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# **Integrated Approaches to Addressing Drugs and Development Challenges in Myanmar's Borderlands**

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## About UNRISD's DEEPEN Working Paper Series

This paper is part of a series of outputs from the UNRISD research project on the Development-Environment-Peace Nexus (DEEPEN) in Borders and Borderlands.

The project has the following objectives:

- Facilitate the exchange and co-production of knowledge and experiences on development, environmental protection and peace-making in borders and borderlands
- Contribute to setting an agenda for an integrated and transformative approach to borders and borderlands
- Deepen understanding and enrich discussions around the dynamics and synergies between development, environment and peace in borders and borderlands
- Help policy decision makers and practitioners imagine and design development cooperation programmes and projects that respond to the specificities of borders and borderlands.

The working papers in this series present case studies selected to reflect diversity in terms of geography, culture, history and political systems. In addition to incorporating gender as a key lens of analysis, the series features case studies specifically dealing with women and girls in borders and borderlands.

Lessons drawn out from the case studies through comparative analysis highlighted the successes and difficulties of implementing integrated approaches and helped to identify opportunities and challenges for policies and practices that integrate the development, environment and peace dimensions in borderlands. Findings and lessons from the case studies were synthesized to produce the Guidelines on the Integrated Approach to Development Projects in Borderlands—the main publication output of the project.

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## Abstract

Policymakers have placed growing weight on the importance of integrated approaches for tackling complex development challenges. There have also been increased calls to focus attention and resources on addressing the specific challenges posed by borderland regions, considering that protracted armed conflict, chronic poverty, humanitarian emergencies, state failure, and unregulated and environmentally damaging economic activities are often concentrated in these spaces. In light of these complex and multi-faceted challenges, this paper analyses two international interventions that aimed, in different ways, to integrate drugs-related and development goals in the conflict-affected Myanmar-China borderlands. The first of these interventions is an alternative development programme implemented by the UN Office on Drugs and Crime (UNODC). This programme has sought to combine efforts to reduce opium cultivation with a wider set of rural development strategies aimed at tackling poverty, promoting gender equality, and strengthening environmental protection. The second intervention is a large-scale opium substitution programme (OSP) funded by the Chinese government, which claims to tackle drug production through initiating a wider process of economic development and transformation in marginalized upland borderlands.

Based on a detailed analysis of these two programmes, this paper highlights the need for integrated approaches to embed a stronger political economy analysis. It emphasizes that any kind of intervention will be shaped by power relations and competing sets of interests and must understand and be resilient to these pressures. The paper provides several key insights to guide programmes in this direction. First, integrated borderland development programmes should be underpinned by a robust and prior analysis of the context in which they are to be implemented. Second, integrated development programmes need to acknowledge, identify, and manage inherent and newly-emerging tensions and trade-offs between policy goals explicitly and honestly, rather than assuming 'all good things come together'. Finally, policymakers and practitioners need to assess the interests of different stakeholders involved in integrated programmes to determine how these interests affect the ways that programmes are designed and implemented and their outcomes.

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# 1. Introduction

In recent years, policymakers have placed a growing emphasis on the importance of ‘integrated approaches’ for tackling complex development challenges. Integrated approaches that can work across different sectors and engage multiple stakeholders are viewed as offering new ways to address interconnected economic, social and environmental issues. At the same time, policymakers have started to focus more attention and resources towards addressing the specific challenges posed by borderland regions, highlighting that protracted armed conflict, chronic poverty, humanitarian emergencies, state failure, and unregulated and environmentally damaging economic activities are often concentrated in these spaces. In light of these complex and multi-faceted challenges, there is a strong need for borderland development programmes to work in a careful, holistic, and better-integrated way.

However, policymakers and practitioners often face major challenges when intervening in borderlands – especially those affected by protracted armed conflict. These are spaces where state presence can be weak and fitful, sovereignty is highly fragmented, and the risk of violence can limit the time that can be spent in the field developing and implementing interventions. Programmes also face the challenges of how to understand and navigate borderland societies defined by cultural, ethnic, linguistic and institutional diversity.

Considering that some of the world’s poorest and most marginalised populations live in conflict-affected borderlands, finding ways to engage more effectively with the development challenges facing these regions will be key if the SDG aspiration to ‘leave no one behind’ is to be realised. This requires developing a new knowledge base on how integrated development programmes have been implemented in practice, the challenges they have faced and the effects they have had, and how these insights can inform future efforts to address development, peacebuilding and environmental challenges in borderlands.

This paper aims to support this research agenda by analysing two programmes that have sought to respond to the interconnected challenges of poverty and illegal economies in conflict-affected regions of Myanmar’s eastern borderlands with China and Thailand. This region is home to one of the world’s longest-running armed conflicts and borderland populations face chronic poverty with many lacking even basic food security. It is also a major site of illegal drug production, including both opium (most of which is converted into heroin in the country’s borderlands) and methamphetamines. The paper focuses on two international interventions that have – in different ways – aimed to integrate drugs-related and development goals. The first of these interventions is an ‘alternative development’ programme implemented by the UN Office on Drugs and Crime (UNODC) that has sought to combine efforts to reduce opium cultivation with a wider set of rural development strategies aimed at tackling poverty, promoting gender equality, and strengthening environmental protection. The second of these interventions is the large-scale ‘Opium Substitution Programme’ (OSP) funded by the Chinese government, which has been implemented in northern Myanmar and Laos. This programme claims to tackle drug production through initiating a wider process of economic development and transformation in

marginalised upland borderlands. The OSP has been framed as a way to achieve multiple objectives: reducing drug supply, alleviating poverty, and addressing public health concerns in China caused by rising levels of drug use. Both programmes represent a shift away from security-driven drug control programmes which have traditionally concentrated resources on crop eradication, strict border control and criminalisation of farmers that cultivate drug crops (Coyne, Blanco and Burns 2016; Keefer and Loayza 2010; Rosen 2014). Instead, these programmes have approached illicit drug economies as a development challenge and have set out to integrate various drugs and development policy goals.

**Section 2** provides a brief overview of the growing emphasis amongst development policymakers on the need for integrated approaches, and the importance of targeting borderlands. **Section 3** then relates these broader policy shifts to recent efforts to integrate drugs and development policy. It provides case study analysis, first of the UNODC's alternative development programme in southern Shan State and second of China's Opium Substitution Programme in northern Shan State and Kachin State. Following a brief overview of these two programmes, the paper analyses the impacts that these programmes have had and key insights that each programme provides for broader debates regarding integrated approaches to development in borderland regions.<sup>1</sup> **Section 4** brings together these insights to provide a set of emerging implications for strengthening integrated approaches to projects associated with borders and borderlands.

Policy debates on integrated development approaches have emphasized the need for both “an improved evidence base” to assess the impact of integrated programmes and to apply this learning to decision-making, and “a paradigm shift in the global development architecture” to ensure that sufficient funding and evaluation mechanisms are in place to support integrated approaches (FHI 360 2015:3). In line with the author's expertise on Myanmar's borderlands with extensive fieldwork experience, the insights presented in this paper focus on the first of these needs. Notwithstanding the importance of analysing global development architecture, this paper focuses on what can be learnt from studying how integrated development programmes have been designed and implemented at a localised level in borderlands and the insights this offers for providing a stronger evidence base for current debates on how to advance integrated approaches to development challenges in borderlands.

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<sup>1</sup> Case study analysis draws on interviews conducted by the author in Myanmar's borderlands between 2016 and 2020 and from an extensive dataset on drugs, conflict and development issues in Myanmar's borderlands that has been produced as part of a major research programme led by SOAS University of London, entitled '*Drugs and (Dis)order: Building peacetime economies in the aftermath of war*' (2017-2022). This dataset includes interviews with rural populations (including farmers involved in illicit drug cultivation), local political authorities (state and non-state), civil society organisations, business people, local and international NGO staff and policymakers. The interview list is provided at the end of the paper. More information on the Drugs and (Dis)order research programme can be found on the programme's website: <https://drugs-and-disorder.org/> This research programme was funded the UK Economic and Social Research Council (ESRC), UKRI award no. ES/P011543/1, 2017-2021, as part of the Global Challenges Research Fund. Some of the research underpinning this report was also supported by an earlier ESRC research grant led by the author entitled, Building sustainable peacetime economies in the aftermath of war [Grant number: ES/P009867/1]. The author would like to thank other members of the GCRF project, especially Jonathan Goodhand, Mandy Sadan, a team of researchers at Shan Herald Agency for News (SHAN) led by Sai Aung Hla, and a team of researchers at Kachinland Research Centre (KRC) led by Dan Seng Lawn.



## 2. Integrated approaches to development in borderlands: A rising policy agenda

Integrated approaches to development can be defined as “as an intentional approach that links the design, delivery, and evaluation of programs across disciplines and sectors to produce an amplified, lasting impact on people’s lives” (FHI 360 2015:3). As highlighted in the Guidelines generated by this project, integrated approaches should aim “to identify and address cross-cutting issues that transcend the established boundaries of policy field, domain or sector” (Yi and Nassali with Lee, 2022, p.7) by adhering to four key elements:

1. understanding and identifying interdependencies between two or more policy domains, issues, interests, stakeholders and beneficiaries;
2. intention to attain objectives of two or more policy domains;
3. creation of means of cooperation and coordination between different considerations, issues, and stakeholders across different policy domains;
4. creation of the instrument of policy appraisal such as impact assessments for measuring the level of integratedness of the project.”

Integrated approaches have become an important pillar of the 2030 Development Agenda and the Sustainable Development Goals (SDGs) are explicitly framed as integrated and indivisible; they are built around the need for policy integration as a means of balancing the three dimensions of sustainable development: the economic, social and environmental. The SDGs’ commitment to an integrated approach is partly in response to the view that the Millennium Development Goals (MDGs) had paid insufficient attention to the synergies and trade-offs between different development goals and the tendency for programmes to focus attention primarily on individual MDGs (Le Blanc 2015). The worsening climate crisis has also highlighted the need to confront the linkages between poverty, conflict and environmental issues considering the tensions that exist between rapid economic growth and environmental sustainability, and the fact that environmental pressures are generating new drivers of poverty and conflict.

In response, the UN has set out a vision of integrated development as “[a]n approach to development that targets systems – not just thematic sectors – to address all aspects of a complex challenge, including its root causes and its ripple effects across economies, societies and natural ecosystems...[and] to go from knowing that complex development challenges require integrated approaches to *‘doing’ integration* and leading systems change on a daily basis” (UNDP n.d.). As can be seen in this definition, an integrated approach entails two distinct aspects: first, an **‘outward-looking’ or context-focused approach** that assesses how different development challenges are interconnected. and the need this creates for responses to consider how they can best navigate and address wider systems and structures to address ‘root causes’ of underdevelopment. Second, an **‘inward-looking’ or programme-focused approach** that focuses on ‘doing integration’ – i.e. how to design and implement programmes that address multiple objectives, cross-cut different sectors and involve multiple stakeholders and partners.

A core argument of this paper is that the current policy agenda to strengthen integrated approaches to development need to pay greater attention to embedding an 'outward-looking' approach that is attuned to the contexts in which they are working. The focus on 'doing integration' has meant that greater attention has been given to an inward-looking approach of how to design better-integrated programmes, but this has often meant that programmes are insufficiently attuned to the complex ways in which different development challenges are entangled and the tensions and trade-offs that this subsequently creates between different policy goals.

The emphasis given to integrated development is reflected across a wide set of donor initiatives and strategizing. The *New Way of Working* launched at the World Humanitarian Summit in 2016 explicitly called for the need to better integrate humanitarian and development programmes (UN OCHA 2017). The UN has increased funding for programmes aimed at integrated peacebuilding and development through the UN Peacebuilding Commission and Peacebuilding Fund. The joint UN-World Bank work on *Pathways for Peace* has emphasised the need for better-integrated development and peacebuilding plans that bring together development, security, humanitarian, and political actors to respond to complex interrelated risks spanning poverty reduction, disaster risk reduction, social service delivery, and environmental management (UN and World Bank 2018).

Alongside the focus on 'integrated approaches' to development, there has also been a growing call amongst major multilateral donors to address development challenges in borderlands. This reflects a recognition that borderlands are often sites of particularly complex and protracted violence, chronic poverty, weak institutions, and inadequate service provision. Indeed, even in countries that are relatively stable and are ostensibly defined as at peace, borderlands can remain chronically violent places where some of the world's most vulnerable populations continue to live with high levels of instability, insecurity, and human rights abuses.<sup>2</sup> Heightened policy interest in borderlands also reflects concerns that these regions are often central to regional conflict systems and are the source of worsening non-traditional security threats (transnational crime such as drugs and human trafficking, unregulated migrant flows, and health risks such as drug-resistant strands of HIV) that have global ramifications.

In the context of borderlands, the notion of integrated approaches to development has two quite distinct meanings. The first of these can be understood as '**programmatic integration**'. Programmatic integration emphasises the need to develop policies and programmes that address interconnected development challenges in a holistic way rather than in silos. It focuses on identifying interdependencies between different policy goals, establishing partnerships across

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<sup>2</sup> These dynamics of geographically uneven conflict and development are particularly stark across Asia. Broadly, the continent has experienced a spectacular economic rise, defined by high growth rates, rapid urbanisation, and vast numbers lifted out of poverty. Yet, alongside rapid development, many of the continent's borderland regions continue to experience significant levels of violence, insecurity, and chronic poverty. For example, more than half the countries of South and Southeast Asia continue to be affected by subnational conflicts with strong transborder dynamics. Since the mid-2000s, 60 percent of the world's sub-national conflicts have taken place in Asia and an estimated 131 million people currently live in these conflict-affected areas (Asia Foundation, 2013)

sectors, and innovating in project design, implementation, management, and evaluation to ensure that different policy goals can be pursued simultaneously and in ways that will be mutually reinforcing. For example, finding ways to tackle poverty that will also serve to reduce armed conflict, promote peace, and address gender inequalities.

Programmatic integration is viewed as particularly important in borderlands because these are often places where multiple conflict, development, environmental and humanitarian challenges interconnect. A key focus has been the need to better integrate development and peacebuilding, underpinned by the (contested) argument that economic development can bring peace. A focus on borderlands has become an important component of the UN's Peacebuilding and Sustaining Peace Agenda since 2015 (UN 2022:3). Indeed, the UN's Peacebuilding Fund has prioritised support for "cross-border and regional investments to help tackle transnational drivers of conflict", acknowledging that many conflicts emerge in borderlands which have been "marginalized from development progress for generations" (UN 2017). Similarly, the joint UN-World Bank's (2018) *Pathways for Peace* emphasises the need to "target border and periphery areas...where grievances and violence may be more likely to exist" and argues that promoting development in borderlands through investing in infrastructure, trade, improved regional connectivity and service provision can have an important peace dividend by reducing "perceptions of grievance and exclusion" (UN and World Bank 2018). Various programmes have been launched in recent years, funded by the UN, World Bank, EU, African Union and Asian Development Bank, with a specific focus on addressing borderland challenges.

The emphasis given to finding more effective ways to respond to protracted conflict and poverty in borderlands also reflects the fact – acknowledged by many of these programmes – that the development sector has traditionally been ill-equipped to address borderland challenges. Development donors and programmes tend to view the world through a nation-state framework and have long been structured to work within national boundaries. This has undermined their ability to grapple with cross-border dynamics. The way that the development sector is organised has also limited understanding of the complexities of borderland regions. The division of the world into country teams, the centrality of partnerships between donors and central governments, the focus on national planning and budgeting processes, the location of country offices in capital cities, and the use of English or national languages has often led policymakers and practitioners to suffer from "borderland blindness" (Goodhand 2014). Borderland perspectives are filtered out of development planning and implementation, and programmes are subsequently ill-equipped to respond to the challenges of working in borderland environments where state authority is fitful and contested, sovereignty is fragmented and where borderland societies comprise diverse cultures, ethnic affiliations, languages, and regulatory systems (such as the use of customary laws alongside national legal systems).

The notion of integrated approaches to development in borderlands also has a second meaning, namely that of **spatial integration**. This approach focuses on the need to devise programmes that can integrate borderlands into state structures and markets. Dominant policy narratives frame poverty, underdevelopment and conflict in borderlands as a consequence of their marginality and their lack of political and economic integration into states and markets. In line

with classical and neoclassical growth theory (Solow 1956; Barro and Sala-i-Martin 2004; Krugman 1998; Fujita et al. 2001), policymakers claim that improved economic integration and connectivity will promote development in the margins and stimulate economic convergence. For example, in the 2009 World Development Report, *Reshaping Economic Geography*, the World Bank championed this approach to tackling uneven development, prescribing investments in infrastructure and the free movement of capital, goods and people as a way to offset remoteness and to enable 'lagging regions' to catch-up with 'leading areas' (World Bank 2009). This approach has also been reinforced in the 2020 World Development Report (World Bank 2020; See also: Asian Development Bank 2015; Petri et al. 2014).

The two case studies analysed in this paper have sought to address drugs and development issues in Myanmar's borderlands through strengthening both programmatic integration and spatial integration.

### **3. Integrated approaches to addressing drugs and development challenges in Myanmar's borderlands**

#### **Myanmar's conflict- and drug-affected borderlands**

Myanmar is the largest country in mainland Southeast Asia with a population of about 53 million people. It shares extensive borders with Bangladesh, India, the People's Republic of China (incorporating Tibet), Laos, and Thailand. The country's borderlands are home to some of the longest-running armed conflicts in the world between Myanmar's central government and an array of ethnic armed organisations that have sought to resist attempts by successive post-colonial governments to centralize power across the country's ethnically diverse borderlands and to impose a racialized national ideology entrenching the dominance of the country's ethnic majority Bamar population. The armed conflicts persist to this day, despite various ceasefires and attempts at peace negotiations, and have intensified since the Myanmar military coup in February 2021. The country's borderlands are sites of fragmented sovereignty as authority is contested between an array of armed groups, including the Myanmar Army, ethnic armed organisations, pro-government militias, and local strongmen. Landmines pose a persistent threat to those living in conflict-affect areas and conflict flare-ups continue to displace hundreds of thousands of people each year.

Following a series of ceasefires between the Myanmar government and various ethnic armed organisations in the late 1980s and early 1990s, Myanmar's borderlands have experienced rapid change. A series of political and economic reforms and new land laws and foreign investment laws opened up Myanmar's resource rich borderlands to new forms of investment. This reflected a broader trend across Southeast Asia to turn "battlefields into markets" in which borderlands were increasingly "reimagined as resource-rich, unexploited wastelands targeted for large-scale development schemes for economic integration and control" (Eilenberg 2014:157). In Myanmar, a distinct model of borderland 'development' emerged which focused on resource extraction (especially logging and mining) and large-scale land concessions for agribusinesses. This development model concentrated business opportunities in the hands of a small clique of crony

companies linked to Myanmar Army elites, as well as leaders of ceasefire groups and army-backed militias, often backed by foreign (predominantly Chinese) investors (Woods 2011; TNI 2013; Meehan and Dan 2022). Under this system, vast amounts of wealth have been extracted from Myanmar's borderlands in ways that have exacerbated inequality, wrought massive environmental damage, and generated new drivers of armed conflict. Chronic poverty is widespread with many households struggling to cover even basic food security. Welfare provision is very limited after decades of underinvestment in health and education services, especially in ethnic-minority conflict-affected areas.

Myanmar's borderlands with China and Thailand are also one of the world's major illicit drug-producing regions. Myanmar is the world's second largest producer of illicit opium after Afghanistan. The vast majority of the opium crop is cultivated in Shan State where at least 130,000 households (one in nine) rely on the drug crop for their livelihoods (UNODC 2019). Opium is refined into morphine base or heroin within the country's borders with the vast majority then trafficked to neighbouring China. In recent decades, Myanmar's eastern borderlands have also become the epicentre of Asia's methamphetamines trade, producing billions of meth pills annually as well as higher-grade crystal methamphetamine. Drug use has become a cause of increasing concern within Myanmar and across Asia, and harsh drug control policies have become a populist issue in many Asian countries under the mantra of achieving 'drug-free societies' (IDPC 2019; Lasco 2020).

There have been significant efforts to address Myanmar's booming illicit drug economy. In recent years, these efforts have moved beyond security approaches, focused on crop eradication, criminalization and strict border controls, and have instead emphasised the need to integrate drugs and development issues. The remainder of this paper now provides case studies of two interventions in Myanmar's borderlands that have been framed as integrating drugs and development in their design and implementation. The first of these is an alternative development programme implemented in southern Shan State by the UNODC and supported by various western donors. The second case study focuses on China's opium substitution programme (OSP) in northern Myanmar.

## **Case 1: Integrating drugs and development: UNODC's alternative development programme in Shan State, Myanmar**

### **A widening policy agenda for integrating drugs and development**

In recent years there have been growing calls amongst western policymakers to re-think the 'War on Drugs' and to focus on integrating drugs and development policy in drug-producing regions of the Global South. This policy agenda has been underpinned by efforts to move away from treating drug cultivation as a criminal and security issue, and to instead approach tackling cultivation as a development challenge (Buxton 2015; Brombacher and Westerbarkei 2019; Alimi 2019; Gillies et al. 2019; GIZ 2013). "Development-oriented drug policies" (UNODC 2016:25) have sought to link drug policy to the Sustainable Development Goals (SDGs) by emphasising the need for a more holistic and integrated approach to drug control focused on tackling

poverty, supporting rural development, addressing economic marginalization and promoting secure and sustainable livelihoods in the legal economy.

Efforts to integrate drugs and development approaches have been founded upon a longer-standing concept of 'alternative development' in the field of drug policy. This concept has been around for more than forty years, although previous alternative development programmes have often been criticised for the prioritisation they gave to drug crop eradication – which was often being a pre-requisite for households to access support and was the key measure of 'success' – and their failure to adopt a wider development agenda to tackle the root causes of rural poverty that pushed farmers into drug cultivation (Alimi 2017; Mansfield 2020). However, notwithstanding these critiques, the concept of alternative development provided a useful starting point for more substantive and ambitious efforts to integrate drugs and development policy, and to move away from a narrow focus on crop substitution towards a more holistic approach aimed at reducing drug cultivation through promoting sustainable development.

In 2008, the *UN Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug Problem* marked a distinct shift towards more development-oriented approaches by explicitly acknowledging the need to recognize that “poverty and vulnerability are some of the factors behind illicit drug crop cultivation” and the need for Member States to increase long-term investment focused on “the sustainability of social and economic development and poverty eradication in affected rural areas”.

This tone was re-asserted in the *UN Guiding Principles on Alternative Development* that were adopted by the General Assembly in 2013. The decision to convene a UN General Assembly Special Session (UNGASS) on the world drug problem in 2016 provided a major impetus for calls to treat drugs as a development issue and to integrate drugs and development policies. Crucially, UNGASS emerged in parallel with the 2030 Agenda for Sustainable Development. This played a key role in creating policy space for more development-oriented drug policies and calls for stronger integration between drug policies and the SDGs. This was reflected in the 2016 UNGASS outcome document, which emphasised that “efforts to achieve the Sustainable Development Goals and to effectively address the world drug problem are complementary and mutually reinforcing” and require “a comprehensive, integrated and balanced approach.” This approach, the statement went on, required “comprehensive strategies aimed at alleviating poverty and strengthening the rule of law, accountable, effective and inclusive institutions and public services and institutional frameworks, as appropriate, and by promoting sustainable development aimed at enhancing the welfare of the affected and vulnerable population through licit alternatives.” These shifts in global drug policy have created more scope for programmes and funding traditionally associated with drug control to operationalise approaches aimed at integrating drugs and development goals.

### **The UNODC's alternative development coffee programme in Shan State, Myanmar**

In 2012, UNODC Myanmar sought to mobilise funding for a sustainable alternative development programme in southern Shan State, Myanmar. Historically, illicit opium cultivation had been concentrated in eastern and northern Shan State. However, since the early 2000s opium

cultivation expanded significantly in parts of southern Shan State. Regions surrounding the Shan state capital of Taunggyi were now one of the country's major opium-growing areas (Meehan 2021; Meehan 2022; TNI 2014).

The political and economic reforms that had been launched in Myanmar following the 2010 General Election led to the removal of the majority of sanctions on the country and there was renewed interest from donors in supporting development programmes in Myanmar.<sup>3</sup> In 2011, the Myanmar government launched a formal peace process, which was swiftly followed by a number of ceasefires with ethnic armed organisations (EAO), including with the Restoration Council of Shan State (RCSS), the largest EAO in southern Shan State. This ceasefire brought greater stability to southern Shan State and opened political space for negotiations between the UNODC, the Myanmar government and the RCSS on drug control.

In 2014, the UNODC established a sustainable alternative development programme in three project sites in Hopong, Loilem and Ywangan townships in southern Shan State with funding provided by the German and Finnish governments. This initiative formed the main component of UNODC's sub-programme on 'Sustainable Livelihoods and Development in Myanmar' (2014-2019). The programme is structured around integrating five core goals:

1. **Reducing opium cultivation:** In line with UNODC's core mandate to reduce drug supply, the programme has sought to promote coffee as an alternative crop to opium and has worked with approximately 1,000 farmers across 55 villages in three townships. The programme has provided farmers with extensive support by subsidising almost all start-up costs for fertilisers, seeds and pesticides and has also provided farmers with training in coffee cultivation (Interview 1). Previous alternative development schemes in Myanmar had failed because there was no market for the crops that farmers produced.<sup>4</sup> To address this issue, the UNODC also played an instrumental role in brokering an agreement with a French coffee company, Malongo, which in 2017 committed to purchasing coffee from farmers involved in the UNODC programme for at least five years with a minimum price guarantee to shield from volatile global coffee prices (Interview 1).
2. **Sustainable livelihoods:** The programme also established a coffee producers cooperative, called Green Gold Cooperative (GCC), which included all farmers that participated in the scheme. This initiative aimed to replicate a cooperative model that had been part of various UNODC programmes in South America (Interview 1). GCC has been responsible for managing the agreement with Malongo. This agreement was subject to GCC gaining Fairtrade certification, which it duly did in 2019 with additional funding

<sup>3</sup> In 2011 Myanmar received US\$357 million in development aid (Asia Foundation 2018:6). In 2013, Myanmar became the world's third largest recipient of aid, a meteoric rise from its 79th position in 2010. In 2015, Myanmar received US\$3.4 billion, meaning that aid per capita rose more than tenfold between 2010 and 2015. Development interventions in Myanmar after 2010 were largely framed around supporting what the World Bank dubbed the country's 'triple transition': transition from authoritarian military rule to democratic governance, from a centrally directed economy to a market-oriented economy, and from 60 years of conflict to sustainable peace in the country's border areas (World Bank 2014).

<sup>4</sup> A JICA-led programme sought to substitute opium with buckwheat in northern Shan State and a UNODC programme in southern Shan State sought to substitute opium with potatoes. Neither of these initiatives were sustainable as farmers struggled to find a market for these commodities (Meehan 2016:318-319).

from the Government of Switzerland. UNODC has envisaged the cooperative model as way to strengthen the sustainability of coffee production and to strengthen farmers' bargaining power by linking them directly to buyers. This is a role that has typically been played by agricultural brokers in the rural economy, who take a significant cut from farmers (and often set prices) in return for connecting them to markets. The cooperative was also viewed as a way of strengthening democratic practices and social accountability within the programme and to ensure that coffee could provide a sustainable licit livelihood for farmers.

3. **Poverty reduction:** The programme has also been framed as supporting poverty reduction through promoting sustainable livelihoods for poor and vulnerable households dependent on poppy cultivation. Notably, the programme made some attempts to address land tenure insecurity by leveraging its links with the Myanmar Ministry of Agriculture to support coffee farmers to acquire land tenure certificates on more than 500 hectares of land. Land tenure insecurity has long been a major challenge for rural populations throughout Myanmar – especially amongst the country's ethnic minorities – in light of the fact that the government does not formally recognise customary land tenure systems. Under the country's current land laws, any land that is not formally registered with the government is considered 'vacant' and can be allocated to new buyers regardless of whether the land is being farmed.
4. **Tackling gender inequalities:** Several of the programme's major donors pushed for gender equality to be a core component of the programme. This was subsequently reflected in the programme's efforts to strengthen women's participation in the GCC, including representation on the Cooperative's Board. The programme also sought to ensure that women could also access training and support, and supported women to access land tenure certificates.
5. **Environmental protection through forest conservation:** Myanmar has one of the highest rates of deforestation in the world (third only to Brazil and Indonesia) (FAO 2015). Although this is driven by large-scale logging concessions, opium cultivation has been cited as a cause of deforestation because poppy farmers in upland areas practice shifting cultivation in which forest cover is burnt to create plots for poppy plantation. The UNODC programme has sought to promote forest conservation and reforestation within project villages and has also supported various small-scale initiatives with community forest groups regarding sustainable use of forest products. Coffee is also viewed as a crop that generates forest cover, while the commitment to forest conservation was also highlighted as a poverty alleviation strategy since it is poorer households that often rely on forest products to supplement their diets and income.

Alongside these goals, the programme has also claimed to support **conflict mediation and prevention**. Some of the areas where the programme works (especially Loilem Township) have long been affected by armed conflict and political authority continues to be contested between the government and various ethnic armed organisations and army-backed militias. The programme has sought to demonstrate a 'peace dividend' by showing the benefits to local populations that have been made possible by the wider peace process that was launched in 2011 and the ceasefire agreed between the government and the RCSS. The programme has also



sought to provide a trust-building mechanism between different ethnic groups in southern Shan State by involving Shan and Pa-O farmers (two of the largest ethnic groups in southern Shan State) and ensuring that both groups are represented on the GCC board.

Although the programme began before the launch of the SDGs, subsequent evaluation reports have highlighted the role the programme is playing in addressing multiple SDGs (UN 2018). The programme's mid-term evaluation highlighted the role that the programme is playing in addressing SDG 1 (End poverty in all its forms everywhere), SDG 2 (End hunger, achieve food security and improved nutrition and promote sustainable agriculture), SDG 5 (Achieve gender equality and empower all women and girls), SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), SDG 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation), SDG 10 (Reduce inequality within and among countries) and SDG 15 (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss).

### **Integrated approaches to borderland development challenges: Insights from the UNODC's alternative development programme**

It is beyond the scope of this report to provide a detailed evaluation of all aspects of the UNODC alternative development programme. In line with the aims of the UNRISD DEEPEN project, the analysis in this section focuses on the insights that this programme provides into operationalising integrated approaches to addressing development challenges in borderlands.

### **Integrated approaches enable the metrics of success to be widened: This has reduced the risk that drug policies damage livelihoods**

Programmes that focus narrowly on reducing drug supply have often caused significant damage to the livelihoods of poor households that rely on drug cultivation. Where drug programmes have focused primarily on reducing levels of illegal drug production, project success/failure has been measured against a set of narrow metrics, such as reductions in the amount of land used to cultivate drug crops and the volume of drug harvests. This has enabled such programmes to claim 'success' regardless of the impact that reductions in illicit drug production may have on rural livelihoods in contexts where poor households rely on income from drug crops to survive. Previous drug programmes (in Myanmar and elsewhere) have often been culpable of damaging rural livelihoods in two ways. First, such programmes have often imposed strict conditionality: eligibility to access support from alternative development programmes is dependent on participants committing to cease drug cultivation. Second, such programmes have often been sequenced in such a way that participants are also required to halt illicit drug cultivation *before* accessing support. Such conditionality and sequencing exacerbate livelihood insecurities for farmers as it forces them to abandon existing livelihood strategies before viable alternatives are in place.

One of the most important benefits of programmes that integrate drugs and development goals has been the emphasis this has placed on assessing interventions against a wider set of criteria framed around supporting sustainable livelihoods rather than a narrow focus on drug supply

reduction. This has increased acceptance that eradication and illicit crop bans should not be implemented until sustainable livelihoods are in place. Farmers were even able to continue to grow opium alongside coffee plants in the early years of the programme (before the coffee plants grew to a size that created a canopy to prevent poppy cultivation in the shade below) (Interview 1). In this case, the UNODC's alternative development programme in southern Shan State explicitly sets out to address – and is measured against – a wider set of sustainable development goals. Indeed, it is striking that evaluations of the programme have focused on how far it has achieved its development goals – supporting sustainable livelihoods, poverty reduction, tackling gender inequality, and environmental protection – rather than measuring changes in levels of opium cultivation (UN 2018).

### **Tensions and trade-offs between different policy goals need to be addressed**

Designing integrated programmes requires careful attention to how different goals interact with each other. There is a tendency amongst policymakers to emphasise the synergies between different goals. However, greater attention needs to be given to the tensions and trade-offs that emerge as programmes seek to incorporate a wider set of policy goals and measures of success. Most importantly – in line with the 2030 Agenda to 'leave no one behind' – it is important that tensions and trade-offs are managed in a way that prioritises the needs of the poorest and most marginalised, even if this requires compromising on other goals. In this regard, the coffee programme has had a mixed record. As highlighted above, the programme did show a willingness to prioritise protecting rural livelihoods over reducing drug supply in that farmers were not required to give up poppy cultivation as a condition for joining the programme and it was even accepted that farmers could continue to grow poppy on the same plots of land where they were growing coffee. This was important as coffee takes several years to mature, and during this time opium continued to offer farmers an opportunity to generate income as it generates a marketable harvest within 3-4 months. This also offset the initial risk of cultivating a new crop, which farmers had little experience in growing or selling.

However, significant tensions have emerged between how the UNODC has sought to ensure the sustainability of its flagship cooperative model and its commitment to support the poorest and most vulnerable households. Most strikingly, the decision was made to limit membership of the cooperative to those farmers who had at least three acres of land suitable for coffee cultivation and had sufficient capital to pay for the labour required to cultivate this land. This criteria was designed to ensure that the programme could achieve economies of scale and strengthen the sustainability of the cooperative. However, this decision came at the cost of excluding the poorest and most vulnerable households, and exacerbating rural inequality (UN 2018; Sai Lone and Cachia 2021). As one farmer reflected, *"I don't get any support from the UNODC coffee project, as I don't have enough land. I don't know why I can't grow a few hundred coffee plants in my backyard. It is not fair for poor farmers who have little land like me. They come to our village just to make rich farmers richer. Poor people like us can only work in the coffee plantations as daily labourers"* (quoted in Sai Lone and Cachia 2021:594).

Tensions and trade-offs are likely to be an inevitable aspect of integrated programmes that seek to achieve multiple goals and are unlikely to be ameliorated simply by better project design.

Making effective policy requires policymakers to systematically consider and address the trade-offs between competing policy goals and to be more explicit about the compromises entailed. Policymakers need to ask two important questions: Who decides on the trade-offs? Who benefits and loses out as a result of these decisions?

### **Blindspots in understanding and responding to how drugs, development, and poverty are entangled in Myanmar's borderlands: The need for in-depth context analysis**

The UNODC programme epitomises an 'inward-looking' rather than 'outward-looking' integrated approach (see 2.2, p.4). It has been underpinned by a comprehensive ambitious, and carefully structured approach to address multiple drugs, development and environmental objectives. However, this focus on 'doing integration' was not underpinned by a rigorous analysis of how drugs and development issues were entangled in the regions of southern Shan State where the programme operated. It is striking that the programme did not undertake any prior comprehensive context analysis and nor did it conduct an initial gender analysis despite the programme's ambition to mainstream gender (UN 2018:7). Furthermore, the programme's design did not include an explicit stakeholder analysis and nor did it develop a value chain analysis for coffee (UN 2018:7-8). The lack of detailed context analysis and stakeholder mapping to underpin the programme's design and rationale in part reflects the rush to capitalise on increased donor interest in drugs and development issues in Myanmar's borderlands following the country's political and economic reforms and the launching of a formal peace process. The programme particularly sought to capitalise on the increased stability in southern Shan State created by the ceasefire agreed between the Myanmar government and the RCSS/SSA (one of the largest ethnic armed organisations in southern Shan State) and the subsequent tripartite dialogue between the UNODC, the Myanmar government and the RCSS/SSA on drug issues (Interview 1; Thomson and Meehan 2021).

The lack of detailed context analysis has created blindspots in the programme's understanding of the connections between drugs and development issues and its subsequent theory of change. The programme is based on the assumption that its different policy objectives are complementary, i.e. that reducing drug cultivation, tackling poverty, and integrating farmers into markets by supporting commercial production of legal cash crops are all mutually reinforcing goals. However, it is striking that across southern Shan State, many regions that have recorded large-scale opium cultivation over the past two decades do not have a long history of commercial opium production (Meehan 2022; Interviews 8, 9, 10). Rather, these are areas that experienced growing political stability after earlier ceasefires and increasing integration into national and regional markets. These regions experienced a shift away from subsistence farming and local trade towards an agricultural sector that is increasingly commercialised, in which smallholders are integrated into competitive value chains, and in which there has been a vast expansion in agribusiness modes of production following reforms to land laws and foreign investment laws (Meehan 2021; Meehan 2022; TNI 2014; Interviews 3, 8, 9).

However, for many of the poorest households, market forces have generated new livelihood insecurities. New inflows of investment have increased competition for farmland and heightened the risk of land dispossession from agribusinesses and richer households. Increased regional

economic integration has led to increased border trade with China and Thailand. This has resulted in cheap imports of goods such as tea and cigarettes that have had a devastating impact on domestic producers of tea and *thanatphet* leaves (used to roll cheroots) in southern Shan State. Smallholders have attempted to produce alternative cash crops, notably corn. These cash crops have significant start-up costs (to purchase seeds, fertiliser and pesticides) and most farmers borrow money to cover these costs. Formal credit systems are very limited in Myanmar and most farmers rely on informal moneylenders, which charge high interest rates. Volatile global commodity prices have meant that farmers have faced increased risks of falling into debt in years when prices are low (Woods 2019; Meehan 2021).

In contrast, opium has many attributes that make the crop particularly valued by farmers, despite the risks it entails of eradication, fines or punishment by authorities (Meehan 2021; Meehan 2022). The crop can be grown on steep, remote hillsides, where yields for other crops are often low. It does not require significant upfront costs for inputs (although yields are higher when fertiliser is used). Even a small plot of land (of 0.25 or 0.5 hectares) can generate enough income to improve household income. The crop reaches maturity quickly with 3-4 months and is typically grown once a year, enabling farmers to cultivate it alongside other crops food and cash crops. This strategy spreads risk and mitigates the dangers – particularly acute for farmers who have tried to monocrop cash crops such as maize or fruits – of bad weather, sudden price drops, or disruption to border trade. The fact that opium is a high-value, low bulk commodity means it can easily be transported by motorbike, reducing transport costs. This also means that buyers will often come to remote areas to purchase it. Through the 1990s and 2000s, opium was one of the few crops where farmgate prices kept pace with inflation. This also meant it was easier for farmers to access credit (from informal moneylenders) against opium than against other crops.

A more detailed analysis of the agrarian sector in Myanmar reveals that the way rural markets are structured has generated worsening livelihood insecurities for many smallholders. In many areas of southern Shan State, the decision by smallholders to cultivate opium cannot simply be framed as the consequence of armed conflict and economic marginality. It is also rooted in new insecurities generated by processes of economic change and integration (Interviews 2, 5, 7, 9, 10). Many farmers started to grow opium because they lost farmland in lowland areas, they fell into debt, or they could not compete in the legal economy. For them, opium became the alternative development.

This analysis reveals some of the tensions that exist between efforts to reduce drug cultivation, alleviate poverty and integrate farmers into markets. It shows that – unless carefully managed – market-led development in rural Myanmar may exacerbate rather than alleviate poverty, and create pathways into, as well as out of, opium. These concerns have been voiced by Myanmar Opium Farmers' Forum, whose lead representative warns that

*Alternative development projects cannot be disconnected from broader economic, land, investment and rural development policies. It is hard to see how alternative development programmes that do not challenge this status quo, or even reinforce it by supporting a market-oriented agriculture based on intensive cash crop monocropping and increased mechanisation and productivity, can improve the lives*

*of a majority of farmers. In fact, alternative development projects might, in some cases, even further deepen existing inequalities and aggravate circumstances for many farmers, rather than lift them out of poverty (Sai Lone and Cachia 2021).*

The fact that the UNODC coffee alternative development programme is a small initiative has meant that many of these tensions have not become apparent. However, the programme was envisaged as a “demonstration project” (Interview 1) for a development model that could be scaled up with further donor and government support (although Covid-19, the February 2021 military coup, and the protracted political crisis ever since have prevented such ambitions). The analysis presented here questions the extent to which such a model would address the structural forces that underpin poverty and drug cultivation. It emphasises the need for integrated programmes to be founded upon a rigorous and in-depth prior analysis of the contexts in which they seek to engage and confront the tensions between different policy objectives.

## **Case 2: Integrating drugs and development: China’s Opium Substitution Programme (OSP) in Myanmar’s borderlands**

The Opium Substitution Programme (OSP) is an initiative launched by the Chinese government in the early 2000s, and expanded after 2006, with the stated aim to reduce levels of opium cultivation in northern Laos and Myanmar as a way to curtail the supply of heroin into China and tackle rising levels of domestic drug addiction and HIV/AIDS. The OSP embodies an integrated approach to tackling borderland development challenges in three ways. First, the OSP is framed as integrating drugs and development programming and policy goals by situating drug control policy within a wider framework of borderland economic development. Rather than directly setting out to eradicate opium production, the OSP is framed as promoting investment and expanding markets into marginalised and impoverished borderlands, and as a way of addressing a series of interconnected drugs, public health, development and security goals. Second, the programme has sought to strengthen collaboration between different partners through a public-private partnership model between government agencies tasked with drug control and border security, and private businesses in Yunnan. Third, the programme has emphasised the importance of ‘spatial integration’, claiming that the OSP can tackle drugs and development challenges by integrating drugs- and conflict-affected borderlands into regional markets. The OSP provides an important case study of how integrated approaches to borderland development challenges have been deployed by non-western development actors. This is especially significant in the case of Myanmar’s borderlands (and many others across Asia) where China is a highly influential actor and in light of the fact that the OSP has been explicitly framed by Chinese policymakers and some local authorities in Myanmar’s borderlands as providing a more effective way to integrate drugs and development goals than western models of aid-driven, community-led, smallholder-focused programme approaches like the UNODC’s alternative development projects explored in the first case study.

### **What is the OSP?**

Through the 1980s and 1990s, rising levels of domestic drug use became a cause of public health and security concerns for the Chinese government. No longer confined to remote borderland areas, drug use became an important dynamic within China’s rapid urbanisation. An indication of

the size of China's domestic market for heroin is provided by the growing number of registered users, which rose from 148,000 in 1991 to more than 1.5 million by 2015 (Chin and Zhang 2015:3; UNODC 2013:51).<sup>5</sup> Initially, government responses focused on strengthening the country's anti-drug laws and imposing severe punishments for cultivation, refining, trafficking and consuming drugs. However, it was soon clear that stricter domestic laws had little effect in stemming drug threats that emanated from across the country's borders. Myanmar is the second largest producer of illicit opium in the world and the vast majority of heroin produced in Myanmar reached Chinese markets across the two countries' porous 2,200km border. Through the 1990s, several local initiatives initiated by local authorities in Yunnan Province along the China border sought to address drug issues through cross-border alternative development schemes (Nyiri 2012; TNI 2012). These schemes sought to support farmers in drug-producing borderland regions to increase rice cultivation through financing local Yunnan companies to provide new crop types, technical expertise and agricultural inputs. These projects aimed to reduce the need for households to cultivate opium to generate the income they needed to buy food for the months of the year when they could not cover their own food needs. They, therefore, sought both to tackle poverty and food insecurity in Myanmar's borderlands and strengthen drug control through establishing public-private partnerships between local government agencies and agricultural companies.

These small-scale projects provided the catalyst for a province-wide scheme, known as the Green Drug Prevention Plan, which was developed by the Yunnan Department of Commerce in the late 1990s to lobby Beijing for recognition and funding (Lu 2017; Jones and Hameiri 2021). In 2000, the Plan was recognised as a national policy, and in 2004 China's State Council established a new interagency working group, known as the 122 Workgroup, to coordinate opium substitution in northern Laos and Myanmar. This initiative gained a major impetus in 2006 when the State Council created the Opium Substitution Special Fund and tasked the Yunnan Department of Commerce to administer the fund. Annual funding was approximately 50 million yuan (c.\$6.25m) in the first five years of the scheme and this was expanded to 250million yuan (c.38-\$40m) between 2011 and 2016 (Jones and Hameiri 2021:139; Su 2015).

Rather than directly supporting poppy farmers in the way that western alternative development programmes have done, the OSP was framed as supporting a wider process of borderland economic transformation that would alleviate poverty, underdevelopment and economic marginalization of borderlands and therefore address the underlying structural drivers of opium cultivation. The programme pledged to "replace poppy farming with cultivation of grains and cash-generating crops and promote the economic and social advancement of the poppy-growing areas by fostering trade, tourism and specialized industries" (cited in TNI 2012, 23).

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<sup>5</sup> China's national registry is compiled from the statistics provided by local police agencies that are required to identify and register all people who use drugs with whom they come into contact. Although the vast increase in users is partly due to increased police registration (and includes a spectrum of drug use from small-scale irregular use through to heavy habitual use), it demonstrates the scale of the Chinese market, especially as drug use is likely to be far more widespread than those officially registered.

In reality, OSP funding has primarily been used to finance a system of incentives to encourage Chinese agribusinesses to invest in cross-border regions of Laos and Myanmar and to scale investments. Initially, the focus was on promoting rubber cultivation, although the OSP has provided support for agribusinesses in a range of crops including tea, corn, banana and other fruits. Through the OSP, Chinese companies benefit from subsidies, import licences, tax waivers and exemptions from import tariffs. This is particularly valuable for trade in certain commodities (such as rubber) which are subject to strict import regulations and tariffs (TNI 2012; Shi 2008; Su 2015). Implementation targets for the OSP are defined in terms of the amount of land cultivated by ‘alternative’ crops. For example, in the first five years of the programme (2006-2010) a target was set of 1,000,000mu (66,667 hectares) across northern Myanmar and Laos (Shi 2008:27). The Yunnan Department of Commerce then sets annual targets for different crops, allocating targets and funding down to the prefecture level, and companies then submit competitive tenders for opium substitution funding. Chosen companies receive official recognition that they are a ‘Substitution Planting Enterprise of Opium Poppy’, qualifying them to import set volumes of named agricultural commodities, exempting them from import duties, and allowing them to market these goods within China.

Almost all companies applying for OSP status have been large Yunnanese agribusinesses with strong political connections (Jones and Hameiri 2021:136; Shi 2008:27-30; Lu 2017:733). These companies and Yunnan’s prefectural governments have used the programme to generate extensive positive publicity. Narratives of corporate social responsibility emphasize these companies’ role in integrating national anti-drug efforts and economic development, poverty reduction and social welfare in Myanmar and northern Laos. However, the metrics used to measure the OSP’s success (amount of land cultivated, size of investments, and crop yields) reflect the narrow set of interests underpinning the programme and do not provide any way to assess the extent to which the OSP has impacted on the wider set of development goals used to justify the programme.

Although the OSP has been framed as a mechanism to address a set of mutually reinforcing policy objectives – poverty alleviation, drug supply reduction, economic development, securing livelihoods and improving public health – the programme has in reality provided a vehicle for the interests of a narrow set of politically-connected corporate actors in Yunnan. The OSP has thus been designed to allow large agribusiness corporations with strong political connections to capture most of the funding disbursed by Beijing. From the outset, there has thus been a strong commercial focus on the OSP and, while paying lip service to wider health, security and development objectives, commercial interests have dominated how the programme has worked and the impacts it has had.

## **What are the impacts of the OSP in Myanmar’s borderlands?**

### **Vast expansion of Chinese investment in borderlands**

The OSP has been highly effective in channelling investment into conflict- and drug-affected borderlands. As of 2015, more than 200 Chinese companies had participated in the OSP and were responsible for agricultural plantations on more than 200,000 hectares of land in Myanmar

and northern Laos, a figure that far surpasses the amount of land under poppy cultivation (Su 2015:79). There is debate over how far the OSP provided the impetus for Chinese companies to expand into northern Laos and Myanmar, or simply supported a process that was already underway. Either way, by channelling hundreds of millions of dollars to Chinese agribusinesses, the OSP has been instrumental in magnifying the speed and scale of cross-border commercial ventures into conflict areas of Myanmar.

### **Poor integration between different policy goals**

The OSP claimed that greater levels of investment and commercial agriculture would deliver a wider set of policy goals – reduced drug supply, improved public health, poverty alleviation, economic development (which was viewed as a way to also reduce armed conflict), and greater border security. However, there has been little commitment to explore how these different policy goals interconnect or how to ensure that different goals can be better integrated. For example, a key claim of the OSP was that agribusiness-led development would draw land and labour away from poppy cultivation by expanding the amount of land dedicated to legal crops and by creating jobs in the legal economy. Yet, the land most coveted by Chinese agribusinesses has been in lowland areas close to main roads connected to the China border, whereas opium is primarily cultivated in more remote, elevated areas. Agribusiness investments have therefore wrestled control over rice paddy and orchard lands rather than poppy fields (Interviews 12, 13). Although plantations have generated significant wage labour, most of this labour comprises landless migrant workforces from other parts of Myanmar (Interview 11). There is little evidence of poppy-cultivating households giving up opium production to move into plantation wage labour. The assumption that people would shift from poppy cultivation into wage labour also ignores the importance of attachments to land and place, the low status associated with daily wage labour amongst many ethnic minorities, the language barriers that non-Burmese speaking populations face, and the prejudice and racism that upland ethnic minority populations experience (Interview 11).

### **Contradictions between different policy goals**

In-depth fieldwork in Myanmar's borderlands reveals that the OSP is underpinned by a series of contradictions between different policy goals. Rather than providing an integrated framework for pursuing different policy goals simultaneously in ways that are mutually reinforcing, the OSP has exacerbated tensions between drugs, development, and poverty alleviation. Four tensions are particularly important to highlight:

1. **Borderland 'development' has contributed to a rise in opium production:** After a steady decline in levels of opium production in Myanmar through the 1990s and early 2000s, levels of poppy cultivation increased year on year in the decade after 2005 in parallel with the expansion of the OSP in northern Myanmar. Rising levels of illicit opium production cannot solely be attributed to Chinese agribusinesses or the OSP and are linked to a wider set of changing agrarian dynamics, and worsening levels of armed conflict after 2009 (Meehan 2021; Meehan 2022; TNI 2012). However, the OSP has contributed to rising levels of opium cultivation by exacerbating the livelihood insecurities that push rural households into poppy cultivation (Interviews 11, 12, 13). For



example, Chinese agribusinesses have been involved in large-scale land dispossession in lowland areas where Myanmar's land laws provide very little protection to smallholders. Loss of farmland and access to communal lands have forced many smallholders to rely more on farmland in upland areas where the gains from opium vis-à-vis other crops are accentuated. The OSP was framed as a way to integrate borderland development and drug supply reduction and this enabled it to access state funding for drug control. However, in reality, the OSP has helped to finance a development model that creates new poverty traps and magnifies the importance of drug cultivation to the livelihoods of the poor.

2. **Empowering borderland armed actors involved in the drug trade:** Many OSP companies have worked through partnerships with the Myanmar Army, ethnic armed organisations and army-backed militias (Global Witness 2015; Woods 2019). These partnerships have enabled companies to access land concessions (either through forced dispossession or pressuring local populations to lease or sell land), quell dissent, and operate in contested areas (Interviews 11). The pursuit of commercial gain through partnerships with armed actors has reinforced violent and male-dominated power structures and disempowered civilian institutions. The irony is that many of the armed actors that OSP companies have partnered with are also deeply implicated in the region's drug economy and play an important role in fuelling the supply of drugs into China.
3. **Fuelling anti-Chinese sentiment:** The OSP has been framed as a way of 'bringing development' to impoverished regions along its borders and to strengthen cross-border collaboration and harmony. However, the way in which Chinese agribusinesses have operated in northern Myanmar has aroused strong anti-Chinese sentiment. Large-scale land dispossession, Chinese dominance over local economies, and the severe environmental damage created by agribusinesses (e.g. deforestation, pollution of land and water by over-use of fertilisers and pesticides) have been particularly acute sources of grievance.
4. **Spatial integration has exacerbated spatial inequalities:** The OSP has been underpinned by the claim that integrating Myanmar's conflict-affected borderlands into regional markets would enable these regions to develop more rapidly. The OSP's focus on rubber cultivation reflects the role that rubber was perceived to have played in development processes in China's own borderlands. Indeed, rubber "has been championed as the crop that civilised China's southwest borderlands" (Lu 2017:742) through the role it played in curtailing shifting cultivation and integrating marginal regions into the Chinese economy and state through a model of large plantations and extensive in-migration of Han Chinese populations into diverse ethnic-minority regions of Yunnan. However, the increasing integration of Myanmar's borderlands into Chinese markets – facilitated in part through the OSP – has contributed to processes of geographically uneven development that exacerbate the inequalities between western China and northern Myanmar. The OSP has enabled Chinese companies to extract vast wealth from Myanmar's borderlands, much of which is then invested in rapidly urbanising cities like Kunming, but through forms of development that disadvantage populations in Myanmar.

## **What can be learnt from the OSP regarding integrated approaches to borderland development challenges?**

**Understand competing interests: Diverse sets of interests coalesce around integrated development programmes. The more funding that is injected into these programmes, the greater these competing sets of interests become.**

The OSP attracted the interests of a wide set of actors, especially after the programme secured central government funding. These actors include politicians and private companies in Yunnan, central and provincial government actors in Myanmar and Laos, and the wide array of armed authorities in Myanmar's borderlands. All of these actors have different priorities regarding the OSP: China's central government viewed the scheme primarily as a way to reduce drug supply into the country. Political and business elites in Yunnan have viewed the OSP as a vehicle for dismantling pre-existing border regimes and trade barriers, breaking into new markets, and capitalising on land and resource frontiers in its near abroad. Central governments in Laos and Myanmar have viewed the influx of Chinese investment generated by the programme as an opportunity to pursue state-building agendas in contested borderland regions. And local actors – whether provincial governors, army units, non-state armed groups or army-backed militias – have sought to use the programme as a means to accrue private wealth and to strengthen their own local political authority. Reducing levels of opium cultivation, tackling rising drug use in China, and supporting borderland development have certainly not been the priority for most of these actors despite the fact that these were the goals that underpinned the decision by the Chinese state to finance the OSP. Stakeholder analysis to explore the interests and power dynamics between different actors should be central to the design of integrated programmes seeking to bring together different – and often competing – goals and partners.

**Assess the unstated interests of stakeholders: Integrated development programmes that may ostensibly be failing in terms of their stated goals may be succeeding in achieving a different set of unstated goals.**

Questions of success and failure need to go beyond a focus on whether interventions are working in terms of achieving their stated goals, and instead focus more on how interventions work and in whose interests they serve. As a policy to tackle the drivers of illicit opium cultivation, address public health crises caused by rising drug use and to support impoverished borderland populations, the OSP is failing. Yet, this matters little for the OSP's most powerful stakeholders. In terms of furthering the political and economic interests of politicians and large corporations in Yunnan, the OSP has been successful. This emphasises the need for integrated programmes to assess the different sets of stated *and* unstated goals that coalesce around programmes that seek to combine multiple goals and partners.

**How success is measured and narrated is important and politicised: Where powerful stakeholders are able to shape policy narratives and determine the indicators used to measure success, other important indicators against which programmes need to be evaluated are likely to be obscured.**

The success of the OSP has been measured against a narrow set of indicators - primarily the size of investment and the amount of land on which 'alternative' crops are cultivated. These indicators justify a certain model of large-scale agribusiness development and allow private

companies and locals to narrate a story of success to Beijing to ensure the funding keeps flowing. Missing from this process is any kind of evaluation that considers the experiences, interests, or concerns of the rural poor or the need to assess how the programme has impacted livelihoods, power structures, social cohesion and the environment.

**Strong regulatory frameworks are vital if large-scale integrated borderland development programmes are to work in a way that protect the interests of weaker stakeholders and prevents policy goals that are less important to powerful actors from being side-lined.**

In many ways, the OSP could have worked to achieve a set of integrated development goals in a way that both benefited Chinese interests and supported upland rural populations. The key ingredients were there: China's commitment to protect its rubber sector (including smallholder rubber producers) from the volatility of the global market; the public-health rationale of extending these protections to include upland farmers in northern Laos and northern Myanmar (and thereby reduce opium production across China's borders); and a subsidy mechanism to support Chinese businesses to support the additional costs of investment in a new landscape (Dwyer and Vongvisouk 2019). The fact that these integrated goals were jettisoned for a narrower set of commercial objectives demonstrates how certain programme partners (i.e. private Yunnan agricultural companies) outmanoeuvred other public health and poverty alleviation objectives. It has meant that a programme that has been framed and justified in terms of its ability to integrate different policy goals has in reality focused on a narrow set of commercial interests. Although this is an outcome of distinct forms of policymaking in China, it does highlight a wider lesson for integrated development programmes: namely the importance – but also the profound challenges – of establishing strong regulatory frameworks that protect the interests of weaker stakeholders when these interests are unimportant to – or challenge – the interests of more powerful actors.

## 4. Conclusion

The policy agenda to promote integrated approaches to sustainable development in borderlands offers valuable opportunities to advance more systematic understanding of how poverty, conflict, and environmental issues intersect. It also offers the potential to address the synergies and tensions between different policy goals and build partnerships across different sectors. The purpose of this paper has been to demonstrate how insights from existing programmes can provide important lessons for improving integrated approaches.

This paper provides insights into two different programmes in Myanmar's borderlands that have aimed to integrate drugs and development policy goals. The UNODC's alternative development scheme in southern Shan State represents a more typical integrated development programme. The programme has been explicitly designed to reduce drug supply through promoting sustainable livelihoods and development and has been underpinned by a set of integrated economic, social and environmental policy goals. The second case study – China's Opium Substitution Programme – is not a 'standard' integrated development programme (as envisaged by western policymakers), but it provides an important case study for several reasons. It shows how 'non-traditional' development actors have also embraced the rhetoric of integrated

development as a way of tackling complex challenges in borderlands. In terms of its size and impact, China's OSP has been far more significant in Myanmar's borderlands than the small-scale western donor-led alternative development programme. Furthermore, it provides important insights into development programmes that integrate state agencies and private partners. Although the two programmes are different in their approaches, they reveal several important insights, outlined below, for policymakers and practitioners seeking to design and implement integrated development programmes.

### **Insight 1: Integrated borderland development programmes should be underpinned by a robust and prior analysis of the context in which they are to be implemented**

Integrated borderland development programmes entail elaborate theories of change that seek to bring together different policy goals, interventions, and processes in complex environments. It is essential that such programmes are underpinned by a clear understanding of the environments they are working in and how different policy challenges intersect. This is especially important for interventions in borderlands, which are often particularly complex and sensitive spaces (see 4.2.1. Assessing the context of MULIABP, Guidelines on the integrated approach to development projects in borderlands written by Yi and Nassali with Lee 2022)

Understanding the context in which interventions are taking place is crucial to ensuring that assumptions that underpin integrated development programmes are accurate and to ensure that interventions minimise harm, especially to the poorest.

Attempts to operationalize integrated development programmes have often focused primarily on the internal challenges within programmes regarding how to 'do integration'. For example, this includes how to devise theories of change that integrate different policy goals, how to design and implement programmes that tackle multiple goals simultaneously and synergistically, how to facilitate knowledge sharing and partnerships across different policy sectors, and how to monitor and evaluate programmes (see 2.4. Dimensions of integration at the project level, Guidelines on the integrated approach to development projects in borderlands written by Yi and Nassali with Lee 2022. Such issues are essential to maximising the chances of success of integrated development programmes. However, an inward-looking and technical focus on how to design the 'right' interventions must be preceded first by an outward-looking assessment of how different policy challenges are deeply entangled in real-world contexts and how interventions are likely to be shaped by power relations and political interests.

Both the UNODC alternative development programme and China's OSP have assumed that poverty and illicit drug cultivation in Myanmar's borderlands are driven by a lack of development in borderlands and farmers' marginalisation from markets. However, both programmes have failed to appreciate that many of those who cultivate drugs are not just those who have been 'left behind' by development, although less seriously in the case of UNODC. They are also those who have experienced new forms of poverty, livelihood insecurity and inequality as a result of their integration into markets and in the face of agribusiness-led development. The decision by some households to cultivate opium has been a response to the very processes of market-led

rural development that policymakers claim will alleviate poverty. Prior detailed context analysis of the relationship between poverty, rural development and drug cultivation would help to alleviate such knowledge gaps.

**Insight 2: Integrated development programmes need to acknowledge, identify, and manage inherent and newly-emerging tensions and trade-offs between policy goals explicitly and honestly, rather than assuming ‘all good things come together’**

Calls for integrated approaches to tackle development challenges have emphasised that programmes – if designed properly – can pursue different policy goals simultaneously and in ways that will be mutually reinforcing. However, often missing from this focus on ‘doing integration’ is a more reflective and analytical approach to how different development challenges are deeply entangled with each other in ways that are likely to create significant tensions and trade-offs between different policy goals. Such tensions and trade-offs need to be continuously addressed through and beyond the programmes and project process (see Box 2 Linkages between the SDGs and 4.1. Features of MULIA-BP in borders and borderlands, Guidelines on the integrated approach to development projects in borderlands written by Yi and Nassali with Lee 2022).

In the case studies presented in this paper, multiple tensions exist between different (stated and unstated) goals. In the UNODC alternative development programme, the decision to prioritise the sustainability of the coffee cooperative by limiting membership to those with a certain amount of land and capital excluded the poorest households. This created significant tension with the goal to not exacerbate inequalities within rural communities and the wider commitment within the 2030 Agenda of ‘leaving no one behind’. China’s OSP contains multiple contradictions (see 3.25) between different goals. Most strikingly, the decision to support large-scale commercial farming as the key driver of borderland development has directly exacerbated livelihood insecurities for poor smallholders and contributed to increased opium production.

To offer a broader example that is relevant to many conflict-affected borderlands, recent work has shown how stabilizing armed conflict may be reliant upon forms of elite bargaining between conflict actors that enable elites to capture the benefits of peace (Cheng, Goodhand and Meehan 2018). Such bargains may be highly exclusionary and anti-developmental in the sense that they concentrate political and economic resources and opportunities in the hands of elites. However, attempts, to exclude violent actors, to initiate a more redistributive economic policy, to free markets and open-up political systems to democratic competition may also be highly destabilizing because they work against the kinds of elite bargains upon which stability has been created. In such cases, major tensions may exist between stabilizing armed conflict, pursuing pro-poor economic development, and support for more open political systems.

The current agenda to promote integrated approaches is at risk of sidestepping such tensions, and instead replicating a common tendency in development programming to ‘render technical’ complex challenges (Murray-Li 1999). A focus on ‘doing integration’ frames development challenges – such as poverty, inequality, peacebuilding, and environmental sustainability – as

problems that can be solved by 'technical fixes' through better programme design and implementation. In so doing, the root causes of complex development challenges – which typically relate to issues of politics and power rather than technical problems – are overlooked in favour of an approach that frames development experts as having the capability to overcome such challenges.

Acknowledging tensions and trade-offs between different policy goals and sectors does not mean giving up on positive change – quite the opposite. It offers ways to think creatively about policies that can confront interconnected challenges. However, this requires a shift in emphasis away from 'doing integration' to an approach that first analyses how development challenges are deeply entangled in specific contexts. This offers scope to open up frank and honest assessments of the tensions and trade-offs that exist between different policy goals.

### **Insight 3: Turn the mirror inwards: Assess the interests of different stakeholders involved in integrated programmes to determine how these interests affect the ways programmes are designed and implemented and their outcomes**

Integrated approaches typically bring together multiple actors across different sectors. It is essential that such programmes confront the different interests, objectives, and conflicts that may exist between different actors involved and the power relations that exist between them (see 2.4. Dimensions of integration at the project level, Guidelines on the integrated approach to development projects in borderlands written by Yi and Nassali with Lee 2022). For example, in relation to the OSP, the interests of the central Chinese government focused primarily on reducing drug supply into China to address public health and security concerns. However, political and business elites at the provincial level in Yunnan viewed the OSP as a vehicle to further the commercial interests of Yunnan companies seeking to expand activities into Laos and Myanmar. The decentralised nature of policymaking in China and the fact that the Yunnan Chamber of Commerce was able to position itself as the lead implementer of the OSP meant that a form of 'corporate capture' took place. This ensured that the programme was designed in a way that benefited a narrow set of commercial interests rather than embedding a wider set of policy goals. Although the OSP is a particularly stark example of competing interests between different actors, all programmes that involve multiple actors and goals are likely to face certain competing interests and it is important that a careful stakeholder analysis is embedded within integrated approaches. This requires an explicit focus on the institutional interests, conflicts, and trade-offs that exist within and between stakeholders as they pursue multiple objectives.

### **Insight 4: Embed a stronger political economy analysis into integrated approaches: Guiding questions for policymakers and practitioners**

An overarching theme of this paper has been to highlight the need for policymakers and practitioners to confront how issues of politics and power shape integrated development programmes. Political economy analysis highlights that any kind of interventions – no matter how well designed – will be shaped by power relations and competing sets of interests and they must be resilient to these pressures. Embedding a stronger political economy analysis requires undertaking in-depth context analysis, addressing tensions and trade-offs between competing

policy goals, and assessing how programmes are likely to be impacted by competing sets of interests between different stakeholders. This paper concludes by providing a set of guiding questions for policymakers and practitioners considering how to address the issues raised in this paper:

### **Context analysis**

- How are different policy challenges interconnected in borderlands?
- How do policy interventions designed to address one challenge impact on other challenges?
- What assumptions underpin the theories of change that underpin integrated approaches? Are these assumptions accurate?
- What knowledge gaps exist in understanding the interdependencies between different objectives? How can these knowledge gaps be addressed?

### **Tensions and trade-offs**

- Are there trade-offs between different objectives?
- If so, who decides on how these trade-offs are managed and whose interests are prioritised? Do these decisions create winners and losers?
- When addressing tensions/trade-offs, how can approaches prioritise mitigating harms to the most vulnerable?
- How can marginalised voices be amplified in decision-making processes regarding how to manage tensions and trade-offs?

### **Stakeholder analysis**

- Who are the key stakeholders (internal to the programme and external) that influence the development programme?
- What are the interests of different stakeholders?
- What are the power relations between different stakeholders?
- Are there tensions/contradictions between the interests and priorities of different stakeholders? If so, how can these be addressed and managed?

These questions aim to provide guidance for those designing integrated programmes. Although they may be especially important to embed in the initial planning phase, they also offer a useful framework for ongoing monitoring and evaluation. These questions are designed to complement the set of project management questions provided in the Guidelines to assess the extent to which projects have embedded an integrated approach within their internal design (see 4.4 Evaluation of MULIA-based projects in borders and borderlands, Guidelines on the integrated approach to development projects in borderlands written by Yi and Nassali with Lee 2022).

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## Interview list

Interview 1: Senior representative of UNODC Alternative Development Programme. Taunggyi. 20 September 2017

Interview 2: Researcher on drugs and conflict. Yangon. 13 September 2017.

Interview 3: Senior representative of Myanmar NGO working on conflict and land issues. Yangon. 16 September 2017.

Interview 4: Liaison Officer of ethnic armed organisation in southern Shan State. Taunggyi. 19 September 2017.

Interview 5: Lead representative of Myanmar Opium Farmers' Forum. Taunggyi. 20 September 2017.

Interviews 6: Representatives of various civil society organisations working on community development in southern Shan State. Taunggyi. September 2017.

Interview 7: Researcher on drug issues in Pa-O communities. Hopong. 08 December 2018.

Interviews 8: Interviews with rural populations in southern Shan State conducted by Shan Herald Agency for News (SHAN) as part of the GCRF Drugs & (Dis)Order programme. Southern Shan State. June-November 2018.

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