

MYANMAR UPDATE 2026

Localisation Under Austerity

Rethinking the International Aid Architecture in Myanmar's Revolution

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From donor rhetoric to local reality

- 01** How the aid architecture is being reshaped
- 02** How local actors are adapting to funding cuts
- 03** Naming the pattern: austerity-driven localisation

Grounded in ongoing engagement

Civil society

Women-led networks

Ethnic service providers

Community media

Humanitarian responders

Read alongside secondary scholarship on localisation, the aid-development nexus, and aid politics in Myanmar.

Two paths of localisation

REFORM-DRIVEN

Grand Bargain, 2016

25% target for local responders

Real investment in local capacity

AUSTERITY-DRIVEN

Driven by funding cuts, not access

Responsibility moves down

Power and resources stay central

Grand Bargain sources: Duclos et al. (2019); Slim (2021); Zadeh-Cummings (2022).

Austerity-driven localisation

Responsibility shifts to frontline organisations

But resources, commitments, and pathways don't follow

Agencies become intermediaries; power stays central

The driver is fiscal, not access

International agencies pass funds down to local actors while keeping control over programming and compliance.

Sources: Vrieze (2025, 14); Haines and Buchanan (2025); Aoun et al. (2022).

The cuts on record

Timeline of major donors pulling back, scaling down, or ending funding since the USAID cuts (Jan 2025–Jul 2026)

Jan 2025 *USAID*

90-day freeze halts nearly all US foreign aid; Myanmar programs paused mid-war.

Feb–Mar 2025 *USAID*

Placed on stop-work, then dismantled; on track to lose \$1.1B over the term.

28 Mar 2025 *Shock event*

7.7-magnitude earthquake kills approx.4,900-plus, exposing the gap left by the cuts.

May 2025 *USAID*

\$70M in education funding terminated, risking a “lost generation.”

Jun–Jul 2025 *UK + OECD*

UK cuts ODA from 0.5% to 0.3% of GNI; ten OECD donors cutting 2025–27 budgets.

11 Sep 2025 *Sweden*

Full phase-out of Myanmar aid by mid-2026, funds shifted to Ukraine.

Late 2025 *Netherlands*

Cuts global NGO funding by roughly \$1.1B, squeezing Myanmar-facing partners.

2026 *UK + EU*

FCDO cuts a further 30%; EU institutional aid falls 13.8% overall.

Mid-2026 *Collective gap*

\$890M UN appeal only 43% funded; millions in need will go without.

Sources: Human Rights Myanmar; OCHA FTS/HNRP; Amnesty International; Bond/FCDO Annual Report 2025–26; Center for Global Development; OECD DAC; Irrawaddy/Scandasia; The Diplomat; CNN.

US\$1.1B

projected total US aid loss to Myanmar over Trump’s second term

43%

of Myanmar’s \$890M 2026 UN humanitarian appeal funded (mid-2026)

30%

UK bilateral aid cut to Myanmar, 2025/26 → 2026/27

The 2021 coup put Myanmar at the centre of a global aid debate

Donors still speak of localisation, but the reality looks different

Aid cuts, shifting priorities, and domestic pressure

Localisation now unfolding under severe financial constraint

40%

of Myanmar's 2024 humanitarian appeal funded

among the world's most underfunded emergencies

Source: Décobert (2023); Youakim and Stephan (2024); Vrieze (2025, 11).

How the architecture passes the burden down

01

Legal & regulatory obstacles

The 2022 Registration Law forces local actors into an impossible dilemma: register under junta control or operate illegally to deliver aid.

02

Centralised aid architecture

Aid systems remain anchored in junta-controlled hubs, systematically marginalising border-based and non-state service providers.

03

Exclusionary compliance

De-risking, FATF blacklisting, and counter-terrorism policies block local access to banking and shift heavy financial liability to the frontline.

Sources: Ware and Skidmore (2023); Hou (2024); ICNL (2023).

Local adaptation

01 Reviving parallel systems

Decades of ethnic health and education services. Karenni: interim administration since 2023, now running executive, legislative, and judicial functions.

02 Improvising within the aid architecture

Pooled grants and shared overheads. Seeking out donors willing to bend the rules, just enough to keep resources moving.

Sources: Progressive Voice (2024); Myanmar Peace Monitor (2024); Elbers and Arts (2011).

Filling the gaps donors left behind

01 Women-led networks and media

Women's organisations: relief work paired with documentation, work that's hard to fund because it's hard to count.

02 Diaspora and cross-border alliances

Informal remittances. Diaspora crowdfunding. Increasingly, digital currencies.

Sources: KHRG (2022); ICG (2022); Than et al. (2024).

KEY TAKEAWAYS

- 01 Scarcity, not reform, is now the main force shaping localisation in Myanmar.
- 02 The architecture passes responsibility downward while keeping resources and authority at the centre.
- 03 Local actors already carry the response, through parallel systems, improvisation, protection work, and informal finance.
- 04 A meaningful localisation agenda has to transfer resources and authority together, not one without the other.