Note:

In March 2003, a joint assessment team comprising international NGOs and UN agencies operating in Myanmar traveled to the Kokang and Wa Special Regions in north-eastern Shan State. Their purpose was to assess the humanitarian impact of the opium ban in the Kokang region, and the potential impact of a similar ban due to go into effect in the Wa region in June 2005.

The following is the report submitted by this team after their mission. It is unedited and unabridged. Maps used in the report have been removed to reduce the file size. They are available from the UNODC Myanmar Office upon request.
REPLACING OPIUM IN KOKANG AND WA SPECIAL REGIONS,
Shan State, Myanmar

By the Joint Kokang-Wa Humanitarian Needs Assessment Team

Poppy cultivation is ending in the heart of the opium producing areas of Myanmar. The Kokang Authority banned the substance as of last year. They did this to conform to international standards and be “modern”¹, to subscribe to Myanmar Government desires, and to generate the long-term development of the Kokang Special Region No 1. The Wa Authority has pledged to ban poppy use and cultivation by 2005. Poppy growers throughout the Wa Region have received the message and know they will have to change their way of life in two years.

Kokang and the Wa Region were long major poppy growing areas in Shan State, which as a whole produced 70 per cent of Myanmar’s opium output. According to the UNODC 2002 Opium Survey, Kokang and the Wa Region’s output constituted about 40 per cent of the total opium production. The overall farmgate price of the opium grown in the country was estimated by UNODC to be $100-150 million dollars in 2002 with an overall mean value of $125 million. The total income for farmers in Shan State that year would thus be about $110 million. Each family that engaged in growing opium was estimated to have earned about $500 for that growing season. The banning of opium ends this income for the farmers and the local communities. Replacing this is a challenge to all.

For years, opium cultivation has persisted in this out-of-the-way place. On the easternmost extent of the Shan limestone tablelands, the Kokang and Wa regions comprise a long and nearly impenetrable complex network of mountains and stream valleys amid the middle catchments of the Salween River where intrusive igneous rocks sometimes occur. Hills rise abruptly from gorges at 200-400 meters in altitude to peaks approaching 3,000 meters in height. One of the tallest, Kong Loi Mu, at some 2,800 meters and located near Mong Mau is depicted on the Wa Authority’s insignia. Slopes of 40-45 per cent cover almost half the UNODC project area.

In the higher elevations are clear montane evergreen forests with few tropical lowland species. Principal forest types include open mixed pine (Pinus Kasiya). At lower levels are temperate deciduous forests and sub-tropical broadleaf evergreen forests with ample stands of bamboo. Kokang has an area of approximately 2,200 square kilometers and the Wa Region is some ten times larger with an area of about 25,000 square kilometers. Considerable forest degradation has occurred; a consultant’s report for the UNODC Wa Project tells that in eastern Mong Pawk, satellite imagery shows a decline in forest cover of 39 per cent from 1973 to 1999. In many places scrub has taken over, particularly the pioneer weed, Eupatorium spp., which is an indicator of land degradation and which often form dense vegetative cover that impedes regeneration.

¹ Being “modern” was also given as a reason by Field Marshal Sarit Tanarat when he banned opium cultivation and use in Thailand in 1957.
This remoteness and near unapproachability kept both Kokang and the Wa Region on the fringes of Myanmar for centuries. When the British took Upper Burma in the Third Anglo-Burmese War in 1886, Kokang remained a part of China. Only after further negotiations did Kokang become part of British Burma, in accord with the Peking Convention of 1897. As for the Wa, the Region’s border with China was not delineated until late-1960. An indication of the isolation is given in a statement by a Wa leader to the British official, James George Scott in 1897:

We beg that you will not come into our states. Please return by the route you came. Ours is a wild country and the people devour rats and squirrels raw. Our people and yours have nothing in common and we are not your enemies….We are in great dread of you….You say you are coming in peace but shots have been fired….

The people of both areas mainly subsisted on rice and other crops grown primarily by shifting cultivation. They hunted game and foraged for additional foodstuffs as well as various utilitarian materials. As far as can be told, until the early-eighteenth century, these people were entirely self-sufficient except for salt for which they traded forest produce or tea—which must have been cultivated here for centuries—at various lowland market towns. The Kokang Chinese, unlike the groups such as Wa, Lahu, Akha, Shan, and Palaung who have been living in the area longer, are primarily traders. Less self-sufficient than the others, the Kokang Chinese purchased many items for daily use and much of their food.

This seclusion only began to be breached in 1941 when a motorway was built eastwards from Kunlong towards Kokang and the Chinese border. A “fair weather” branch road was built southwards into the northern Wa in the area of Nam Tit. Nevertheless the isolation of the people in this area endured. When in 1947, the chair of the Frontier Areas Committee of Enquiry asked the Wa representative, Sao Maha, what he wanted for the “future position” in the Wa area, Sao Maha responded, “We have not thought about that because we are wild people….We only think about ourselves.”

The Kokang and Wa areas were not so isolated, however, as to keep opium poppy cash cropping out. The poppy was cultivated as one of the medicinal herbs used to treat ailments. By all accounts, the people used opium mainly for its powerful medicinal properties as an analgesic, cough suppressant, and for treating dysentery and malarial symptoms. Since they produced the opium themselves, the expense to growers who took opium was minimal and no theft or other crimes were committed by users to obtain the substance. Those who took opium were men too old to work regularly in the fields. Only rarely did younger people take it and only in exceptional situations did they become addicted to the substance. According to an official Myanmar source, most users ate opium; smoking seems to have only spread into the country from Rakhine after the British seized it in the First Anglo-Burmese War of 1824-1826.

Other medical services were sometimes provided by the British Frontier Constabulary outpost Medical Officers and by non-certified itinerant Chinese practitioners. In Kokang and among Chinese people in the Wa areas, private schools were sometimes
organized. Palaung, Shan, and other Buddhists sent their children to monasteries where they received a basic education. Beyond this there was no formal education.

The Spread of Poppy Cash Cultivation to Kokang and the Wa

Poppy growing came to Kokang and the Wa from Yunnan Province of China. Once the British forced the trade in opium on the Chinese with the Opium War of 1839-1842, entrepreneurs in southern China began promoting poppy cultivation on a commercial scale to undercut the British merchants who were then importing the substance from Bengal. Some poppy cultivation may also have spread from Assam in British India eastwards through Kachin State to Kokang.

Opium poppy grows well in the highlands of southern Yunnan as well as the Wa and Kokang areas, particularly on the mountaintops. Not unlike tea, the higher in altitude the poppy grew, the more desirable its opium was.

Prices ranged considerably although the amount was always higher than any other crops the local people could produce. The golden opium from poppy grown on Qu Tou San (Nine Headed Mountain), close to Ta Shwe Htan Township\(^2\), fetched prices ranging to as much as high as 6,000 yuan ($563) per kilogram in the peak year of 1996.\(^3\) More recently, in March 2003, the local price in Mong Pawk, in the UNODC Wa Alternative Development Project, was much lower, at about $106 per kilogram. The average farmgate price in all of Myanmar for 2002 was $151 per kilogram.

For decades, through the British colonial period and then afterwards, opium was the area’s most lucrative crop. Although the British, in response to international pressure, began to restrict poppy cultivation early in the twentieth century, opium remained legal in the Wa and Kokang areas well after World War II.

In Kokang, where the poppy seems to have been cultivated most intensively, a particularly heavy toll was taken on the environment. The cultivation of poppy also seems to have reduced the traditional self-sufficiency of the local people. Noted a British official in 1920,

> The forests in the eastern States are being so denuded, that east of a line from Lashio to Namhkam, it is doubtful whether there exists a square mile of continuous virgin forest in any one place….The country is an eyesore to look at for lack of trees. The soil is the most infertile in the [Shan] States. Walls are made of stones, houses of stones or mud-bricks, fuel is largely cow or pig dung, that should have been available as manure. The population is scanty, rice is 16 and sometimes 20 rupees a basket and all other necessities of life are on the same scale. Only Chinese can survive. This is what comes from opium cultivation.

In 2002, the last year of opium cultivation in Kokang the UNODC opium survey found that considerable poppy growing persisted in the region. In Konkyan 6,459

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\(^2\) Site of the old *yamen*, or palace where the Yang family, of Chinese nobility, settled in the seventeenth century.

\(^3\) At the current yuan/dollar exchange rate of $1 = 8.2 yuan.
hectares were cultivated with an estimated yield of 102,698 kilograms. The survey report told that in Laukai, 7,507 hectares were cultivated with 74,319 kilograms of opium produced.

Since the Wa Authority announced in 1995 that opium cultivation would be banned in Special Region No. 2 in 2005, various measures were taken to reduce cultivation in some areas (such as Hotao). The Authority ended the sale of opium in public markets in other areas (such as Pangsang). As of 2002, poppy was still cultivated on 17,584 hectares, producing approximately 175,840 kilograms that earned about $26 million for the people of the Wa (about $500 per grower household/year). The elimination of this will represent a major change to the economy of the Wa Region as well as to the lives of many individual farmers.

Historical and Political Conditions

The political history of the two places has also contributed to their being poppy cultivation areas. Kokang was long an independently administered area, almost a private fiefdom. The Wa area was populated by many small groups, often feuding so continually with one another, that it was deemed so impenetrable that even the international boundary with China was left undelineated throughout the entire colonial period.

Kokang Special Region No. 1

Kokang’s early history is synonymous with that of the Yang family whose ancestral roots can be traced to the seventeenth century. At that time, a powerful nobleman and Ming loyalist, Yang Gao Sho, fled first from Nanjing to Yunnan during the Dynasty’s breakup at the hands of the Manchus who were then establishing the Ching Dynasty. Yang Gao Sho later moved southwest from Kunming to a Shan area on the Salween (Thanlwin) River that is now known as Kokang. By the late-nineteenth century, opium was a major source of the state’s revenues, and also a large share of the entire British Shan States income.

Just managing to stay free of the imperial grasp, Kokang and the ruling Yang family remained autonomous through World War II, both from the government and from other power centers. Kokang was only being integrated into the mainstream of national life in the 1950s and even then incompletely because there was little Myanmar cultural or political influence in Kokang. Over the years, Kokang had become predominantly Chinese. Since the 1960s, the Kokang Chinese4 comprised 94 per cent of the population, living in both the highland and lowlands.

In the 1960s, Kokang leaders revolted against the Myanmar Government in a rebellion that lasted until 11 March 1989 when a new generation of rulers, under the leadership of Peng Ja Sheng, rebelled against the then governing Burmese Communist Party (BCP) and signed a peace agreement with the Government. Kokang was given

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4 Essentially Yunnanese Chinese, with some minor dialectical and cultural differences that set them somewhat apart from the Yunnanese.
the status of Special Region No. 1 under the control of the Kokang Authority. Infighting within Kokang in the 1990s gave the government the opportunity to intervene militarily and thus gain some control over and influence over the Region. Despite this, Kokang is still a special region with its own administration and army in place.

Kokang’s population is officially about 106,000 but records are incomplete; authorities suggest that if transient residents, including many Chinese living in urban areas, were counted, the total would be closer to 200,000 for an actual population density of 80 people per square kilometer. The flag of the Region shows seven linked yellow rings against a red background. These represent ethnic groups of Kokang, the Kokang Chinese, Shan, Palaung, Lahu, Lisu, Wa, and Miao. Because of the absence of a satisfactory health infrastructure, no family planning services are available, fertility is high, and roughly half the population is under 15 with the average household size being seven people. A rough estimate would suggest that the permanent population of Kokang was perhaps 60-70,000 in 1989 and has been growing at (the exceptionally high rate of) about 4-5 per cent annually.5

After the cease-fire, Kokang’s main city of Laukai, located in the southeast of the Region developed. The urban area has expanded and the marketplace has grown to several times its former size as many of the transient Chinese settlers have opened businesses or work for others here. A diesel-fired electrical generator has been installed along with city water works and other utilities. The cobblestone streets have been paved and telephone and other communication facilities as well as a local television station have become operational. The rapidly growing population is nonetheless straining the ability of the Kokang Authority to provide food and other necessities to the people.

Several educational institutions have been established. The first was a primary school that became a middle school in 1995 and a Myanmar Government Basic Education High School in 2000. Quite a few Kokang people have gone elsewhere in Myanmar for further study and a number have also gone to China. Nevertheless, the level of education remains low and the number of highly trained Kokang natives is small.

A Myanmar Government Civil General Hospital was established the next year that now has 50 beds and treated 18,731 out-patients and 1,156 in-patients in 2002. On the staff are several Kokang people (with whom the people can communicate directly and easily), trained elsewhere in Myanmar, which has encouraged a recent upsurge in the number of patients using the hospital’s services. There are also five dispensaries throughout the rest of the township.

With the a near dual administration in place amid the heavy Kokang Chinese influence, the government is constrained with what it can do for a population in which hardly anyone speaks the Myanmar language. Although this will change over time, at present this impedes technical and economic development in many sectors.

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5 By comparison, in 1960 when the government began promoting family planning, the rate was 3 per cent.
Peng observed that “You cannot imagine how poor the people are” in Kokang. To find a way out and to promote employment opportunities for the local people, the Kokang Authority has allowed numerous gambling casinos and small games of chance operators to open, catering to Chinese from across the nearby border checkpoints with China. However, the low educational level among the people of Kokang resulted in approximately 80 per cent of the casino employees being also from China. Karaoke bars, massage parlors, and other nightlife businesses have been established in Laukai and other Kokang cities so much so that they dominate the downtown streets.

**Wa Special Region No. 2**

According to the cease-fire agreement negotiated between the Wa and the government in 1989, the Wa Authority, under Bao Yu Chang, directly control the Region, operating through its Central Authority with branches including Agriculture, Treasury, Health, Politics (including education), and External Relations. Another administrative section controls the Wa military that comprises several brigades stationed at strategic locations throughout the Region.

The Wa lived isolated in the rugged hills of their region for centuries until the Burma Communist Party (BCP) set up operations there in the late-1960s. As many Wa put it today, the BCP “liberated” them from internecine rivalries and headhunting (apparently through the use of severe interventions) while also promoting unity among the Wa. Many people in the Wa Region joined the BCP in fighting the Myanmar Government for so long that the Chinese way of thinking eventually became a model for Wa leadership.

The ethnic Wa are themselves diverse, speaking a jumble of sometimes mutually unintelligible dialects, wearing variegated costumes, and possessing a range of cultural attributes. Scattered in villages on or just below hill crests, which served as good lookouts against marauding enemies, the Wa traditionally feuded with each other, some of them headhunting for skulls they displayed on platforms near the entrance to their villages. This served as the basis for being widely known to the outside world as the “Wild Wa” (although many were indeed termed “tame”).

The Wa live mainly in the Region’s north, with the sacred lake in Long Tan considered their birthplace. By comparison, in the south, where the UNODC Wa Project is being carried out, only about 30 of 336 villages in the Project Area are ethnic Wa. It is here that most of the Region’s other ethnic groups live while the Chinese are scattered in lowland towns throughout the Region. The main groups are Lahu, Akha, Shan, Palaung, and ethnic as well as Kokang Chinese. The total population of the Wa Region is about 600,000. The population density is low; only 24 persons are found per square kilometer in the Wa Region, not even one-third that of Kokang.

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6 Adopting, for example a Roman script devised by Baptist missionaries in the early-twentieth century for a dialect of Wa popular in China for use by all Wa groups.
The Government of the Union of Myanmar, although having signed a cease-fire treaty with the present Wa leadership in 1989 after it broke away from the Burma Communist Party, remains constrained in what it can do in the Region. The United Wa State Party (UWSP) and Authority based at the BCP stronghold of Pangsang, retains considerable autonomy. The United Wa State Army (UWSA) has in fact increased in size since 1989, to approximately 22,000. This restricts the Government, even more than in Kokang, from implementing activities and establishing a presence there.

The Wa Authority administrative style adopted from the Burmese Communist party model allows for little local initiative. Orders and directives flow out from Pangsang through the Districts and Townships to the local people. Negotiation is not always possible. Despite the authoritarian nature of rule, the Authority includes members of all the Region’s ethnic groups as well as some from elsewhere who are on the Central Committee and head local Districts.

As in Kokang, the years since the cease-fire have seen considerable development in the Wa Region, particularly in the bigger cities such as Pangsang and Mong Mau which have changed vastly since 1989 when buildings were almost all made of bamboo or mud bricks. Hydroelectric generating plants have been established, hundreds of kilometers of cobblestone roads have been laid, and considerably new housing, shops, hotels, and other structures have been built in the cities. Telephone lines and a television station have been built that are beginning to link the Region’s scattered population. Religious structures are being built with Buddhist monasteries, mosques, and churches also being established. The government of Myanmar recently built the Maha Panthu Theingi Pagoda on Theingi Yadana Hill in Pangsang. No longer do the people of the Wa Region think only of themselves, as Sao Maha had told the Frontier Areas Committee in 1947. Now the Wa Authority has its own development plans and individual aspirations.

The Wa Authority, recognizing the need to provide education for the Region’s people, has started establishing schools. However, efforts so far have been insufficient to cover the needs of the population with well over half the people still illiterate. Reflecting the ethnically mixed population as well as the use of Chinese as an official language of the Wa Authority, the educational system is multilingual. There are Myanmar and Chinese curriculum primary, middle, and high schools. Sometimes they have merged the curricula and unified the academic year such as in the northern township of Nam Tit where students study the Chinese subjects in the morning and the Myanmar courses in the afternoon.

Besides the two main educational languages of Myanmar and Chinese, Wa language texts are used, particularly at the primary levels. Educational officials are preparing more Wa books, using the Roman script. Adult literacy programs are offered in Lahu, Akha, Wa, Shan and other languages used in the Region. Wa Buddhist literature is also being produced in the western Wa township of Pangyang and used throughout the region by monks and for educating novices.

Health care for the Wa Authority formerly were under the Wa Army Supply Bureau. In 1988 there were only four health facilities with 11 health workers and they were mainly for treating soldiers wounded in battle. Health work was moved in 2002 to the
Central Health Bureau under the direction of U Tun Gyi a physician who formerly attended Yangon University (he being almost the only Wa cadre with a high level of formal education).

The Government now supports 70 health staff in the Wa Region with hospitals and clinics in four districts and has also provided training in various fields such as midwifery. Cooperation with the Chinese authorities focuses on the control of contagious diseases such as HIV/AIDS and malaria. An international NGO from the United Kingdom, Health Unlimited, has been working with the Wa Health officials since 2000 with activities including mother and child care, an immunization program, and training in various fields. Other European NGOs are expected to begin work in Pang Sang and UNODC Wa Development Project area, in close coordination with the latter.

Nevertheless, many people in the Region seek health care from private clinics or itinerant healers who are not often well-trained. There are reports of bad injections and substandard medicines being used, to the detriment of the local people’s health.

The Wa Authority has been eager to invest in macro-level projects such as rubber plantations and cigarette factories as well as a tin mine and a paper factory (using bamboo as the raw material) that they hope will give their people alternatives to depending on opium cultivation. Unfortunately, however, these ventures have often failed to meet their goals due to the lack of technical expertise on the part of the Wa or because of insufficient market assessments. Furthermore, many of the benefits of these undertakings have gone to Chinese or to others from outside the Wa Region. The Chinese government has also sometimes placed restrictions on cross-border trade, often not allowing products from the Wa Region to be sold across the border.

With specific reference to rubber, it has been promoted heavily in the Wa Region after the Chinese model where rubber is being widely planted as a substitute for shifting cultivation. However, according to the UNODC consultant’s report, “the Chinese complain that rubber plantations have depleted soil fertility, and that rubber is not longer productive…[and that] Chinese authorities are now actively converting rubber plantations back to forest, because the plantations have degraded the soil without producing significant economic benefit.” This raises the possibility that Chinese entrepreneurs are looking to take advantage of the Wa by short-term investments or other such non-sustainable measures.

Considerable logging has also occurred. After the Chinese government banned logging in Yunnan in 1998 and also eliminated the import tax on logs, Chinese companies began exploiting forests along that province’s southern border. Although the Wa Authority established a Bureau of Agriculture, Forestry, and Irrigation that year none of the staff had any advanced training in forestry that has made it difficult for the Authority to coordinate logging concessions or effectively institute replanting or other conservation measures.

One promising undertaking is a tea plantation started in Mong Mau with technical assistance and training from Taiwanese experts. Producing oolong tea that sells for

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7 Karin Eberhardt, “Forest Management Situation Assessment” UNODC WADP 2001, p. 8, 8n.
$50 a kilogram, the product is now being marketed in Taiwan. The area under cultivation is being expanded so that more tea can be manufactured and the product exported to new markets such as Japan and the United States. Despite this promising undertaking, many of the business ventures the Wa are conducting in their region face problems.

Planning the End of Opium Cultivation

Although both the Kokang and Wa Authorities discussed plans to eliminate opium as long ago as 1990, efforts of various kinds had actually started much earlier. Warfare and adverse conditions, however, frustrated them. Over half a century ago, in 1939, Professor Edward A. White from Cornell University in the United States and the American Baptist Missionary, Brayton Case, journeyed from Lashio to Kyaington via Kokang and the Wa areas. White and others worked with the Pyinmana Agricultural School to start agricultural demonstration centers to grow more food crops and to begin to replace opium but the effort was cut short by World War II and then delayed further as the country regained its independence from the British. Once the government had signed the UN Single Convention on Narcotic Drugs in 1961, new attention was devoted to poppy cultivating areas. Plans were drawn up in 1964 to formulate the Kokang Development Project to improve socio-economic conditions in the region. But when the BCP moved into the area this effort too had to be postponed.

Seven years after the cease-fire was signed in 1989, when the price of Kokang’s golden opium was at its peak, the UNODC estimated that following some control measures the area under opium poppy had been reduced from over 20,000 acres (to 13,787 acres (from 80 down to 55.7 square kilometers). Before the reduction some 13,250 households, or almost all of the Region’s permanent residents, were estimated to have been involved in poppy growing.

Eventually the Kokang authorities agreed with the Government to end opium production in Kokang in 2000, but then later postponed to 2002. This year, 2003, is the first full cultivating season in which no opium poppy has been cultivated in Kokang for over a century.

The Buckwheat Cultivation Project

Helping this process move forward has been the Buckwheat Cultivation Project funded by the Japanese Government and implemented with the Progress of Border Areas and National Races Department (NaTaLa). The purpose of the project was to grow buckwheat as an opium replacement crop and then sell it to buyers in Japan where it is made into the popular soba noodle. Beginning in 1998, buckwheat was cultivated in several areas of Northern Shan State, including Ta Shwe Htan and areas close to Laukai in Kokang. By 2002, about 7.6 square kilometers were under buckwheat cultivation. Obstacles to increasing production were that of heat damage in the post-harvest phase and the long transportation process from the fields to Japan. Various measures are being undertaken to overcome these problems, such as shipping

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8 Given an average household size of 7, for a total of 92,750 people.
the buckwheat to Japan via China. The project staff, which has by now gained a good understanding of Kokang Region and how to work there, has plans for other activities to meet the needs of the people regarding opium poppy replacement.

UNODC Wa Alternative Development Project

The process leading to the elimination of opium in Kokang has followed a similar process in the Wa Region. Following the cease-fire agreed to by the Government and the Wa leaders in 1989, the Wa began laying plans to eliminate opium cultivation by 2005. In late-1994, as an adjunct to the UNDCP (in October 2002 renamed UNODC) China/Myanmar alternative development project, activities were carried out in the southern Wa, headquartered at Hotao, to assess the feasibility of carrying out supply reduction and to strengthen the commitment of the Wa to stop poppy cultivation. In June 1995, Wa leaders met in Yangon with government officials and UNDCP (with observers from the Japanese and American embassies) to announce officially their plans to meet the 2005 deadline. They began this process by declaring that Hotao would be the first opium free zone as of the 1995 planting season. UNDCP worked also with NaTaLa as well as with the Central Committee for Drug Abuse Control (CCDAC).

UNDCP then drew up plans for a larger alternative development project that began operations in 1997. Project formulators worked directly with the central Government officials because of the latter’s desire to control policy in sensitive and remote border areas. One negative outcome was that, when project work commenced, Wa leaders did not fully understand the objectives or the project strategies. Furthermore, the community development concepts promoted by UNDCP did not always fit, indeed sometimes conflicted with the top-down Authority approach. When efforts were made to involve the villagers in decision-making, organizing micro-credit schemes such as rice banks, and cooperatives, some in the Authority felt threatened.

For its part, the Wa Authority was convinced that if the Project only provided them with infrastructure such as roads and electrical generating plants, they would be able to manage the agricultural development to replace opium and bring other progress to their area.

UNDCP attempted to respond to some of these requests, in the process building confidence with local authorities by providing some of the infrastructure requested while at the same time continuing some participatory community work.

Despite this, an individual Wa Security Brigade head brought the project to a halt by taking project staff hostage during a community drug detoxification activity. Work in remote highland villages, mostly with non-Wa groups was prohibited because the Brigade head thought such work threatened security and might lead to an insurgency.9

The mid-term evaluation team was unaware of the above incident when it presented its cautiously positive report in June 2000. However, because of warnings in the

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It should be noted that this Brigade Head had previously shown little interest in the project despite efforts by the staff to work with him. His sudden reaction came as a complete surprise.
report about the erosion of community activities, one of the two principal donor countries indicated its readiness to halt its financial contributions that would effectively have forced the project to close down.

Conditions were thus very difficult and confused when negotiations with the Wa and the Government began in November 2000 to rework the project. Nevertheless, a compromise was made that allowed for limited community work in villages close to Mong Pawk and Mong Phen townships while also mandating limited infrastructure to restore the confidence of other stakeholders. The project revision and workplan for what was now being called the second phase was finalized in January 2001 to the satisfaction of all, including the donor community which made new financial commitments.

It should be noted that the Wa leadership, besides the macro-level projects, tried to solve the opium problem by moving tens of thousands of people from the northern Wa, outside the project zone, to an area around Mong Yawn, on the northern Thai border. Entire settlements or portions thereof were made to join the march south and east. This forced relocation was based on the belief that many small hill crest villages were unsustainable and that shifting cultivation was either anachronistic or damaging to the environment and because of other unfavorable conditions such as water sources being located long walks down and away from the living area.

Furthermore, UNDCP’s participatory approach was overly innovative and the advantages of bottom-up thinking not sufficiently understood. The great majority of the local leaders were convinced this approach was recklessly poor development if not revolutionary.

Wa efforts, however, proved to be less successful than their leaders had hoped. Because the Authority did not provide those being relocated to the Mong Yawn areas with sufficient inputs and also because those being moved were put in areas so risky in terms of malaria exposure that thousands died from the disease for which they had little resistance. Furthermore the Thai Government believed that the relocation of these people to Mong Yawn was aimed primarily at promoting the trafficking of ATS and reacted angrily, putting pressure on the Government of Myanmar. The local Shan, Lahu, and others already settled around Mong Yawn also indicated their displeasure with the moves.

Partly in response to this negative reaction, Wa leaders wanted to identify other resettlement sites in the Wa Region. These were mainly areas in the lowlands or in central locations identified as points for future development where they believe social services can be delivered more effectively.

In these sites, where they expected that higher yields could be obtained, most Wa leaders seem convinced that the best response to low agricultural outputs would be using better varieties. These are often hybrid, require fertilizer, and generally must be grown on irrigated land. Although realizing that most farmers in the Region are unfamiliar with these varieties and lack the technical ability to use them effectively, they still hope that somehow this can take place through an unrealistically rapid educational process without considering other options.
One area where resettlement took place in the UNODC Wa Alternative Development Project area was the village of Son Khe village in the Nam Lwi Catchment of Mong Hpen Township. The people came from different Wa villages in the north about three years ago. Some ten households came from Am Pei Village in Kong Kok Village Tract where about 70 households remain. On arrival the movers had to start everything again from house building to preparing fields and gardens. The Authority gave them roofing material, six months of rice, and ten buffaloes to prepare their fields. Some local tax exemptions were also awarded. However, following the death from malaria and other diseases of well over 10 per cent of the population, the UNODC Project, after consultation with the Wa Authority, intervened to provide humanitarian assistance in terms of health, food aid, and agricultural inputs. One year later, not only was the situation of the villagers improving but the Wa Authority had become better disposed to allow the project to operate in local villages.

Because of their isolation and involvement in decades of fighting, the farmers in the Wa Region have had little access to formal education and, thus, to information from outside their immediate vicinity. As with their leaders, the outlook of Wa and Kokang farmers has been shaped by life in their distant hills as subsistence farmers. All most of them know is fighting alongside the BCP as well as cultivating poppy and other crops.

Following completion of the first phase in 2000, the project has continued to be impeded by Wa misunderstandings, although to a diminishing degree. Among the new initiatives is a large undertaking to extend a canal in the biggest valley of the Wa Region, in Mong Kar Township. Using additional financing from the UN Trust Fund for Human Security (under another project document with a different timetable), UNODC is making it possible for the people to grown dry season (summer) rice and other crops. This will allow more people to be settled in Mong Kar and reduce the area’s rice deficit, something the Wa leaders truly appreciate.

This engaging of the Wa Authority in dialogue over local development has heightened opportunities to conduct participatory village work.

Among the signs of growing Wa Authority trust in UNODC was that Wa leaders in 2002 and so far in 2003 have commented that what they most desire is (no longer infrastructure but) technical assistance to do resource surveys and maximize agricultural production.

The project, now scheduled to end in 2003, is expected to be extended into 2005 so as to coincide with work on the Mong Kar Canal. Overall, the Project has made significant advances in developing staff capacity, beginning participatory work, creating an environment by which alternative development can take place, and winning over the Wa Authority.

UNODC also engaged in limited activities in Kokang through its now closed project “Support for Opium Eradication Programme” (AD/MTYA/98/D94) which ran from 1999 to 2002.
The Place of Participatory Work in Kokang and the Wa Region

Besides being trained and intellectually shaped by the BCP in the 1950s and 1960s, Kokang and Wa leaders were influenced by other Chinese they met. These included Nationalist troops fleeing the Communist takeover of China in 1949, and who then remained in Myanmar for decades as well as others coming from China more recently. During these contacts, the Chinese leadership imbued today’s top-ranking Kokang and Wa officials with a top-down worldview rooted in macro-level approaches now ironically mostly outdated in China itself.

This authoritarian administration practiced by the Wa, and to a lesser degree, the Kokang leaders has stymied the village-based initiatives that could well bring the economic development that they are seeking. Although the leaders realize that villagers lack the funds to purchase high-yield hybrid varieties and the chemical fertilizers and the technical knowledge to make efficient use of them, they have not been able to provide technical support or agricultural assistance to these farmers. Were extension agents identified and put in the field, they might also be able to introduce alternatives to help the farmers increase their outputs. Nor have the leaders made serious efforts to involve the villagers to use their indigenous knowledge in a collective search for ways to increase food production. Such initiatives might be a useful way to devise solutions to at least some of the problems the people here are facing.

The Effects of Opium Cultivation and Difficulties in Replacing It

The opium poppy well-known addictiveness is not limited to just physical dependence to an alkaloid. The farmers who have been growing the substance and the petty traders in the area who have been selling opium have also become dependent on the substance financially, a dependence that even in the best of situations is difficult to break. Peoples of all the two Regions’ local groups are now struggling to make a living in an environment that has been stripped by years of opium dependence and, since 2002 in Kokang, of the income from opium poppy itself.

Contrary to popular opinion, and although opium poppy fetches a higher price than other commodities the local people can produce, the growers are not rich. The great share of the profits goes to the traders, mainly to those outside of Myanmar who ship the drugs to Europe or North America. Most growers stay in simple bamboo and thatch or mud brick structures with few amenities and survive off the land.

Instead of their previous self-sufficiency, the growers in the area, on the average, now only grow enough rice to live on for half a year. With the cash they have since made from opium sales, the growers buy rice and other foodstuffs for the other half of the year as well as other needs. This pattern may have started during their insurrections when fighting disrupted their rice cultivation. This decreased self-sufficiency was encouraged by the arrival of inexpensive Chinese goods in market towns along the nearby international border since 1989. The growers have now grown accustomed to buying many of their clothes, household utensils, and various other materials from rope to tobacco to medicinal herbs instead of producing them as they once did.
Breaking this “economic” addiction might prove as hard as overcoming the physical dependence to the drug itself. Old indigenous skills and cultural patterns once lost can only be replaced through a tedious retooling process.

Yet it is not only the functional utility and the relatively high cash value of opium that makes the change to reliance on other items difficult for the poppy growers. Complex factors confound the change, all to the disadvantage of the growers, particularly the Kokang Chinese. The few crafts and local industries that still are maintained fail to cover even their food needs.

Although much is unknown about the household economy of the people in the area, some trends can be estimated. Kokang will be discussed first.

The UNODC estimates that each household in the Shan State involved in opium production earned about $500 per year. Assuming this is valid for Kokang and based on the Asia Development Bank (ADB) estimate that an adult requires 1.06 kilograms of rice per day and that in the Region $1.00 will buy 5 kilograms of rice, the average household, comprised of 7 people, needs 222.6 kilograms of rice per month costing $44. Thus, when opium cultivation was being practiced, the average household was earning $528 from opium annually, more than enough for an entire year’s supply of rice. With income from other sources and the production of other food crops, the household had money left over to purchase clothing, other supplies and needs, as well as to pay for health and educational expenses.

At present, The Kokang Authority states that 20 per cent of its population is self-sufficient in rice, and the remaining 80 per cent grows enough rice for only half of its needs. As noted above, there are approximately 106,000 permanent residents in Kokang comprising some 13,250 households. Eighty per cent of this is 84,000 people comprising 10,600 households.

These people now need to find rice for six months of the year. Thus, 10,600 households are each in need of 222.6 kilograms for each of 6 months. This totals 1.335 metric tons per household or something over 14,000 tons for former poppy growers of the Kokang Region as a whole for the half year. This would cost about $3,00,000 if purchased locally.\(^{10}\)

The needs of the Kokang Region growers of course are more than simply getting enough food to eat. They also have other requirements in their life that they had been paying for with the income from opium. Among these are education and health expenses.

Since 1989, close to 100 have been opened in Kokang and the Wa Region. Most of the people in these Regions recognize the value of an education for their children and hope that they can obtain it. New clinics have been established, mainly in population centers. Since the various local groups have lost most of their traditional health lore, they are obliged to seek treatment at these centers for which cash is required. However, since the end of opium, there are reports that sometimes as much as 30 per

\(^{10}\) By comparison, rice in Yangon is more expensive, 30 cents per kilogram compared to 20 cents in Kokang.
cent of the Kokang Region parents, lacking the money for tuition and school materials, are taking their children out of school. As this happens, the chance for the people to gain the technical expertise needed to escape their plight grows more remote.

Complicating the replacement of opium is that comprehensive water and mineral resource surveys have not been conducted. Although the limestone hills of the two Special Regions are porous with the result that supplies of water are scarce, there are small sources of water in the Wa Region, and a somewhat smaller number in Kokang, that could be exploited productively for agricultural as well as household purposes. Similarly, although some of both the Regions’ mineral resources are known to the Authorities, there are more that could be tapped as sources of income. Learning more about both would enhance the ability to develop the two regions.

The Lack of Alternative Sources of Cash Income

Kokang

Focusing first on Kokang, where the need for replacements for the income from opium is immediate, many factors complicate the shift. First is the remoteness of the Special Region 1 from Myanmar proper and the Region’s nearness to China. Just to reach the nearest major town in Myanmar, Lashio, requires a day’s driving and one is still hours from Mandalay. In Kokang, the Chinese language is widely used, the yuan is the standard currency, and road and phone contacts with nearby China are more convenient than with Myanmar.11 The Government finds it difficult to provide assistance in such conditions because of the isolation, the poor communication links, language barriers and to its lack of financial resources. The dual administrative structure in the Special Region with both the Myanmar Government and the Kokang Authority sharing the management of local affairs sometimes impedes effective implementation of new activities.

As with Wa leaders, most Kokang authorities are certain that the answer to low rice yields is a change to improved, often hybrid varieties that require fertilizer as well as to the irrigation of new land. Although recognizing the lack of technical ability of the local farmers, Kokang leaders seem to have an unrealistic hope that somehow the farmers can learn to use the new rice varieties.

There is in fact no single crop or economic activity that can readily replace opium. The relatively high cash value of opium, its steady market, the poppy’s resistance to local plant diseases and the basic level of technology required to cultivate it make it popular among the local farmers. Furthermore, opium’s low weight payload and the lack of special packaging or cold storage requirements only heighten opium’s desirability among the local people.

By contrast, replacement crops all have special requirements, such as the need to cultivate more land to gain the same income. Other new needs may be high-cost inputs such as chemical fertilizers, pesticides as well as special handling or grading

11 This means that in many locales in Kokang, it is necessary to make an international call to reach Yangon.
needs. Other complications might include the need to either develop markets or educate people on how to consume new crops cultivated in opium replacement schemes. International market prices, especially if they decline, can ruin even the most promising potential crops.

New roads or lines of communication may have to be built in order to get the produce or goods to the marketplace. When this happens, various influences from the outside enter the village. These can include the introduction of new foods, cultural practices, tourists, or other influences including contagious diseases. Any or all of them can change village life. The effects can range from the positive, such as increased literacy to the negative, such as more dental problems (from children’s sweets sold in the village) to people contracting HIV/AIDS.

Problematic Conditions in Konkyan District, Kokang

Konkyan District is one of the poorest parts of Kokang. The local Authority leader painted a bleak picture of what the local people are facing as they change to the post-opium way of life. He stated that they are determined to eliminate opium but that they cannot solve the food security problem. He reviewed the various options for the recent Joint Kokang-Wa Humanitarian Needs Assessment Team.

Fruit Trees: For this option, most villagers cannot afford the inputs. For the villagers who can, a three-year wait will be necessary before the trees can bear fruit (and then there most likely will be marketing problems to overcome). Some planting has been carried out which will lead to future harvests. However, selling fruit in the competitive Chinese market is daunting.

Tea: The market for the once famous tea the people of Konkyan produced has collapsed; their tea can now only be sold locally for such a low price that it does not cover the cost of rice given those who harvest it.

Sugar Cane: There is no mill in Konkyan and the cost of transporting the cane for about six hours on the difficult road to Laukai (approximately $30 a ton) is less than the cost the mill there will pay.

Walnut and Sichuan “Pepper” and Other Crops: The local people are growing these crops as well as buckwheat but too many seedlings of the former are dying and the market for the latter is low at present.

Livestock: Although the people of Konkyan once raised livestock such as goats and horses, rampant disease undermined the effort and it is no longer practiced.

Field Labor: Over half of the people of Konkyan are now relying on field labor to make ends meet. However, without opium poppy the amount for a day’s work, reduced from 10 yuan (about $1.20) in opium-growing times to 4 yuan at present buys just two kilograms of rice, or not enough to feed two people.

Increased Rice Cultivation: Many villagers have been clearing more highland areas and cutting some new terraces on which to grow additional rice and other grains.
Although this effort by itself will be insufficient (and sometimes damaging to the environment) to bridge the gap, it will help.

Nevertheless the situation in Konkyan is not inevitably dour. Some progress has been made towards bridging the gap from dependence on opium income to its aftermath. Other cash crops have been identified that could be introduced in Konkyan and elsewhere in Kokang. These include a variety of maize to medicinal herbs that bring sufficiently high prices in China. Some increase in backyard gardens was observed; given some technical assistance on nutritional crops, this type of activity could both increase the food security as well as the health of the people through a better diet.

Highland cropping patterns and certain crops used to advantage in Thailand and Laos could be introduced here to intensify production while not damaging the environment. Road building is proceeding steadily through local initiative and some outside assistance, such as the Japanese government’s ten kilometer “demonstration” road improvement on the route leading out of Laukai towards Konkyan.

The Wa Region

Here there are still two years prior to the enforcement of the opium ban in 2005. Although the Wa Region possesses more resources such as a greater area under rice cultivation, more indigenous skills, and more sophistication among the people to extend or intensify cultivation, the area is far vaster and more populous than in Kokang, requiring a higher degree of inputs. As such, the problems encountered in Kokang will repeat themselves many times over in the Wa Region if the situation is not dealt with proactively. Beyond food security, the people of the Wa Region are also facing a humanitarian and human security calamity involving malnutrition, the risk of malaria and other contagious diseases in resettlement areas, as well as economic exploitation and environmental degradation. The chances of serious problems arising in the Wa Region are greater than in Kokang.

The Wa made their deadline of 2005 a firm target a decade ago. All the Wa leaders insist that this deadline is unalterable and have spread word of it throughout the Region. Rural poppy dwellers everywhere in the Wa Region know the deadline and the harsh punishments for not honoring it. Many Wa leaders, wanting to improve their international image and to modernize themselves, see that eliminating opium poppy cultivation is essential to doing so. This had made them all the more committed to adhering to the deadline.

Not only is this deadline it a priority for the Wa Authority, but the Government of Myanmar has agreed to it as a part of its own drug reduction program that is increasingly being recognized internationally as a genuine undertaking and linked with certification by the United States.

Although the people of the Wa Region have long been preparing for the 2005 deadline, they are wary of the major changes to come as are their leaders. Observed a high-ranking official in Mong Mau, “I do not dare think of what will happen after 2005.”
Supporting this deadline is critical to the reduction of opiate use in the Region and elsewhere. If the opium bans in Kokang and the Wa are not at least substantially sustained, the entire process for eliminating opium production in Myanmar and the Greater Mekong Region could easily be delayed. This would endanger the normalization process between the former insurgent groups and the central Government and, thus, national reconciliation as well as the advancement of other socio-economic sectors in Myanmar.

A Partnership in the Long-Term Commitment Needed to Prevent a Humanitarian Crisis

Through existing projects in the Kokang and Wa Regions, both the Japanese Government and UNODC have gained precious experience on what is required and have well-established relationships with the senior authorities. However, since alternative development work usually precedes opium reduction, the process here diverges from what normally occurs. Rather than the conventional bottom-up participatory approach, here it is the directives of the Kokang and Wa Authorities, which are bringing an end to poppy cultivation.

The situation in Kokang is already growing critical. Food shortages have begun to occur. Some farmers have been advanced rice in exchange for their future labor. Others without any rice are begging. Leaders of the Region worry that more crime will increase as people grow more desperate. Some people have already been placed in primitive jails for violating the ban. Increases in malnutrition are being observed. The troubles that exist now, while grave, surely will pale before those that are to come when the implication of living without poppy becomes clear.

The same is true in Wa Special Region No. 2 where there is little chance the people will be able to adjust appropriately to a poppy-free life by 2005. Beyond food security, the people of the Wa Region are dealing with more complex issues—malnutrition, the risk of contagious diseases and economic exploitation in resettlement areas, even those in the Wa Region itself, that threaten the people’s human security.

Emergency and pre-emergency aid are needed to sustain the opium reduction and to prevent a humanitarian crisis. Three major interventions are proposed to provide the food, training, income generation opportunities, and other assistance needed to keep them and their communities viable.

Nevertheless, to be successful ad-hoc emergency interventions will not suffice. Therefore, the Joint Kokang-Wa Humanitairan Needs Assessment Team proposes a phased, multi-sectoral program of activities in Kokang and the Wa Region, spread over three cycles of each 5 years. Attached are five project ideas for emergency and pre-emergency aid as well as the list of twenty-one potential interventions identified by the Joint Team for the first 5-year cycle (2003-2008). UN and bilateral agencies as well as NGOs are being asked to join the Kokang and Wa Authorities and the Government of the Union of Myanmar within a Partnership. In the light of its mandate and experience, it is appropriate that UNODC serve as the coordinating agency for this partnership.
1. Crash 2-year Program Emergency Relief (Kokang), Preparatory Assistance & Framework Building (Wa), Basic Health Services, Crop Monitoring, and Structural Support.

2. Five-Year Plan to link Emergency Relief with long-term initiatives.

3. Two more 5-year plans to sustain and consolidate the comprehensive development of the Kokang and Wa Special Regions.