh eventuate.

Cross-border displacement

- Refugee influx into:
 - Bangladesh: Cox’s Bazar 5,000–10,000 people.
 - Thailand: 5,000–10,000 people across Mae Hong Son, Chiang Rai, Tak.
 - India: 5,000 into Mizoram and Manipal. India does not recognise displaced persons, with local Indian CSOs serving refugee needs.
 - China maintains strict closed borders, pushing back any refugees.
- COVID-19 will remain a key concern for neighbouring countries, meaning restrictions on entry likely to persist.
- If conflict escalates in Kayah/Kayin, Thailand may tolerate cross-border operations to avoid large-scale influx.

Operational considerations

Key risks

- Persistent violence in urban centres and crime surges due to depressed economic situation.
- Risk of increased volatility in Shan, Rakhine, Chin and Kachin.

- Civil society actors have no option but to engage SAC at an operational level in order to deliver services.
- Constrained operating space with more restrictions than the current state. International sanctions may also have the effect of limiting NGO activities.
- Possibility of INGOs being expelled or staff members become targeted.
- SAC likely to clamp down on information about the true extent of COVID-19 crisis, challenging access to infection figures and ability to communicate, therefore hindering ability to mount a timely response at scale.

Key challenges

- Getting aid funding into the country.
- Application of humanitarian principles challenged by need to negotiate with junta for access.
- Rights-based advocacy severely limited, or not possible.

Opportunities

- Western aid channelled through INGOs and international organisations as donors seek to avoid supporting the junta.
- Opportunity to identify solutions for cash flow (such as overseas banking, informal money transfer and cross border supply); strengthen relationships with, and support to, local actors in priority areas; and establish response options in border areas where cross-border programming may be likely.

Program scale and modality

- Increased needs throughout the country: poverty and the collapse of public service (health in particular), as well as for IDPs in conflict areas.
- If conflict escalates in Kayah/Kayin, Thailand may tolerate limited cross-border operations – humanitarian actors to establish bases at the border.
- Program delivery likely to be a mix of direct implementation by INGOs and work through local actors, particularly those in ethnic states, depending capacity of these partners to implement large humanitarian programs.

GAME CHANGERS

A 'game changer' could take place as part of any of these scenarios, and could either radically accelerate or shift its trajectory.

Large-scale disaster

Myanmar is a disaster-prone country and there is a significant risk of cyclone, flood, drought, earthquake and tsunami. One major event, or a series of large-scale events, has the potential to cause widespread death and destruction, and stretch the capacity of the military to its limit. While significant investment has taken place in disaster preparedness in Myanmar in recent years, the collapse of government infrastructure has significantly disrupted this progress. The impacts on the people of Myanmar are likely to be heightened, given the degree to which vulnerability has increased in recent months.

In 2008, while under the previous military rule, Cyclone Nargis proved to be a pivotal event in terms of Myanmar's engagement with the international community. While a similar situation is possible now, the overlay of another large-scale crisis may play out differently, depending on the context.

Major surge in COVID-19 cases

COVID-19 will remain a key concern throughout the period to December 2022. A surge in cases within the region is an ongoing threat. Currently, India is experiencing a surge in cases that has seen over 400,000 new cases and over 3500 deaths reported in a 24-hour

period. Cambodia is experiencing significant spikes after comparatively successful management of the virus. Restrictions on entry by neighbouring countries, including Thailand and China, are likely to persist.

Reports indicate that Myanmar's COVID-19 response has almost collapsed since 1 February 2021, with the health care system becoming paralysed and testing rates plummeting; the true picture of COVID-19 prevalence is therefore difficult to assess. While there is a risk that this stalling of health system capacity masks a significant spike in transmission, the country's isolation may offer some degree of protection.

Given the challenge in understanding the true spread of COVID-19, the most likely event in which COVID-19 cases would become a 'game changer' in the three scenarios is a very significant death toll. Such a drastic and visible indicator of a new crisis may supersede all other considerations, altering domestic and foreign stakeholders' engagement in the socio-political response. This may not only spark engagement to manage the immediate health impacts, but support to roll-out a vaccination campaign.

Impact of 'game changers' on scenarios

While the humanitarian impact and operational considerations vary between these two 'game changers', they both represent an overlay of a new crisis that could have significant impact on the overall trajectory of the scenarios set out above. The most plausible implications for each scenario are as follows:

Scenario 1:

Transition back to civilian rule

- A new crisis further highlights the military's inability to deliver services, and accelerates their exit in favour of a return to democratic rule.

Scenario 2:

Disintegration

- Potential for major shift in trajectory, as level of need is overwhelming, and the military is forced to reconsider its hold on power and its international engagement.

OR

- The military permits access only to local civil society, but continues to limit international access. The response struggles to reach scale, and the military doubles down on its hold on power despite the widespread devastation. Potential for widespread conflict, and/or (attempted) large-scale movement of people.

Scenario 3:

Regression into 1990s-style military dictatorship

- After initial delays, a new crisis forces the country to open up, accept international assistance and make room for local civil society (precedent of Cyclone Nargis).
- ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre) becomes the main international aid coordination body and leverages this position to press for some governance change.
- Potential for greater international presence and space of local actors to agitate for political transition back to democratic rule over time.

KEY TERMS

AA	Arakan Army
ASEAN	Association of Southeast Asian Nations
CDM	Civil Disobedience Movement
CRPH	Committee Representing Pyidaungsu Hluttaw
EAO	ethnic armed organisation
HNO PIN	Humanitarian Needs Overview, People in Need
KIA	Kachin Independence Army
NLD	National League for Democracy
KNU	Karen National Union
R2P	Responsibility to Protect
SAC	State Administrative Council
SSMNC	State Sangha Mahā Nāyaka Committee
USDP	Union Solidarity and Development Party
UWSA	United Wa State Army