



Crowdfunding a War: The Money behind Myanmar's Resistance

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Principal Findings

What's new? Myanmar's junta and the forces arrayed against it are locked in a battle over funding, both to raise their own revenue and to deny their opponents access to the same. The resistance has used new technologies alongside traditional mechanisms to get money and bypass regime restrictions on moving it.

Why does it matter? The junta's financial reserves will play a big part in how the conflict in Myanmar unfolds, as will its adversaries' ability to keep attracting donations. Regime restrictions designed to cut off funding to resistance forces are also harming aid groups, thus worsening the country's humanitarian crisis.

What should be done? Resistance forces should seek expert advice on the use of new technologies, notably on data security to protect people giving money. Given growing constraints on the delivery of humanitarian aid, donors should deal directly with local partners, potentially adjusting regulations that are unduly burdensome for these groups.

Executive Summary

Funding has been a central concern for Myanmar's junta and its opponents since the first days after the February 2021 coup d'état. Both sides have sought not only to raise money but also to deny it to their foes. The regime, with its control of the levers of state, has the advantage. But anti-military groups have held their own, adopting a variety of crowdfunding techniques, including innovative online methods, that have secured them enough resources to sustain a multi-faceted resistance movement. The amounts are far short of that required to threaten the junta's hold on power, but the regime has been unable to cut off the flow of funds. The conflict's trajectory now depends in part on whether resistance forces can keep donations streaming in – and find more. They should seek expert advice on data security so as to ensure that people giving money are protected. Meanwhile, regime restrictions aimed at the resistance are hurting humanitarian operations across the country. International donors should work more closely with local organisations to ensure that aid reaches people in need.

Post-coup Myanmar is a vivid example of how conflict parties can weaponise the internet, a trend that is increasingly evident around the world. Against the odds, opposition forces have raised significant sums – possibly in the hundreds of millions of dollars – to help them fight the military regime. The mobilisation of funds, much of it in small individual donations from the diaspora, has been made possible by Myanmar's digital revolution and the democratisation of financial services over the past decade. This revolution created not only new means of raising and moving money, but also the knowledge people in Myanmar needed to take advantage of these tools.

Widespread internet access has also been essential to efforts to weaken the military regime financially. Here, the results have been mixed. Some initiatives have been highly successful, such as the mass boycott by people in Myanmar of military-owned beer brands and their refusal to pay electricity bills. But others have had little impact or even been counterproductive, such as civil society groups pressuring the French energy conglomerate TotalEnergies to withdraw from the country. That campaign ended up providing the regime with more oil and gas revenue, since it was able to assume part of TotalEnergies' stake in a gas project for free.

While Myanmar's anti-military forces have raised significant funds, like many decentralised insurgencies they have found it difficult to move money to where it is needed. Even with its unsophisticated monitoring instruments, the regime has been able to push most opposition groups out of the formal banking system, sowing enough fear to make many in the country hesitate to donate to its adversaries. Anti-junta forces, particularly the National Unity Government (NUG), a parallel administration formed by opposition lawmakers, have also faced challenges using the international banking system, sometimes falling foul of regulations meant to police money laundering and terrorism financing. In response, the NUG has begun using new technologies like cryptocurrency and blockchain, but these efforts remain embryonic; for the most part, anti-military groups have relied on informal remittances to skirt the regime's banking restrictions.

The military regime enjoys significant economic advantages over the resistance, because it controls the Central Bank and state assets, and because it enjoys coercive power over the private sector. But it has struggled to maintain economic stability,

due to a combination of widespread domestic opposition to its rule, global factors and its own economic mismanagement. The junta has exacerbated the crisis by imposing strict capital controls, rationing imports and fixing the exchange rate artificially high, further undermining confidence in its aptitude and triggering a revival of informal money transfers that go straight to resistance forces.

Funding will be an important factor shaping the conflict's trajectory. The junta, despite strenuous efforts, has been unable to stop money and other resources from reaching resistance groups, mostly due to the ubiquity of unregulated informal remittance systems that are largely outside of its control. On the other hand, fatigue may set in among the diaspora that has contributed much of the financial support to the NUG and other anti-military groups, particularly as for now it appears unlikely that the resistance will succeed in ousting the regime. So far, the NUG has managed to sustain its fundraising campaign with creative tactics, but these would benefit from additional outside expertise, particularly when it comes to ensuring data security so that contributors are safe from the junta's retribution.

Thus far, little suggests that foreign governments will stop outside funds from reaching resistance forces, and they are right not to try. Foreign capitals are understandably reluctant to give the resistance weapons or cash, but any measure to starve it of diaspora funding would be a step too far. Such measures would not necessarily bring fighting to a close; it might subside in some areas, though that is not guaranteed, and in any case the regime might then carry out reprisals, including against civilians. Cutting off the flow of funds would exacerbate the Myanmar population's grievances, as the majority remain angry not only about the coup but also about the world's response. Indirectly, it would support an illegitimate regime that has committed atrocities on a daily basis to crush opposition. It would do nothing to resolve Myanmar's many ethnic conflicts; instead, it might enable the junta to train its sights on ethnic armed groups. For foreign powers, in sum, avoiding action to close down diaspora funding is an expression of solidarity with the regime's opponents, yet one that stops short of providing weapons.

The battle between the regime and the resistance has also hindered delivery of life-saving humanitarian aid. Desperate to keep resources out of resistance hands, the regime is closely watching all incoming transactions, and in so doing it is starving NGOs of the funds they need to carry out programming. Given the increased scrutiny, donors and international aid organisations should make better use of local civil society actors to reach conflict-affected populations. Many have already introduced flexibility into their procedures, but shrinking humanitarian space means they will likely need to relax their operating and reporting requirements even more to keep aid flowing to the hardest-hit civilians. They should also regularly review these policies in light of the fast-changing circumstances. To reach as many people as possible, international actors should send aid through multiple channels, including cross-border assistance – in goods where feasible, but also in the form of cash – and non-state service delivery systems, such as those run by ethnic armed groups.

Yangon/Melbourne/Brussels, 20 December 2022

Crowdfunding a War: The Money behind Myanmar's Resistance

I. Introduction

The February 2021 coup opened a new phase for Myanmar, a country that has seen nearly continuous insurgency of various kinds since even before independence in 1948.¹ Since the 1960s, most of the rebellions have broken out among ethnic minorities living in peripheral regions. Today, for the first time in almost 50 years, non-state armed groups dominated by the Burman majority in the lowlands are trying to seize control of their areas from the military and, ultimately, replace the regime. A parallel administration, the National Unity Government (NUG), formed in April 2021 by the Committee Representing Pyidaungsu Hluttaw, made up of lawmakers who won seats in the 2020 general elections, nominally leads some of these insurgencies; many others operate independently, although not without a sense of solidarity with the NUG's political objectives. The NUG has sought – with some success – to form a nationwide armed “resistance”, linking the Burman forces to new ones that have sprung up in some ethnic minority areas since the coup. Meanwhile, it has also attempted to cultivate closer ties with long-established ethnic armed groups.

The anti-military resistance has many elements. A major subset is the People's Defence Forces (PDFs), armed groups that the NUG set up or that formed independently but have aligned themselves with the parallel administration, including by accepting its Code of Conduct. In practice, the NUG exercises little control over the PDFs and provides few of them with support. Meanwhile, hundreds and possibly thousands of anti-junta armed groups operate outside the NUG's auspices. Some NUG-linked PDFs and independent forces have ties to, and get material aid from, Myanmar's established ethnic armed groups. Two examples are the Karenni Nationalities Defence Force, which has received assistance from the Karenni National Progressive Party's Karenni Army, and the Kachin Region PDF, which was trained and equipped by the Kachin Independence Army. For clarity's sake, this report will use the term “resistance” to refer to all anti-junta Burman armed groups plus the ethnic minority forces that have emerged since the coup. The term does not include established ethnic armed groups, of which there are around twenty.

¹ For analysis of events since the 1 February 2021 coup, see Crisis Group Asia Briefings N°s 166, *Responding to the Myanmar Coup*, 16 February 2021; 167, *The Cost of the Coup: Myanmar Edges Toward State Collapse*, 1 April 2021; 168, *Taking Aim at the Tatmadaw: The New Armed Resistance to Myanmar's Coup*, 28 June 2021; 170, *The Deadly Stalemate in Post-Coup Myanmar*, 20 October 2021; 171, *Resisting the Resistance: Myanmar's Pro-military Pyusawhti Militias*, 6 April 2022; and 173, *Coming to Terms with Myanmar's Russia Embrace*, 4 August 2022; as well as Crisis Group Asia Reports N°s 314, *Myanmar's Military Struggles to Control the Virtual Battlefield*, 18 May 2021; 319, *Myanmar's Coup Shakes Up Its Ethnic Conflicts*, 12 January 2022; and 325, *Avoiding a Return to War in Myanmar's Rakhine State*, 1 June 2022. See also Richard Horsey, “A Close-up View of Myanmar's Leaderless Mass Protests”, Crisis Group Commentary, 26 February 2021; and “One Year On from the Myanmar Coup”, Crisis Group Commentary, 25 January 2022.

Not only has the coup changed the geography of Myanmar's armed conflicts, it has also brought about a shift in how armed groups opposed to the Myanmar military finance themselves. Resistance forces and their supporters have raised a great deal of money both inside and outside the country to bankroll activities broadly aimed at undermining the junta. They have raised most of it online. Their reliance on crowdfunding, in particular, contrasts with the modus operandi of the established ethnic armed groups, which tend to generate revenue inside their own territory from taxes and businesses, both licit and illicit. These groups' funding sources have not changed significantly since the coup, though some of them are themselves providing material support to the anti-military resistance.²

Reliance on internet fundraising is a defining feature of many modern insurgencies, due to both the ubiquity of social media and the fact global powers are less likely to underwrite revolts than they were a few decades ago.³ Although foreign support remains a feature of some conflicts, the end of the Cold War – when the Soviet Union, China and the United States fought proxy wars by either propping up governments or financing, training and arming rebels in various countries – reduced the incentive for world powers to back insurgencies.⁴ Since the Cold War, insurgents have often had to develop alternative funding sources. Some turned to the grey economy or organised crime, while others looked to the local grassroots or expatriates for support.⁵

The non-state armed groups in Myanmar that pre-date the coup have diverse funding sources. Particularly in Shan State, these groups – both those opposed to the military and those allied with it – have traditionally relied on the drug trade to finance their armies.⁶ Others, however, have largely eschewed narcotics. The country's oldest ethnic armed group, the Karen National Union (KNU), instead engaged for decades in taxing the illicit commerce in consumer goods. It did so in large part due to cultural and social factors; for the KNU, involvement in drug trafficking and other crime would have risked undermining popular support.⁷

² The main ethnic armed groups in this regard are the Karen National Union, Kachin Independence Organisation, Karenni National Progressive Party and Chin National Front.

³ Stathis N. Kalyvas and Laia Balcells, "International System and Technologies of Rebellion: How the End of the Cold War Shaped Internal Conflict", *American Political Science Review*, vol. 104, no. 3 (2010).

⁴ Although Myanmar largely managed to avoid becoming a Cold War battleground, both China and the U.S. provided material support to insurgencies at times. From the late 1960s to the mid-1980s, China supported the Communist Party of Burma, while the U.S., through the Central Intelligence Agency, backed Nationalist Kuomintang forces in Shan State starting in the early 1950s.

⁵ One prominent expert has described three "waves" of insurgency: the first during the Cold War, the second in the subsequent two decades and the third since around 2010. See Steven Metz, "Not your grandfather's counter-insurgency: The United States must prepare for radically new forms of non-state violence", Modern War Institute, 28 July 2021.

⁶ Crisis Group Asia Report N°299, *Fire and Ice: Conflict and Drugs in Myanmar's Shan State*, 8 January 2019. See also Patrick Meehan, "Drugs, Insurgency and State-building in Burma: Why the Drugs Trade is Central to Burma's Changing Political Order", *Journal of Southeast Asian Studies*, vol. 42, no. 3 (2011).

⁷ Ironically, the KNU's grassroots support diminished after it signed a bilateral ceasefire in January 2012 and began engaging in "legitimate" business. For more, see David Brenner, *Rebel Politics: A Political Sociology of Armed Struggle in Myanmar's Borderlands* (Ithaca, 2019).

Myanmar's post-coup resistance has few alternatives to crowdfunding, which is done mostly online. The black market is not an option, both because the resistance controls little territory and because the NUG, in particular, needs to retain a certain respectability. Moreover, despite repeated pleas, outside powers have shied away from financially supporting anti-coup forces, for fear of raising the intensity of the multiple, overlapping conflicts across the country, thereby deepening Myanmar's political crisis, but with little prospect of replacing the military regime.

Yet it seems that the fundraising strategy of the NUG and independent anti-military groups is sustainable. Their heavy reliance on expatriates for funds is reminiscent of groups like Sri Lanka's Liberation Tamil Tigers and the Irish Republican Army. The junta has appealed to other governments to designate the NUG and its affiliates as terrorist organisations, as Colombo and London did with those entities. But there is little chance that foreign capitals – and certainly not Western ones – will heed the junta's calls. Thus, while the NUG has not received any material support from foreign governments, it has been able to raise money abroad from the diaspora and move it through the international banking system with few worries.⁸

This report examines how the nationwide armed resistance to the coup is being funded, how donors and recipients have skirted regime controls aimed at stopping them from moving money, and how these controls have affected humanitarian activities. It also looks at how opposition forces have sought to weaken the military, by starving it of funds, and how the regime has struggled to maintain economic stability in the face of these challenges. Based on research conducted between June and December 2022, the report builds on Crisis Group's years of fieldwork related to conflict dynamics in Myanmar. Given the constraints on travel due to COVID-19 and the military takeover, research was conducted remotely, partly using pre-existing networks of contacts. Sources included NUG and resistance group representatives, civil society leaders, diplomats and aid workers, and analysts and individuals close to the key protagonists. For practical and security reasons, Crisis Group did not seek interviews with regime officials.

⁸ Crisis Group interviews, fundraisers and resistance group members, July-September 2022.

II. Funding the Resistance

No one has a definitive figure for how much money various anti-military groups have raised since the coup, but available data indicates the amount may be in the hundreds of millions of dollars.⁹ These funds have come from two major sources: residents of Myanmar and the large diaspora. The NUG has been the largest single recipient of money, mainly from the diaspora, but hundreds if not thousands of smaller armed resistance groups have also benefited from donations raised independently. Collectively, in fact, these groups have likely received a larger share of the donations than the NUG. Many resistance groups also rely on local benefactors for in-kind support, such as food, shelter and protection, that is difficult to quantify.¹⁰

Much of the money that has been raised has gone toward sustaining newly formed armed resistance groups. The success of fundraising campaigns is evident in the fact that these groups are replacing the homemade weapons they used at first with modern firearms acquired on the black market. Donations have also helped make possible a range of non-violent activities, including delivery of services such as health and education in areas under the resistance forces' control, as well as humanitarian aid for displaced people and striking public-sector workers.

Despite all this fundraising, resources remain very limited. Some evidence also suggests that donations are gradually declining, due to a combination of donor fatigue and global economic woes. As a result, resistance groups have had to be careful with their spending. Most have given preference to buying weapons, on the basis that building up military capacity will lead to quicker victory, alleviating popular suffering, and that civilians need protection from regime forces.¹¹

The internet has been integral to the resistance's fundraising efforts. Social media is a platform not just for donor appeals but also for demonstrations of how resistance forces are using donations. These groups often post gory photos of their ambushes of security forces and civilians allegedly associated with the regime. Increasingly, they are using drones to film their operations and posting the footage online, as well as pictures of their homemade weapons, in order to attract more donations. Media outlets and individual users amplify the message: news of attacks on the military and its perceived supporters tends to dominate the Myanmar-language stories on Facebook every day.¹²

⁹ Crisis Group calculations, based on public figures (where available) and estimates of the cost of arming resistance forces.

¹⁰ Crisis Group interviews, July-September 2022.

¹¹ A notable exception is funding for public services, such as education and health, that resistance-led administrative bodies are delivering in parts of Chin and Kayah States and Magway and Sagaing Regions. The NUG and its partners consider these services politically important, because they help strengthen the narrative that they are the legitimate governing authority in these territories. Nevertheless, an administrator in Chin State said up to 80 per cent of the funds they were raising were going toward the armed struggle. Crisis Group interview, September 2022.

¹² Based on Crisis Group monitoring of social media as well as other sources of media monitoring.

A. *Fundraising inside Myanmar*

At first, anti-military groups – both non-violent and armed – used Facebook to attract donations from inside Myanmar, by simply publishing details of accounts to which supporters could transfer money, but as a result of regime monitoring, such efforts were quickly forced underground.¹³ More recently, the regime has increased its scrutiny of bank and mobile money transfers, targeting not only recipients but also donors. As a result, resistance groups and their supporters now tend to raise money offline. They go through networks of trusted individuals and organisations, in order to avoid regime informants and lower the risk that the authorities detain their members for interrogation.¹⁴

There are exceptions to this secrecy. In some conflict zones, particularly in the north west, armed resistance groups have publicised donations from residents, while protecting their identities (for example, by blurring photos) and locations to avoid retribution. Social media posts about these donations are used to emphasise the strong public support for resistance groups, in contrast to the popular anger provoked by the regime-controlled security forces' frequent looting during raids.¹⁵ Those posts often include documentary evidence – in the form of certificates – recognising donors' generosity.

Armed resistance group figures told Crisis Group that funding from domestic sources has steadily declined over the past eighteen months, for a number of reasons. The regime's efforts to crack down on such material support have undoubtedly had a chilling effect, as those the authorities catch are likely to be prosecuted or even killed (see Section IV.A). Doubt as to whether the regime's opponents can prevail is likely also a factor. Meanwhile, Myanmar's post-coup economic crisis has deepened poverty dramatically, meaning that many people simply have less money to give (see Section III). Nevertheless, many armed groups remain heavily reliant on the population for in-kind supplies, particularly food. As a representative from the Chinland Defence Force explained:

It's been more than a year since we started this revolution, but the donations we are receiving have fallen by half. ... We've had to reduce the number of soldiers in each battalion, and we still only have handmade weapons. The NUG did not support us. Our armed group was formed by the local people, so they are the ones who feed us.¹⁶

Some local resistance groups have sought – or been forced – to move away from crowdfunding. In parts of Sagaing and Magway Regions, for example, resistance forces have started collecting donations or taxes from businesses, landowners and road users. The distinction between donations and taxes is often blurry, particularly

¹³ While the regime blocked access to Facebook soon after the coup, most users could still view it using VPNs. See Crisis Group Report, *Myanmar's Military Struggles to Control the Virtual Battlefield*, op. cit.; and "Underground funding networks blossom in support of CDM", *Frontier Myanmar*, 7 March 2021.

¹⁴ Crisis Group interviews, resistance group officials, July-September 2022.

¹⁵ See, for example, "Gold, silver and jewellery donated to Galone Guerrilla Force-Myaing", *Khit Thit Media*, 4 July 2022 (Burmese).

¹⁶ Crisis Group interview, official from Chinland Defence Force branch, August 2022.

as these groups can provide donors with a degree of protection from the regime, as well as services like education through self-administration committees.¹⁷ Crisis Group interviews suggest that, in some cases, businesses are voluntarily supporting PDFs.¹⁸ But in other cases PDFs are collecting “tolls” from drivers. Some are allegedly smuggling timber (although reports of them detaining illegal loggers appear more frequently).¹⁹ The NUG has publicly acknowledged reports of extortion; in September, for example, its minister for defence, Ye Mon, urged PDFs not to “forcibly” collect taxes from businesses or individuals when guarding roads and waterways.²⁰ As noted, however, many armed groups do not profess allegiance to the NUG, and it has little command and control, even over its allied forces.

These practices are hardly new in Myanmar: for decades, non-state armed groups have employed a similar range of tactics to generate revenue. But such practices can be divisive and even cause further conflict: in some areas, resistance groups formed since the coup have clashed with more established ethnic armed groups over control of resources.²¹ Fighting has also broken out between resistance groups over allegations of “extortion”.²²

The cheapest way to get weapons and ammunition – the resistance forces’ main expense – is from the regime’s security forces. Resistance groups commonly dole out cash rewards to soldiers or police who desert or defect with their weapons.²³ The prizes are usually the equivalent of a thousand dollars or so, far below the market price for the weapons in question, and paying them is much easier than relying on the black market.²⁴ Resistance groups can also build up their arsenals (and save money) by confiscating arms in raids and ambushes. But neither of these strategies is delivering weapons and ammunition in the quantities that would rival the military’s firepower.

¹⁷ See, for example, “Is ‘people’s administration’ working?”, *Frontier Myanmar*, 1 May 2022.

¹⁸ Crisis Group interview, source close to PDFs in northern Sagaing Region, July 2022.

¹⁹ See, for example, “TNLA and PDF member collecting taxes on Muse-Mandalay highway”, Shan, 21 October 2022 (Burmese); and “YDF Htilin seizes 10 tons of illegally smuggled logs”, Mizzima Burmese, 12 October 2021 (Burmese).

²⁰ “NUG minister urges PDF, Pa Ka Pha, LDF to work together”, *Democratic Voice of Burma*, 22 September 2022 (Burmese). See also, “NUG says PDFs are not allowed to collect taxes because they hold arms”, *BBC Burmese*, 17 October 2022 (Burmese).

²¹ “Paungbyin People’s Defence Force says it opposes tax collection by Shanni Nationalities Army in Paungbyin Township, Sagaing Region”, *DVB*, 26 April 2022 (Burmese).

²² “This morning NUG’s Wetlet Battalion 2 attacked a revolutionary group accused of terrorising the people, two revolutionaries killed”, *Lu Nge Khit*, 31 August 2022 (Burmese).

²³ See for example “A policeman from Kanpetlet joined CDM with two guns and full ammunition”, *Democratic Voice of Burma*, 21 September 2022 (Burmese); and “In Chin State, a soldier and policeman who joined CDM with his weapons received a cash prize and was sent to a liberated area”, *Khit Thit Media*, 26 September 2022 (Burmese).

²⁴ This tactic is particularly important given the depreciation of Myanmar’s currency, the kyat, which has pushed up the price of weapons on the black market. For example, a second-hand AK-47 or M-16 costs at least 10 million kyat (around \$3,000 at market rates). Crisis Group interviews, resistance group officials, July-September 2022.

B. *Diaspora Groups*

The diaspora is the single most important source of funding for Myanmar's resistance movement. It is large and dispersed; there are no precise figures, but millions of people of Myanmar origin live in Thailand, and hundreds of thousands more in both Malaysia and Singapore. Japan, Korea, the U.S., the United Kingdom, Europe, the Middle East and Australia also host sizeable communities. This diaspora is extremely diverse, made up of everyone from unregistered migrant workers and refugees to students and professionals, and it encompasses a wide range of ethnic and religious groups.²⁵

Since the coup, individuals and (often pre-existing) community groups in the diaspora have raised millions of dollars.²⁶ To reach potential donors outside their community, they have also held public events, such as exhibitions, movie screenings and other cultural activities, in their places of exile. While some of the funds raised are channelled to the NUG, they are just as often transferred directly to organisations (mainly resistance groups) or individuals on the ground.²⁷

Some social media influencers abroad have also used their platforms to raise significant funds. Arguably the most prominent example is the U.S.-based Pencilo, whose Facebook posts direct her 1.6 million followers to various fundraising campaigns. In March and April, she reportedly helped raise more than \$2 million for Project Dragonfly, which aimed to help resistance groups buy anti-aircraft weaponry.²⁸

Activists have also developed new online platforms dedicated to raising funds for anti-junta activities. Click2Donate, for example, hosts content on various platforms and generates money from advertising. Since its launch in September 2021, its app has been downloaded more than 500,000 times, raising more than \$1 million that has been distributed to hundreds of resistance groups.²⁹ Another example is a mobile phone game, "War of Heroes", developed by a group of Myanmar coders and artists. They say they have raised almost \$200,000 so far from the game's free and paid versions, all of which they have donated to resistance forces.³⁰

More quietly, individuals and small networks abroad have also raised a significant amount of money. Although they can operate more openly than their counterparts in Myanmar, they often still shroud their activities in secrecy. Some of them live in countries that may be hostile to public fundraising for an armed struggle, while others are unable to reveal their identities because it could affect their careers, make it unsafe for them to return to Myanmar or put family members who remain in the country at risk. The chances of running afoul of global banking regulations designed to counter money laundering and terrorism financing are another reason to work under the radar (see Section IV.A for more).

²⁵ Renaud Egretteau, "Burma in Diaspora: A Preliminary Research Note on the Politics of Burmese Diasporic Communities in Asia", *Journal of Current Southeast Asian Affairs*, vol. 31, no. 2 (2012).

²⁶ "Myanmar diaspora bankrolling armed resistance to junta back home", VOA, 25 February 2022.

²⁷ Crisis Group interviews with various sources, July-September 2022.

²⁸ "Progressing Project Dragonfly: Purchased and installed anti-aircraft weapons are ready to be used, NUG informed", Tha Din, 12 August 2022.

²⁹ Click2Donate releases monthly fundraising reports on its Facebook page.

³⁰ Crisis Group interview, member of "War of Heroes" development team, July 2022.

A Myanmar national Crisis Group spoke to in Australia typifies the many ways in which members of the diaspora contribute. Each month, he donates a regular amount of his income to an armed group in Magway Region, sent through an informal remittance provider (see Section IV.B). Any spare cash he has at month's end he sends to another armed group in Kayah State. He also volunteers at fundraising events organised by a diaspora organisation, with the proceeds going mainly to armed groups. "People from many different ethnic groups are cooperating", he added.³¹

C. *The National Unity Government*

The NUG has increasingly become a focal point for fundraising since its creation in April 2021. It has launched a number of successful initiatives, including sales of "spring revolution" bonds, an online lottery (known as the "spring lottery") and marketing of shares in state-owned properties, including the Yangon residence of Min Aung Hlaing, the general who heads the junta. Many of its activities, which include encouraging companies and individuals to pay taxes to the NUG instead of the military regime, seek not only to raise money but also to reinforce the idea that the parallel administration is Myanmar's legitimate government and is thus entitled to "revenues".³² At the same time, it has received tens of millions of dollars in donations. Due to the regime's controls on the banking system inside Myanmar, most of its donors are based outside the country, and make donations to bank accounts abroad.³³ The limited figures released by the NUG suggest that the diaspora in Singapore is the main source of funding.³⁴

The NUG has sought to distinguish between donations and money raised through its "revenue streams", such as bond sales. In practice, the difference is one of form rather than substance, as all are essentially novel ways to solicit funds from the diaspora and stave off donation fatigue. Those buying NUG bonds or shares in military-linked properties have no real expectation of financial return, while many lottery winners simply give their prizes back to the NUG. Nevertheless, this approach has helped to attract donations that the resistance cause may not have obtained otherwise.³⁵

Over time, and as it has become more organised, the NUG appears to have attracted a larger proportion of all resistance funding. Part of the reason is the growing cooperation between the NUG and diaspora groups, a partnership that benefits both sides. The NUG offers a centralised structure for channelling donations and a wider platform for reaching people online. Diaspora groups, meanwhile, bring organised, on-the-ground networks for the NUG to leverage. The NUG has also made efforts to show it is supportive of Myanmar's ethnic minorities – something of concern to many diaspora groups – by creating bonds earmarked for minority regions, with the revenue going to armed groups in those areas.

³¹ Crisis Group interview, fundraiser in Australia, July 2022.

³² The NUG's finance ministry has five revenue streams: taxes, bonds, the lottery, shares in properties and NUGPay (see below).

³³ Crisis Group interview, senior NUG official, September 2022.

³⁴ "Myanmar activists raising millions via Singapore to fight junta", *Straits Times*, 21 April 2022.

³⁵ Crisis Group interviews, July-September 2022.

The NUG's most ambitious initiative to date is NUGPay, a mobile money application that uses "digital kyat" issued by the NUG's Ministry of Planning, Finance and Industry. Users transfer foreign currency in exchange for digital kyat, which the NUG describes as a "Central Bank digital currency" that is based on the blockchain.³⁶ They are then supposed to be able to deposit, transfer and receive the digital currency, make payments with it and donate it to various causes. In reality, most simply use the digital kyat to make donations, making it a useful way for the NUG to raise funds by issuing it in exchange for fiat money.

The innovative NUGPay system remains embryonic; its success will depend largely on how many users it can attract, and how useful the digital currency turns out to be in practice. The NUG announced the end of the pilot period in September, and said a "commercial launch" was imminent, but it has made no announcement since then. At the time of writing, the number of users remains below 20,000, with just 5 billion kyat (around \$1.6 million) issued – far from the critical mass needed to make a significant contribution to the resistance movement.³⁷

There are also a number of factors that may prevent NUGPay from gaining traction when it is rolled out more widely. One major limitation is its lack of interoperability with other banking services, because, so far, no one recognises the digital kyat as a currency. As a result, users cannot transfer money from another account into an NUGPay account; instead, they have to give the money they want to deposit to an agent, who then arranges for the digital kyat to be issued to their account. In addition to this cumbersome process, there are concerns about the security of user data, as well as the possibility of fraud, particularly as intermediaries are involved.³⁸ Most importantly, there are limits as to what can be done with the app, because for now digital kyat cannot be widely used to purchase goods or services.³⁹

Despite the creativity of its fundraising campaigns, the NUG has fallen far short of the amount it claims to need. In late 2021, it announced an annual budget of approximately \$700 million, including the provision of humanitarian aid and other services, and said it planned to issue bonds to cover these expenditures.⁴⁰ While it has not released consolidated figures of its revenues, as of June, it said bond sales amounted to \$38 million, while a further \$7 million were raised from the sale of shares in Min Aung Hlaing's house.⁴¹ In addition, its Ministry of Defence said it had raised \$44 million in donations as of June and spent most of it on weapons.⁴²

³⁶ A blockchain is a secure, decentralised digital ledger of information or records. It is most closely associated with cryptocurrencies, because it is used to record transactions and assets, but it has many potential applications.

³⁷ Crisis Group interview, senior NUG official, September 2022. Announcement (6/2022), NUG Ministry of Planning, Finance and Investment, 25 September 2022.

³⁸ Crisis Group interview, source familiar with the issue, July 2022. For a good overview of NUGPay, see "For Myanmar's revolutionaries, adopting digital currency can mean life or death", *Rest of World*, 19 September 2022.

³⁹ Crisis Group interview, NUGPay user in Mae Sot, Thailand, November 2022.

⁴⁰ "Cost of war: Myanmar's rebels crowdfund resistance to the coup", *Al Jazeera*, 13 December 2021.

⁴¹ "NUG Press Conference English Summary", NUG Ministry of International Cooperation, 23 June 2022.

⁴² "The PDFs marching to their own tune", *Frontier Myanmar*, 13 July 2022.

Many supporters have criticised the NUG for failing to deliver on what it had either promised or implied. The parallel administration had initially said it would pay workers who quit their jobs to join the civil disobedience movement, but the size of the movement – estimated at one point to number over 400,000 people – has made that impossible. The NUG has also been unable to provide adequate support to armed resistance groups, including the PDFs that have pledged varying degrees of allegiance to it.⁴³ Most of these groups have had to fend for themselves in raising funds, and even those that do get money from the NUG need to supplement the subsidy with funds raised either locally or from diaspora networks.⁴⁴

⁴³ Crisis Group interview, Chinland Defence Force branch member, August 2022.

⁴⁴ Crisis Group interview, resistance group official in Sagaing Region, September 2022.

III. Starving the Junta

Alongside their fundraising activities, anti-military groups have endeavoured to limit the regime's sources of revenue. Some of these efforts recycle tactics employed during the previous period of military rule, from 1988 to 2011, in particular the NUG's international lobbying for sanctions against the regime and its calls for divestment by foreign companies. Resistance forces have, however, modified their approach to some extent based on the lessons from that earlier period. Namely, they have called for targeted, rather than blanket, sanctions, in an effort to minimise the fallout for ordinary people.⁴⁵

Similarly – unlike in the 1990s, when activists called on all foreign firms to quit the country – the post-coup divestment campaigns have focused on companies that generate revenue directly for the regime, such as in the oil and gas sector. The results of these campaigns have been limited: the targeted sanctions put in place by foreign governments have had minimal impact on the junta's capacity to operate, while calls for divestment have faced familiar hurdles, particularly the willingness of some companies to keep doing business with the regime.⁴⁶ Those that have decided to exit, such as Norwegian mobile operator Telenor and Japanese brewer Kirin, have often found the process difficult due to the military's obstruction.⁴⁷

Campaigns carried out inside the country, targeting state revenues and the profits of military-linked conglomerates, such as Myanmar Economic Corporation (MEC) and Myanmar Economic Holdings Public Company Limited (MEHL), have been more successful. Shortly after the coup, activists began calling for a boycott of military-linked consumer goods, particularly beer and cigarettes. Spread largely through social media, these campaigns were highly effective. The country's top-selling brew, Myanmar Beer – produced by Myanmar Brewery Limited, a joint venture between MEHL and Kirin – saw its 60 per cent market share collapse almost overnight.⁴⁸ Ethnic armed groups later joined the boycott, banning the sale of military-owned beers in their areas of influence. In June 2022, Kirin announced it was selling its 51 per cent stake in Myanmar Brewery to the military for just \$164 million, a massive drop in the company's value, estimated at \$1.5 to \$2 billion before the coup.⁴⁹

While the beer campaign hit the bottom line of the military and its officers (who are shareholders), a public boycott of paying electricity bills has wreaked havoc on the state's finances. Electricity supply is one of the state's biggest expenses, and long before the coup, it was not fully recouping the cost with charges to consumers. With the boycott, revenues of electricity enterprises collapsed, creating a huge fiscal hole

⁴⁵ See Crisis Group Briefing, *Responding to the Myanmar Coup*, op. cit.

⁴⁶ An example is the proposed sale of Qatar-owned mobile operator Ooredoo Myanmar to a Singapore-registered joint venture seemingly owned by Myanmar and Thai interests, for a price of \$576 million. Telenor, meanwhile, sold its Myanmar business to a consortium comprising M1 of Lebanon and a local firm. Stakes in the Yadana and Yetagun gas fields previously held by foreign investors have been acquired or transferred to Myanmar and Thai firms.

⁴⁷ "Kirin to sell entire stake in venture with Myanmar military", *Nikkei Asia*, 30 June 2022.

⁴⁸ "Coupe hangover: How Myanmar's national brew went stale overnight", *Frontier Myanmar*, 17 April 2021.

⁴⁹ Ibid. See also "Japan's Kirin exits Myanmar business with military-linked partner", Reuters, 30 June 2022.

for the regime.⁵⁰ In some areas, soldiers allegedly forced households at gunpoint to pay their bills. More commonly, the army has guarded electricity workers as they disconnected households that had refused or were unable to pay their bills. Although many have now resumed paying, particularly in major cities, revenues remain down by one third from pre-coup levels, while production and distribution costs have increased massively due to the kyat's depreciation.⁵¹

Meanwhile, activists have targeted the business interests of regime members and their associates in other ways. Rights groups such as Justice For Myanmar, Global Witness and Amnesty International have published in-depth investigations into the dealings of the military elites and their cronies, working with local and international media organisations for maximum impact.⁵² These campaigns, which began in the wake of the 2017 Rohingya crisis but have gained momentum since the coup, have in some cases contributed to foreign companies severing ties with military-linked entities, or to individuals and companies being hit with targeted sanctions.⁵³

Although these efforts have hurt the finances of the junta and its business associates, they can also have unintended consequences that are counterproductive. For example, the French oil and gas giant TotalEnergies' withdrawal from the Yadana gas field under pressure from activists has given the regime a larger stake in the project at no cost, which will result in it receiving more, not less, revenue.⁵⁴ Some activists are also calling for a boycott of Myanmar garment factories, due to violations of labour rights. But such a boycott is unlikely to change the regime's behaviour and would have little direct impact on its finances; it could, however, deprive tens of thousands of factory workers, if not more, of their jobs, particularly women.⁵⁵

The military regime has significant economic advantages over its opponents. It runs most organs of state, has coercive power over most economic actors and controls most of the country's natural resources. When it faced a cash shortage in the immediate aftermath of the coup due to a collapse in state revenues, for example, the regime simply borrowed from the Central Bank.⁵⁶ At the risk of stoking inflation, the regime also got the Central Bank to print more currency in order to lend trillions of kyat to

⁵⁰ A significant proportion of Myanmar's electricity is generated by independent providers that are paid either in U.S. dollars or in kyat but based on a U.S. dollar tariff. See "Unpaid power bills put junta finances on the line", *Frontier Myanmar*, 15 May 2021; and "Myanmar's Electricity Sector After the Coup", Independent Economists for Myanmar, 14 July 2021.

⁵¹ Tweet by Guillaume de Langre, @gdelangre, former adviser to the Myanmar government on electricity, 10:00 pm, 31 August 2022; and "Electricity boycott buckles in Yangon but powers on in the Dry Zone", *Frontier Myanmar*, 11 November 2022.

⁵² See, for example, "Worldly, charming and quietly equipping a brutal military", *The New York Times*, 24 December 2021.

⁵³ Some individuals named in Justice for Myanmar investigations also immediately filed updates to the Directorate of Investment and Company Administration to remove themselves as directors of a particular company.

⁵⁴ "Gas giants' exit unlikely to badly damage junta", Agence France-Presse, 21 January 2022.

⁵⁵ "Unions urge boycott of Myanmar-made goods", *Just Style*, 2 September 2021; and "Garment workers face a fresh threat: a boycott", *Frontier Myanmar*, 7 October 2021.

⁵⁶ The Central Bank's net claims on the central government rose almost 50 per cent in the first nine months of 2021, from 16.752 trillion kyat to 24.854 trillion. "Quarterly Financial Statistics Bulletin (2021 Volume III)", Central Bank of Myanmar, June 2022, p. 19.

local private banks, which were facing dissolution because depositors were rushing to withdraw cash from their accounts.⁵⁷

Over time, however, the regime has found it increasingly difficult to maintain economic stability in the face of near-total opposition to its rule and an expanding conflict draining its coffers. Capital flight and the need to reimburse foreign loans, along with declines in exports, foreign investment, remittances, and foreign aid and loans have created a balance of payments crisis that is primarily the result of the coup.⁵⁸ A slow but steady decline in foreign currency reserves through 2021 appears to have accelerated since the start of 2022, due to the rise in global commodity prices, particularly fuel, cooking oil and fertiliser, in the wake of Russia's invasion of Ukraine. Refined fuel imports, for example, rose from an average of \$183 million a month in 2021 to \$440 million a month in the first quarter of 2022, accounting for 30 per cent of all imports.⁵⁹ The World Bank has warned that foreign currency reserves may have reached "insufficient" levels as of the middle of 2022.⁶⁰

The junta's response to balance of payments pressures has only made the situation worse.⁶¹ After a decade of liberalisation, it has reinstituted many of the policies that hindered economic growth under the previous military regime, including trade restrictions, strict capital controls and a fixed exchange rate. In April, it froze access to nearly all privately held foreign currency in the banking system and, since then, has forcibly converted it to kyat at an artificially high rate.⁶² Companies now need approval from a military-led committee to buy dollars to pay for imports, which has created shortages of even essentials such as refined fuel, cooking oil and pharmaceuticals. Meanwhile, exporters' profits are being squeezed or wiped out entirely by having most of their earnings converted into kyat at the official rate.⁶³

Once the destructive side effects of these measures became clear, the junta was forced to soften some of them. It has, for example, relaxed some permit requirements and allowed companies to buy dollars on the informal market to pay for some essential imports.⁶⁴ It has also introduced policies that allow companies and overseas workers to sell some or all of their foreign currency earnings at the market rate.⁶⁵ When the

⁵⁷ The Central Bank's claims on other depository corporations rose from 0.705 trillion kyat to 4.791 trillion in the first nine months of 2021. "Quarterly Financial Statistics Bulletin (2021 Volume III)", op. cit.

⁵⁸ "A slow-motion train wreck: Junta's policies worsen foreign currency shortage", *Frontier Myanmar*, 22 July 2022.

⁵⁹ "Imports of Principal Commodities", Central Statistical Organization, undated.

⁶⁰ "Myanmar Economic Monitor: Reforms Reversed", The World Bank, July 2022, p.8.

⁶¹ Ibid.; and "A slow-motion train wreck", op. cit.

⁶² The regime pegged the kyat at 1,850 to the dollar (now 2,100), but on informal markets it has sunk as low as 4,500. See "Searching for keys as the kyat goes out of kilter", *Fulcrum*, 22 September 2022.

⁶³ "Feeble Myanmar currency and junta restrictions hammer border trade", *The Irrawaddy*, 5 September 2022.

⁶⁴ "Pharmacy companies no longer need to seek import permit", *Global New Light of Myanmar*, 2 September 2022.

⁶⁵ Importers can now retain and sell 35 per cent of their earnings at the market rate, while overseas workers can remit all their earnings at the market rate. See "35 per cent of export earnings exempted by Central Bank of Myanmar must be spent within 30 days", *Tha Din*, 19 August 2022; and "Remit-

regime recently started selling gold to the public, it did not even try to impose the official rate, instead calculating the price based on the market exchange rate.⁶⁶

There is no technocratic fix for the battered Myanmar economy, however. Instability will persist so long as the country is being run by an administration that the vast majority of the population deems illegitimate. Trust in financial institutions lies shattered, and there is little prospect of putting it back together. The regime, meanwhile, is focused on political survival, which in turn dictates its economic policies. Although some foreign investors may see bargains amid Myanmar's economic wreckage – particularly as other investors leave the country – they should be cognisant of the risks. These risks are particularly high for companies entering agreements that require them to be paid by the regime, such as for the supply of electricity, because it may simply be incapable of doing so. There are also broader risks, associated with regime policymaking: the regime has, for example, already banned the repayment of offshore loans, and it is unclear whether companies will be allowed to repatriate profits.

In October, the Financial Action Task Force (FATF), an intergovernmental body that fights money laundering and terrorism financing, placed Myanmar on its black list, alongside North Korea and Iran. Blacklisting had become inevitable due to the regime's failure to make progress on an action plan it agreed to in February 2020, under the government overthrown by the coup. The FATF called on members to apply "enhanced due diligence to business relations and transactions with Myanmar", but unlike for North Korea and Iran, did not urge countermeasures that could have crippled the economy. It also said members should ensure that financial transfers for humanitarian aid, non-profit activity and remittances are "not disrupted".⁶⁷

tance of Myanmar citizen abroad tops \$6 billion within 8 years", *Global New Light of Myanmar*, 7 September 2022.

⁶⁶ "Over 6.4 kg of gold coins sold in Nay Pyi Taw till September 16", Eleven Media Group, 21 September 2022.

⁶⁷ "High-Risk Jurisdictions Subject to a Call for Action – 21 October 2022", Financial Action Task Force, 21 October 2022.

IV. Skirting the Net

Moving funds into Myanmar has been a key logistical challenge for resistance movement fundraisers. The regime's control of the formal banking system has forced them to use alternative methods both to get money into the country and to channel it to recipients.

A. *Cutting the Supply*

The military regime's initial focus after the coup was quelling street protests, something it eventually did through deadly force, killing hundreds and arresting thousands. In mid-2021, as armed resistance began to gather momentum in response to this violence, the regime began trying to stop funds from reaching these newly formed groups. That May, it formally designated the NUG, the Committee Representing Pyidaungsu Hluttaw, PDFs and "their affiliates" as terrorist organisations, making it a criminal offence to give them support, financial or otherwise, under Myanmar's Counter-Terrorism Law.⁶⁸

Cash was already hard to get, due to a post-coup banking strike that had forced most private banks to close for months.⁶⁹ Even after branches reopened, the regime continued to limit cash withdrawals, in part to restrict the amount of money that could end up in resistance forces' hands.⁷⁰ Although it has slowly rolled back these restrictions, it erected new barriers to cash access with the capital controls introduced in April. These controls have made it difficult and costly (due to exchange rate losses) to bring money into the country through formal channels. The junta closely monitors incoming foreign currency transactions through the banking system; the paucity of transactions makes this task straightforward, and the Central Bank had been watching the inflow prior to the coup anyway, for regulatory purposes.⁷¹

Immediately after the coup, it was common for opposition groups to post the details of bank or mobile money accounts on Facebook with an appeal for donations. The authorities thus had little problem identifying accounts being used to collect funds for anti-military activities and ordering banks to shut them down. They started investigating who had been transferring money to these accounts, closing off those entry points as well. The regime also likely gathered information on financial transactions through mobile devices seized at random checkpoints and the interrogation of suspected resistance members.⁷²

Although resistance groups now rarely post account details online, private financial institutions still regularly receive from the regime lists of accounts with instructions

⁶⁸ "Myanmar's junta brands rival government a terrorist group", Reuters, 8 May 2021.

⁶⁹ "'Back to the Stone Age': Striking bank workers bring a sector – and an economy – to its knees", *Frontier Myanmar*, 1 March 2021.

⁷⁰ Withdrawal limits were set at 2 million kyat per week for individuals and 20 million kyat per week for organisations. In practice, getting even this much money out of the bank in cash was difficult without going through brokers, who charged a percentage commission. "As striking bank staff return to work, Myanmar's banks face a cash crunch", *Frontier Myanmar*, 5 May 2021.

⁷¹ Crisis Group interviews, local financial institution officials, July 2022.

⁷² Ibid.

to close them down.⁷³ Members of resistance groups told Crisis Group that bank and mobile money accounts within their networks had been regularly frozen on the regime's orders, with the funds confiscated. A PDF member explained: "We lost a lot of money. Since then, we have been very careful with people who said they wanted to donate – we only accept donations from people we know. We also regularly create new accounts so there is less chance of our money being frozen".⁷⁴ "Most resistance groups have been facing the same problem. ... It's one of our major challenges", confirmed a member of the NUG's Central Command.⁷⁵

In some cases, the authorities have prosecuted individuals for donating money to revolutionary causes, even in tiny amounts. In February, a court sentenced two teenage girls from Dawei in Tanintharyi Region to seven years' imprisonment under the Counter-Terrorism Law for making monthly donations of 5,000 kyat (around \$2.50) to a person helping those displaced by conflict; the authorities alleged the recipient was helping fund a range of anti-regime groups, including PDFs.⁷⁶ In March, another five women, from Sagaing and Tanintharyi Regions and Rakhine State, were each given ten-year sentences for allegedly supporting PDFs.⁷⁷ The regime has also sent a clear message to businesspeople that it will not tolerate any in-kind aid to the resistance; several bank owners have been arrested or placed under house arrest, and in late August 2022 a jade mining tycoon, Kyaw Thura, was picked up for allegedly providing funds to PDFs.⁷⁸

The repression has had a chilling effect, and not only on those seeking to support anti-military causes. Industry sources say many people are wary of using the formal banking system at all, particularly if they know they are being monitored. "They are just pushing people toward the underground economy – forcing people to find smarter ... methods" of channelling funds, said a bank official.⁷⁹

In August, the Central Bank moved to tighten monitoring of mobile money services, including those offered by banks.⁸⁰ It instructed providers to step up "know your customer" requirements immediately for new accounts and to upgrade existing "level 1" accounts – which have less stringent requirements, as well as lower daily and monthly transfer limits – within three months. The letter also stipulated that mobile money agents providing cash to customers collect extensive data about them, including the reason for the transfer, and record them on camera or take their photograph "secretly".⁸¹ The following month, it announced plans to close "level 1" accounts that

⁷³ Ibid.

⁷⁴ Crisis Group interview, PDF official in Sagaing Region, September 2022.

⁷⁵ Crisis Group interview, NUG Central Command official, July 2022.

⁷⁶ "Dawei University students get 7-year prison sentences for IDP donations", *Myanmar Now*, 22 February 2022.

⁷⁷ "Myanmar regime jails women over alleged donations", *The Irrawaddy*, 7 April 2022.

⁷⁸ "Myanmar gems boss arrested for alleged resistance support", *The Irrawaddy*, 25 August 2022.

⁷⁹ Crisis Group interview, local financial institution official, July 2022.

⁸⁰ Myanmar has two types of authorised mobile money providers (some others operate illegally). The first group of providers operates in partnership with a private bank, while the other operates on a standalone basis with a mobile financial services licence. The most prominent bank-led service is KBZPay, and Wave Money is the most widely used mobile-led operator.

⁸¹ A copy of the letter is on file with Crisis Group.

had not been upgraded.⁸² At first, the regime claimed it was taking these measures to combat scams, but a spokesman later conceded that the main goal was to stop funds from reaching resistance groups.⁸³

To enforce these measures, the regime is attempting to improve the integrity of its data. It has said it will cross-check mobile money account details against ministry databases of SIM cards and national ID cards, known as Citizenship Scrutiny Cards, and freeze accounts when the details do not match. The immigration department is reviewing existing ID card data and creating an “e-ID” database – a project initiated by the former civilian government, led by Aung San Suu Kyi – that will be central to these ambitions.⁸⁴ It has also demanded that all mobile phone users re-register their SIM cards, threatening to block those who fail to do so by the end of January 2023. A national SIM registration program was already carried out in 2020, but SIM cards pre-registered in another person’s name are widely available.

The regime’s internet restrictions have also posed challenges for the resistance’s fundraising activities.⁸⁵ It has been particularly difficult to raise money in southern Sagaing Region, northern Magway Region and Chin State, which have been subject to blanket internet shutdowns, as well as telephone and SMS service cutoffs, in some cases.⁸⁶ An official from a People’s Administration Committee in Mindat, Chin State, a township that has seen regular shutdowns, said the only way to make a call was to walk up to 10km to an elevated location where mobile phones could still get reception.⁸⁷

The resistance has faced fewer obstacles moving money through the international banking system. Importantly for the NUG, the Czech Republic has allowed it to open a bank account through which it can receive donations.⁸⁸ Other foreign countries are likely to follow suit, since few will grant the junta’s request to designate the NUG or other resistance groups as terrorist organisations.

Still, the NUG faces challenges related to foreign banks. Some have reportedly frozen or closed accounts that Myanmar resistance groups were using for fundraising. Some have asked account holders for information about the source of funds, on the grounds of combating money laundering. Accounts raising large sums from multiple contributors seem more likely to trigger such controls, but the situation varies significantly from country to country and from bank to bank.⁸⁹

⁸² “Mobile money transfer accounts will be cancelled unless they are level 2: CBM”, *Global New Light of Myanmar*, 18 September 2022.

⁸³ “Daily Briefing”, *Frontier Myanmar*, 21 September 2022.

⁸⁴ For an overview of these and other digital privacy issues, see “The Right to Privacy in the Digital Age: Experience from Myanmar”, Myanmar Centre for Responsible Business, June 2022.

⁸⁵ See Crisis Group Report, *Myanmar’s Military Struggles to Control the Virtual Battlefield*, op. cit.

⁸⁶ Crisis Group interviews, resistance group members, July–September 2022. See also “Internet access amid darkness and lives amid threats”, Athan, May 2022; and “Myanmar regime cuts phone, internet access in resistance stronghold Sagaing”, *The Irrawaddy*, 24 May 2022.

⁸⁷ Crisis Group interview, Mindat People’s Administration Committee member, August 2022. For a visual representation of the decline in internet access, see tweet by Guillaume de Langre, @gdelangre, former adviser to the Myanmar government on electricity, 2:46pm, 10 November 2022.

⁸⁸ “Myanmar opposition raises \$6.3 mln on launch of ‘revolution’ bonds”, Reuters, 23 November 2021.

⁸⁹ “Sanctioned Myanmar tycoons find shelter in Singapore, but for how long?”, Bloomberg, 18 October 2022.

When funding does reach resistance forces, furthermore, moving goods purchased with donations has been difficult. The regime has placed more and more checkpoints on highways across the country, regularly seizing items donated to or ordered by anti-military groups – not just weapons and materials for making explosives, but also fuel, food and medicine.⁹⁰

B. *Old and New Strategies*

The various restrictions put in place on sending money through the banking system have pushed fundraisers to find ever more creative ways of moving cash to resistance groups. At first, they obscured the source and purpose of the funds by adding extra intermediaries, both inside and outside the country, to transaction chains. But as the regime stepped up its monitoring, it became necessary to “break the chain” by moving the money informally, at least part of the way.

Some have broken it by making use of cryptocurrencies. With many people trying to move money out of Myanmar due to concern at the country's political and economic direction, a pool of buyers is at the ready to provide cash in kyat for cryptocurrency tokens.⁹¹ The NUG has also encouraged their use, both by accepting donations in various cryptocurrencies and “legalising” the use of Tether, a “stablecoin”.⁹² It has also facilitated the movement of funds through the NUGPay app, using its blockchain-based digital currency (see Section II.C). As noted, however, uptake of these methods has been relatively limited to date.

Instead, those wishing to contribute to resistance groups have largely turned to informal remittance services, known in Myanmar as *hundi*, to skirt regime regulations and protect both senders and recipients.⁹³ *Hundi* is an informal value transfer system that operates similarly to *hawala* (in the Middle East and South Asia) and *fei chien* (in China), among others, and can be used to remit money domestically or internationally using a network of agents.⁹⁴ Such systems are usually unregulated, often illegal and sometimes linked to terrorist financing and money laundering.⁹⁵

⁹⁰ Crisis Group interviews, July–September 2022.

⁹¹ “For Myanmar's revolutionaries, adopting digital currency...”, op. cit.

⁹² A “stablecoin” is pegged to another asset, often a fiat currency or a commodity such as gold. Tether is pegged to the U.S. dollar, so one tether token is the equivalent of \$1 and can be redeemed for that amount at any time. On Myanmar, see “Cryptos: Un-Tethering from the military junta”, *Fulcrum*, 13 January 2022. The NUG “legalising” the use of Tether entails its ministry of finance issuing an order to that effect (before the coup, the Central Bank had banned cryptocurrencies).

⁹³ Crisis Group interviews, July–September 2022.

⁹⁴ For an overview, see Nikos Passas, “Informal Value Transfer Systems and Criminal Organizations: A Study into So-called Underground Banking Networks”, *SSRN Electronic Journal*, 14 December 1999.

⁹⁵ After the 11 September 2001 terrorist attacks in the U.S., the Financial Action Task Force began pushing governments to increase oversight over informal transfer systems. They also became much more widely studied. See, for example, Nikos Passas and Rob McCusker, “Underground Banking: Legitimate Remittance Network or Money Laundering System?”, Australian Institute of Criminology, July 2005; and Jonas Rusten Wang, “Regulation of Informal Value Transfer Systems”, Peace Research Institute Oslo, September 2010.

Hundi has long been a feature of Myanmar's financial landscape.⁹⁶ It likely arrived in the 19th century with Chettiar moneylenders from India, persisting due to strict financial controls and the limited banking system. The majority of customers used the service for legitimate purposes, such as remittances from overseas workers to relatives at home.⁹⁷ The past decade's economic reforms diminished its utility by making the formal financial system more accessible and cost-effective. Domestic *hundi* services had all but disappeared due to the rise of mobile money providers.⁹⁸ Nevertheless, *hundi* agents still played an important role in the economy, particularly for international transfers, and remained a potential money laundering risk; accordingly, in 2019 the Central Bank, under pressure from the FATF, began moving to regulate them.⁹⁹

Since the coup, the military regime's policies have led to a widespread resurgence of *hundi* transfers. While some customers rely on them to avoid regime monitoring, the combination of bank shutdowns, restrictions on transfers and withdrawals, capital controls and trade policies have also pushed a wide range of businesses and individuals to fall back on the informal system.¹⁰⁰ Internet shutdowns have also contributed to the shift: with mobile money services no longer accessible, *hundi* has once again become the main method for moving money in regions faced with regular blackouts.

The ubiquity of *hundi* makes it particularly difficult for the regime to suppress. A crackdown on *hundi* services would cause significant disruption to the business sector, including the military's own interests. Meanwhile, individual donors, fundraisers and recipients take a range of measures to make it harder for the authorities to identify transfers to the resistance and limit the amount of money that they could seize.¹⁰¹ For example, a contributor abroad might send money to Myanmar using *hundi*, asking the agent to deposit it into a local bank account. The recipient would then send the money to a resistance group by breaking it up into smaller payments through domestic banks or mobile money services. Alternatively, the agent might hand the recipient cash, which that person would then deposit in an account and dole out in bite-size amounts. "We use many bank accounts", confided a resistance group official. "Our people withdraw the money in other locations and then bring it to us in cash".¹⁰²

⁹⁶ For overviews of *hundi* in Myanmar, see Rhys Thompson, "'Underground banking' and Myanmar's changing *hundi* system", *Journal of Money Laundering Control*, vol. 22, no. 2 (2019); and "Transactions of trust and faith", *Frontier Myanmar*, 6 March 2017.

⁹⁷ The Myanmar government estimated in 2015 that remittances from migrant workers could represent as much as \$8 billion a year. Others have put the amount significantly lower. Whatever the overall amount, the vast majority of these remittances find their way back to Myanmar via informal channels: numerous surveys from the 2000s found that fewer than 10 per cent of migrant workers in Thailand used the formal banking system to send money back home. "Myanmar Remittances", International Growth Centre, October 2017.

⁹⁸ Crisis Group interviews, local financial institution officials, July 2022.

⁹⁹ "Central Bank to issue *hundi* licences soon", Eleven Media Group, 13 February 2019.

¹⁰⁰ Crisis Group interviews, local financial institution officials, July and September 2022. The Central Bank's statistics for remittances count only those that pass through formal channels; these fell off by 50 per cent in the first nine months of the year, indicating a shift to informal channels. See "Quarterly Financial Statistics Bulletin (2021 Volume III)", op. cit., pp. 10-11.

¹⁰¹ Crisis Group interview, fundraiser in Australia, July 2022.

¹⁰² Crisis Group interview, resistance group official, August 2022.

This interaction with the banking system could leave a paper trail for regime investigators. But even large international banks with their own anti-money-laundering departments struggle to stop illicit transactions via informal systems like *hundi*. Banks increasingly rely on artificial intelligence in this work, but detecting money laundering or terrorism financing through such systems requires excellent human sources.¹⁰³ In Myanmar, the regime has neither the advanced technology nor a network of spies among the resistance fundraisers.¹⁰⁴

The combination of these limited capacities and the resistance's innovative practices means that the junta has been largely unable to stop funding from reaching its opponents. While they are perennially short of cash, resistance groups have, for their part, harnessed arguably their most important asset – strong community support, both at home and abroad – to both raise money and move it to where it is needed.

¹⁰³ Crisis Group interview, money laundering expert at major international bank, July 2022.

¹⁰⁴ Crisis Group interview, local financial institution officials, July and September 2022.

V. Humanitarian Aid in the Crosshairs

The regime's efforts to cut off the flow of money to resistance groups have had significant implications for the humanitarian aid sector, including both international NGOs and local organisations that rely on foreign funding. Unable to use the banking system to sustain their operations, many have, like the resistance, been forced to fall back on informal transfer mechanisms as a workaround.¹⁰⁵ Both the costs and the risks of operating in Myanmar have gone up as a result.

The first blow to aid groups' access to funds came shortly after the coup, when the Central Bank introduced limits on cash withdrawals. Organisations were restricted to withdrawing 20 million kyat a week (approximately \$10,000 at the time) – hardly enough for a mid-sized organisation – although they could get larger amounts by paying brokers (who often had back channels to the banks) a fee based on a percentage of the withdrawal amount.¹⁰⁶

Since then, private banks have become wary of handling incoming foreign transfers because of a regime crackdown on civil society and aid groups. In March 2021, security forces raided the country office of Open Society Foundations, detained its finance manager and froze its accounts at four banks. State media reported that the junta-controlled Central Bank had investigated all private banks for links to the NGO, and planned to take legal action against one that had allowed it to withdraw cash from its account shortly after the coup.¹⁰⁷ The regime also reportedly targeted at least two other international NGOs, and ordered all private banks to provide details of accounts and transactions related to both international and domestic NGOs dating back to 2016.¹⁰⁸ Since then, "private banks have been told that if they are dealing with NGOs, it's up to them to absorb all the risk", said an international NGO head.¹⁰⁹ As a result, incoming transfers above \$40,000 – and sometimes as low as \$10,000 – are routinely flagged for review and can be delayed for months.¹¹⁰

Increasingly, however, international NGOs are being frozen out of the banking system entirely, because they have yet to renew their memoranda of understanding (MoUs) with line ministries. These MoUs, which predate the coup, set a framework for their activities in the country, and have to be renewed on a regular basis, usually every three years. For political reasons, most UN agencies and international NGOs did not try to renew their agreements after the coup. Many of them have since expired.¹¹¹ In April, the regime announced it would freeze the accounts of international NGOs that were not negotiating to renew expired MoUs, while those that were in talks would be able to pay salaries in the interim, but not to run any programs.¹¹² In

¹⁰⁵ Crisis Group interviews, local and international NGO sources, July–September 2022.

¹⁰⁶ "Myanmar's post-coup cash crunch creates a shadow money trade", *Frontier Myanmar*, 6 June 2021.

¹⁰⁷ "Illegal cash flow from George Soros and Alexandra Soros to Open Society Myanmar frozen", *Global New Light of Myanmar*, 17 March 2021.

¹⁰⁸ "Myanmar junta targets banks in push against 'foreign interference'", *Nikkei Asia*, 16 March 2021.

¹⁰⁹ Crisis Group interview, international NGO head, July 2022.

¹¹⁰ Ibid.

¹¹¹ Crisis Group interviews, international NGO head, July and September 2022.

¹¹² A copy of the letter is on file with Crisis Group.

order to maintain at least some operations, some UN agencies eventually decided to renew their MoUs, while a significant number of international NGOs are trying to do so. This move has caused division among aid groups and invited strong criticism from local organisations as well as human rights and advocacy outfits abroad.¹¹³

But even with these agreements, it seems unlikely the junta will grant international NGOs or UN agencies access to conflict zones, except in limited circumstances. Aid to conflict-affected populations runs counter to the military's longstanding "four cuts" counter-insurgency strategy, which targets civilians in an effort to deprive insurgents of food, funds, recruits and intelligence.¹¹⁴ Even organisations that the regime views with less suspicion have found their activities constrained. As of October, the Association of Southeast Asian Nations (ASEAN) Coordinating Centre for Humanitarian Assistance on Disaster Management, for example, had yet to deliver any significant assistance, despite Min Aung Hlaing himself agreeing to allow it to operate under ASEAN's "five-point consensus" he endorsed in April 2021.¹¹⁵ More recently, the regime blocked distribution of 55,000 bags of rice donated by Japan's Nippon Foundation for displaced people in Rakhine State, after agreeing to it in May.¹¹⁶ In September, the regime announced a ban on humanitarian work in six townships in central and northern Rakhine, later extended to eight townships.¹¹⁷

The challenges for humanitarian agencies have only grown more acute with the adoption of a new NGO registration law. Enacted in late October, it makes registration with the junta mandatory for all aid groups (it had been voluntary under the old law from 2014) and introduces prison terms for violations of its many prohibitions.¹¹⁸ A key aim of the law is to ensure that organisations working in Myanmar have no contact with "terrorists". If even partially enforced, the draconian legislation will further constrict the space for humanitarian work.

Given the likelihood of protracted conflict, aid organisations will need to find alternative channels for reaching conflict-affected people. In regime-controlled areas, local civil society organisations are best placed to deliver assistance, as they operate under much less scrutiny and can often find ways around the regime's restrictions. Many have reverted to pre-2011 methods of operating, relying on *hundi* transfers to get funds and focusing on humanitarian aid rather than development or more overtly political activities. They have also begun coordinating better, forming geographic rather than thematic networks in order to maximise their capacity to deliver aid.

¹¹³ See, for example, "Should the United Nations engage with the junta?", DVB, 17 September 2022; "Opinion: Myanmar activists are attacking the wrong target", Deutsche Welle, 24 September 2022; and "Myanmar civil society is right to criticize the UN on aid distribution", *The Irrawaddy*, 27 September 2022.

¹¹⁴ Maung Aung Myoe, *Building the Tatmadaw: Myanmar Armed Forces since 1948* (Singapore, 2009). See also Crisis Group Briefing, *Taking Aim at the Tatmadaw*, op. cit.

¹¹⁵ "Chairman's Statement on ASEAN Leaders' Meeting", ASEAN Secretariat, 24 April 2021.

¹¹⁶ "Nippon Foundation's 55,000 rice bags not yet distributed as military's prohibition continues", Narinjara, 1 August 2022.

¹¹⁷ "Junta bans aid groups from 6 townships in Rakhine State", RFA, 16 September 2022.

¹¹⁸ The law's English version was published in daily excerpts in Myanmar's state-run newspaper, the *Global New Light of Myanmar*, from 29 October to 5 November. For further discussion, see "Myanmar could face aid 'catastrophe', experts warn, after junta law change", *The Guardian*, 3 November 2022.

More capable local organisations are stepping up in place of international NGOs, acting as a conduit for funds to small but nimble implementing partners.¹¹⁹ In border areas, particularly between Myanmar and Thailand, there are well-established networks that have proven adept at delivering humanitarian aid.¹²⁰

Meanwhile, with military-controlled territory shrinking, new, resistance-run governance structures are emerging in central Myanmar's Magway and Sagaing Regions, as well as Chin and Kayah States. The NUG, for example, has established administrative bodies, often referred to as People's Administration Teams, in parts of around two dozen townships.¹²¹ Although these remain embryonic, they represent another potential channel for reaching populations in conflict areas, and at the same time complement the work of local organisations because resistance forces ensure security for their aid activities. In border areas, ethnic armed groups, particularly the KNU, have delivered a range of services for years. They are now struggling to support tens of thousands of internal refugees fleeing conflict in other parts of the country.¹²²

¹¹⁹ Crisis Group interviews, international NGO head, July 2022; civil society organisation leader, September 2022.

¹²⁰ "Paths of Assistance: Opportunities for Aid and Protection along the Thailand-Myanmar Border", Refugees International, 12 July 2022.

¹²¹ In April, the NUG said People's Administration Teams were reportedly active in 36 townships across Sagaing and Magway Regions. They likely administer only a small number of villages in these townships, however. See "Is 'people's administration' working?", *op. cit.*

¹²² For background, see Kim Jolliffe, "Ethnic Conflict and Social Services in Myanmar's Contested Regions", The Asia Foundation, June 2014.

VI. Recommendations

Myanmar's anti-coup forces have raised sufficient funds to sustain their struggle, preventing the regime from consolidating its hold on many parts of the country, but nowhere near enough to threaten the military's grip on national power. With little or no prospect of foreign governments bankrolling the battle against the junta, options are very limited, especially as both locals and the diaspora will struggle to give more in light of domestic and global economic conditions. The NUG and other anti-military groups could explore other avenues – for example, widening their donor network abroad outside the diaspora – but even if that gambit succeeds, it is unlikely to bring in enough money.

At the same time, there is little prospect that the anti-coup forces will stop trying to raise money or that sympathisers inside and outside Myanmar will cease their giving, even if the amounts start to shrink. Given that the regime has already retaliated against contributors, it is important to shield these people from its scrutiny to the degree possible. Anti-junta forces and financial institutions can both take steps to better protect contributors.

The NUG has shown a level of savviness to find workarounds for regime restrictions, including willingness to leverage new technologies. In some cases, however, such as the adoption of the cryptocurrency Tether, these efforts have not been as successful as they could have been. There is no lack of experts, both Myanmar nationals and foreigners, willing to provide advice on how new technologies could keep contributors safe; closer engagement with such experts on product design would enable the NUG to avoid missteps, particularly regarding data security. In June, a data breach resulted in junta reprisals against an NUG-affiliated school, undermining confidence in the NUG's digital security; a similar incident involving any of its fundraising activities would be hugely damaging.¹²³

For their part, financial institutions based in the country generally have little choice but to follow the regime's instructions. Given the consequences people associated with resistance forces face at the junta's hands, they should limit their actions to carrying out orders they receive – for example, to freeze or shut down particular accounts – and not proactively seek to identify the accounts of resistance groups or donors, or suspicious transfers, as some appear to have been doing.

Similarly, foreign financial regulators and banks should not actively seek to stop donations and other financial flows to the NUG and resistance forces. Despite what the regime claims, they are not terrorist organisations, and no one should treat them as such when they use the international financial system. For the same reason, foreign governments should not try to prevent diaspora communities from raising funds for causes in Myanmar or sending them into the country. If they were to do so, they would alienate anti-junta forces and ordinary Myanmar people who, furious as they are about the regime's brutality, also bristle at the world's response to date. The resistance

¹²³ In June, the Kaung for You Federal Private School opened online enrolments and reportedly received 100,000 applications. Just weeks later, parents of some enrolled children received phone calls threatening to release their personal information if they did not pay money; in July, the school's founder and dozens of teachers were arrested. "At least 30 teachers detained following data leak and arrest of NUG-linked school founder", *Myanmar Now*, 20 July 2022.

would likely view any foreign government measures to inhibit its fundraising as de facto support for the junta.

In that same vein, neither Myanmar nor foreign companies should support, either directly or indirectly, the regime's efforts to monitor financial flows or collect data on individuals (such as through the e-ID scheme). Foreign companies should also take care not to inadvertently sell the regime technology that it ends up using for these purposes.

The FATF decision to blacklist Myanmar poses risks to those moving funds for not only armed struggle but also business and humanitarian activities. The impact of blacklisting will depend largely on how international banks implement the call for "enhanced due diligence". Banks handling transactions to Myanmar should heed the FATF's recommendation, declining to disrupt remittances or transfers for humanitarian and non-profit work. At future plenary meetings, the FATF should uphold this recommendation and avoid calling for countermeasures, as these would likely harm ordinary Myanmar people and businesses more than the regime.

The FATF should also reconsider its engagement with the regime, particularly its encouragement for Naypyitaw to stick to its action plan. Some of the measures the anti-money-laundering body has urged, such as the registration and supervision of *hundi* operators, could help the regime crack down on resistance forces; similarly, the junta could claim progress in seizing criminal proceeds, another FATF recommendation, by pointing to the funds it has frozen from resistance groups and donors. Given the risk of abetting the military's repression, foreign institutions should not provide technical support for following through with FATF recommendations.

The regime's tightening of restrictions on humanitarian organisations, including their access to funds, presents aid organisations with difficult decisions. For UN agencies and international NGOs, the cost of remaining in the country is playing by the regime's rules on access, programming and funding, as well as consuming resources that could be used in other ways. These groups undeniably have a humanitarian imperative to try helping Myanmar's conflict-affected populations. In some cases, there are good reasons to stay in Myanmar and keep dealing with state actors (albeit as little as possible), such as to deliver aid to Rohingya displacement camps. Nevertheless, UN agencies and international NGOs will need to carefully weigh what they can achieve in such a constrained environment, one that for now appears unlikely to become freer in the coming years. They will need to be able to alleviate enough suffering to justify not only the expense of their operations but also the political cost of engaging the regime.

If aid is to reach areas of the country where it is needed most, bilateral and multi-lateral donors, the UN and international NGOs will need to work much more closely with local partners – in what humanitarian agencies refer to as the "localisation" of aid. For all the talk since the "grand bargain", a global agreement concluded in 2016 in part to empower local NGOs, only modest progress has been made to date on this agenda, including in Myanmar.¹²⁴ Today's crisis demands that donors do more in this regard. To the extent possible, they should endeavour to work with local partners

¹²⁴ Adopted at the 2016 World Humanitarian Summit, the "grand bargain" is an agreement between major international donors and humanitarian agencies to improve the effectiveness and efficiency of humanitarian action worldwide. One of the commitments made was to significantly scale up the funding to local and national humanitarian actors.

directly, rather than almost exclusively through international NGOs that subcontract to local ones. But they should avoid transferring all the responsibility to local organisations, instead ensuring that they get the resources they need to manage the risks they are facing. In addition to program funding, they should provide core support to build up the local partners' institutional strength. Localisation also entails recognising the expertise of local organisations, such as by including them in decision-making and coordination platforms.

This process will not be straightforward, particularly given regime restrictions and the lack of strong civil society organisations in parts of the country. The groups in south-eastern and northern Myanmar are well developed, but not in majority-Burman areas such as Sagaing and Magway, in part because these regions have not received significant amounts of international assistance in the past. Nevertheless, aid networks are emerging in these areas to respond to the current crisis, and it is incumbent on international actors to do what they can not only to make use of them but also to strengthen them.

Given the relative inexperience of these organisations, bilateral and multilateral donors will need to be flexible. They may need to adjust the methods they use to transfer money into and around the country, as well as their requirements for local partners' registration status and for reporting. They may also need to grant requests for changes to programming and engagement with armed actors.¹²⁵ Although most donors have tried since the coup to heed their partners' pleas to relax the rigid rules that guide their funding, while still maintaining adequate accountability, some have been more accommodating than others.¹²⁶ International actors need to be ready to alter their policies on short notice, as illustrated by the regime's decision to enact the new Organizations Registration Law. Closer coordination is needed so that donors and local organisations can agree on how to relax the rules in a way that manages risk to donors. But donors are also constrained by rules set back home, and decision-makers in some foreign capitals need to pay more attention to the recommendations of field staff.

Ethnic armed groups may also be able to help scale up aid operations to some extent. Some have well-established administrative and service delivery mechanisms in the areas they control that could help to reach populations in need, primarily in border regions. Most donors have been reluctant to engage with these structures because of their links to armed conflict, but it may be time to reconsider those policies in the name of greater humanitarian access.

The NUG itself could, over time, also evolve into a humanitarian partner. Donors are understandably anxious about the danger that their funds get diverted to military purposes. They argue that there is considerable risk in strengthening the resistance's popularity through aid distribution without guarantees as to how it might behave in the future.¹²⁷ But while it is clearly premature to consider the NUG a responsible humanitarian actor, it could start to build its credibility by strictly segregating funding for its armed operations from service delivery and humanitarian activities. It would

¹²⁵ For example, in some parts of the country, there is often no alternative to relying on cooperation between local aid groups and resistance forces, particularly PDFs, to ensure both aid delivery and aid workers' physical safety. Crisis Group interview, civil society organisation leader, September 2022.

¹²⁶ Crisis Group interviews, aid industry sources, November-December 2022.

¹²⁷ Crisis Group interview, international donor official, November 2022.

need to strengthen its aid delivery mechanisms, in order to demonstrate that any funds donors provide will not go directly to armed struggle. To build trust with donors, it would also need to exhibit high standards of planning, budgeting, implementation and reporting, as well as demonstrate its respect for humanitarian principles.

Finally, there are alternatives to in-country operations. Thailand's restrictions on cross-border aid and the regime's control of main roads mean the delivery of supplies from border areas to central Myanmar will remain very limited; a large-scale humanitarian corridor for aid convoys is likely to remain out of the question for the foreseeable future. But international actors may need to view Thailand and possibly other regional countries as management hubs for cash rather than for goods. They could use a combination of *hundi* networks, formal banking services and couriers physically carrying cash across borders to funnel significant amounts of money into the country for distribution to people who need it.

VII. Conclusion

Against the odds, Myanmar's anti-military forces have managed to raise possibly hundreds of millions of dollars from local and diaspora sources since the February 2021 coup to fund anti-military activities, particularly armed uprisings. They have used social media effectively to energise their support base and attract donations. They have relied on a combination of old and new approaches – from *hundi* to mobile money – to bypass the regime's banking controls. They have also attempted to innovate with cryptocurrencies and the digital kyat, though these efforts have thus far been less successful.

The fact that these fundraising activities have proven resilient despite the safety risks and financial costs involved reflects both the continued refusal of the vast majority of Myanmar's people to accept military rule and the junta's inability to cut off the flow of funds to the resistance. To be sure, the regime's banking restrictions and its brutal treatment of those it accuses of supporting resistance forces have had an impact on donations, making it harder to move funds. But the prospects that the regime will starve resistance groups of funding are slim. The ubiquity of unregulated *hundi* transfers makes it all but impossible for the regime to stop funding from getting through, and some resistance groups are already shifting from crowdfunding to more regular income streams. Donors and international NGOs could use similar systems to circumvent regime restrictions on their aid distribution, so as to alleviate the suffering inflicted by the country's crisis.

Yangon/Melbourne/Brussels, 20 December 2022

Appendix A: Map of Myanmar



Appendix B: About the International Crisis Group

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

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

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

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

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

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

Crisis Group receives financial support from a wide range of governments, foundations, and private sources. The ideas, opinions and comments expressed by Crisis Group are entirely its own and do not represent or reflect the views of any donor. Currently Crisis Group holds relationships with the following governmental departments and agencies: Australian Department of Foreign Affairs and Trade, Austrian Development Agency, Canadian Department of National Defence, Danish Ministry of Foreign Affairs, Dutch Ministry of Foreign Affairs, European Union Emergency Trust Fund for Africa, European Union Instrument contributing to Stability and Peace, Finnish Ministry of Foreign Affairs, French Development Agency, French Ministry of Europe and Foreign Affairs, Global Affairs Canada, Irish Department of Foreign Affairs, Japan International Cooperation Agency, Ministry of Foreign Affairs of the Principality of Liechtenstein, Luxembourg Ministry of Foreign and European Affairs, Norwegian Ministry of Foreign Affairs, Qatar Ministry of Foreign Affairs, Swedish Ministry of Foreign Affairs, Swiss Federal Department of Foreign Affairs, United Arab Emirates (Ministry of Foreign Affairs and International Cooperation and Anwar Gargash Diplomatic Academy), United Nations Development Programme, United Nations World Food Programme, UK Foreign, Commonwealth and Development Office, and the World Bank.

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Chevron
Edelman UK & Ireland
Eni
Equinor
Ninety One
Tullow Oil plc
Warburg Pincus

INDIVIDUAL

(3) Anonymous
Mark Bergman
Stanley Bergman & Edward Bergman
Peder Bratt
Lara Dauphinee
Herman De Bode
Ryan Dunfield
Tanaz Eshaghian
Seth & Jane Ginns
Ronald Glickman
Geoffrey R. Hoguet & Ana Luisa Ponti
Geoffrey Hsu

David Jannetti
Faisel Khan
Cleopatra Kitti
Samantha Lasry
Jean Manas & Rebecca Haile
Dror Moreh
Lise Strickler & Mark Gallogly
Charitable Fund
The Nommontu Foundation
Brian Paes-Braga
Kerry Propper
Duco Sickinghe
Nina K. Solarz
Raffi Vartanian

Ambassador Council

Rising leaders from diverse fields who contribute their perspectives and talents to support Crisis Group's mission.

Christina Bache
Aliou Bah
Amy Benziger
James Blake
Thomas Cunningham
Matthew Devlin
Sabrina Edelman
Sabina Frizell
Sarah Covill
Lynda Hammes
Joe Hill
Lauren Hurst

Reid Jacoby
Tina Kaiser
Jennifer Kanyamibwa
Gillian Lawie
David Litwak
Madison Malloch-Brown
Megan McGill
Hamesh Mehta
Clara Morain Nabity
Gillian Morris
Duncan Pickard
Lorenzo Piras

Betsy (Colleen) Popken
Sofie Roehrig
Perfecto Sanchez
Rahul Sen Sharma
Chloe Squires
Leeanne Su
AJ Twombly
Theodore Waddelow
Zachary Watling
Grant Webster
Sherman Williams
Yasin Yaqubie

SENIOR ADVISERS

Former Board Members who maintain an association with Crisis Group, and whose advice and support are called on (to the extent consistent with any other office they may be holding at the time).

Martti Ahtisaari
Chairman Emeritus

George Mitchell
Chairman Emeritus

Thomas R. Pickering
Chairman Emeritus

Gareth Evans
President Emeritus

Kenneth Adelman
Adnan Abu-Odeh
HRH Prince Turki al-Faisal
Celso Amorim
Óscar Arias
Richard Armitage
Diego Arria
Zainab Bangura
Nahum Barnea

Kim Beazley
Shlomo Ben-Ami
Christoph Bertram
Lakhdar Brahimi
Kim Campbell
Jorge Castañeda
Joaquim Alberto Chissano
Victor Chu
Mong Joon Chung
Sheila Coronel
Pat Cox
Gianfranco Dell'Alba
Jacques Delors
Alain Destexhe
Mou-Shih Ding
Stanley Fischer
Carla Hills
Swanee Hunt

Wolfgang Ischinger
Aleksander Kwasniewski
Ricardo Lagos
Joanne Leedom-Ackerman
Todung Mulya Lubis
Graça Machel
Jessica T. Mathews
Miklós Németh
Christine Ockrent
Timothy Ong
Roza Otunbayeva
Olara Otunnu
Lord (Christopher) Patten
Fidel V. Ramos
Olympia Snowe
Javier Solana
Pär Stenbäck