

Burundi

Status Index (Democracy: 3.63 / Market economy: 3.54) 3.58		Management Index 2.77	
HDI	0.378	Population	7.0 mn
GDP per capita (\$, PPP)	648	Population growth¹	2.3 %
Unemployment rate	-	Women in Parliament	18.5 %
UN Education Index	0.51	Poverty²	58.4 %
		Gini Index	33.3 (1998)
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. ¹ Annual growth between 1975 and 2003. ² People living below \$ 1 a day (1990- 2003).			

A. Executive summary

Despite significant delays incurred by political actors in Burundi, the Arusha peace process has progressed. Initiated and enforced by the international community and driven primarily by African regional powers, the peace process suffered from resistance on the part of political actors in Burundi. The transition period was extended beyond its original due date of October 2004; as of January 2005, the scheduled referendum and elections had yet to be held.

Burundi is not a democracy nor does it have a socially integrated market economy. The political system is marred by ongoing attacks by the Hutu rebel movement, the National Liberation Forces (Forces Nationales de libération, FNL), continued mutual ethnic distrust between Hutu and Tutsi, an uncompromising and power-oriented political class, human rights violations and the neglect of civil society groups as political actors. However, the 2003 integration of the other influential rebel movement, the National Council for the Defense of Democracy-Democratic Defense Forces (Conseil National pour la défense de la démocratie-Forces de défense pour la démocratie, CNDD-FDD), into the government was a success. As one of the few areas in which the government can intervene, albeit with the help of the IMF and World Bank, the government's economic policy focuses almost exclusively on establishing a sound budget and stable exchange rates.

Severe shortcomings persist in socioeconomic development, free market competition, private property and welfare regime. Economic performance has been mixed due to the ongoing war, bad weather, low world market prices for Burundi's principal commodity coffee, smuggling, weaknesses in the industrial sector and a reluctant donor community. Ecological concerns have yet to arouse interest.

Burundi suffers from a very high level of difficulty. Furthermore, all key political actors in Burundi have focused on maintaining power or becoming integrated

within the power structure and neglected the goals of transformation. Steps taken toward resource efficiency, consensus-building, national reconciliation and international cooperation are the result of foreign pressure. The continued lack of domestic commitment to peace coupled with developments in the Democratic Republic of Congo and Rwanda are likely to ensure continued political violence in Burundi through 2006.

Non-Burundian political actors have been crucial to Burundi's limited progress. Democratic and economic transformation cannot take place in the absence of peace and a modicum of trust between Burundi's ethnic groups. The international community must focus on these issues in exerting its influence.

B. History and characteristics of transformation

Burundi has never undergone political and economic transformation. A very poor country, Burundi is highly dependent on foreign assistance and world market prices for its main commodities, coffee, tea and cotton. A conflict between the main ethnic groups Hutu (84%) and Tutsi (14%) (the Twa make up a small minority with 1%) dates back to the colonial era when Belgium in particular facilitated the destruction of traditional social structures. The struggle for power following independence in 1962 resulted in the elimination of the Hutu elite after a failed coup d'état in 1965 and pogroms against the Hutu in 1972 and 1988. All post-colonial, authoritarian Tutsi-dominated regimes since have focused primarily on maintaining their power rather than formulating sound development policies.

In 1988, the international community began enforcing democratic transformation, which ended in disaster: President Melchior Ndadaye, elected in 1993 by the majority of the Hutu, was murdered by the Tutsi controlled army after four months in power. His assassination sparked a spiral of violence fueled by radical groups from both sides. In 1996, former President Pierre Buyoya (1987-1993) staged his second coup d'état. Regional powers responded with an economic embargo (1996-1999). Forced to deal with highly conflicting party interests, civil war with the two Hutu rebel movements CNDD-FDD and FNL, an uncompromising domestic army as well as external powers demanding the departure of the military regime, Buyoya accepted a peace process brokered by official mediators Julius Nyerere (until 1999), Nelson Mandela (1999-2001) and South Africa's current Vice President, Jacob Zuma. The Arusha agreement of August 28, 2000 provided the basis for a transitional government, which took power on November 1, 2001. This government was led for 18 months by the Tutsi Buyoya (November 2001 – April 2003) and for the next 18 months by the Hutu Domitien Ndayizeye (May 2003 – October 2004). Unabating external pressure has ensured—by and large—implementation of the Arusha agreement. However, resistance to various points by several Burundian actors has delayed each stage of the process significantly. Consequently, the transition period had to be extended in October 2004.

A referendum approving a new constitution took place in February 2005 and national elections were held in July of the same year. The remaining key contentious issues included a quota for the Tutsi in the post-transitional political system, which was rejected by the CNDD-FDD. The CNDD-FDD finally accepted the peace process in October 2003 after having engaged in heavy fighting and ignoring an already existing peace agreement from December 2002. Currently, the CNDD-FDD is the strongest political pressure group. It has pushed the previously most influential Hutu party, Front for Democracy in Burundi (Front pour la démocratie au Burundi, FRODEBU) to second place. The FNL continues its armed rebel attacks despite heavy international pressure. The process of implementing the Arusha agreement illustrated the extreme distrust between the two ethnic groups and the lack of commitment to peace and democracy among political actors, whose overriding interest focused clearly on gaining or defending power.

Economic transformation has also failed to succeed in Burundi. No government since independence in 1962 has tackled the structural problems preventing Burundi from establishing a social market economy. These structural problems include the dominance of a subsistence economy; low diversification of the modern economy, which is concentrated in the capital city Bujumbura; low urbanization; low income; extreme geographic partitioning; high population density; lack of investment incentives; growing ecological problems; dependence on world market prices for key commodities; high levels of debt; and high transport costs due to Burundi's geographical location as a landlocked country. Both external factors and Tutsi resistance have prevented reforms. Coherent economic policies were no longer possible once political violence began in 1993, destroying the basic framework and producing nearly 1 million refugees. Civil war only facilitated regression. The Arusha agreement prompted cautious signs of hope, although consistent economic policies and genuine transformation remain blocked by unabating armed conflict. The IMF and World Bank have been limited to insisting on singular measures, such as in the field of exchange control.

C. Assessment

1. Democracy

Burundi continued its attempts to re-introduce a democratic regime, although implementation of a civil government had to be postponed. The FNL continued fighting and mutual ethnic distrust among political actors dominates political life. It should not be forgotten that all progress made has been the result of strong international pressure and engaged mediation by the regional powers South Africa, Tanzania and Uganda with the support of the donor community and the UN. Progress remains absent in key areas such as human rights and the acceptance of civil society as a political actor. The overwhelming influence and

continued growth of the CNDD-FDD as a pressure group has raised doubts about the potential to overcome ethnic divisions and strengthen civil society. Elections scheduled for the second half of 2005 will be a crucial test of progress in political transformation.

1.1. Stateness

A cease-fire agreement between the government and CNDD-FDD on October 8, 2003, strengthened the state's monopoly on the use of force. However, there are several problems underscoring the fragility of this development: heavy fighting prior to the cease-fire, which took place despite an existing agreement from December 2002; probable cooperation between the CNDD-FDD and FNL in summer 2003; continued FNL fighting and incursions by Rwandan and Congolese rebel movements in support of the FNL following re-escalating violence in neighboring DR Congo, as seen in the massacre of Gatumba on August 13, 2004, which was probably carried out by the FNL with supporting Congolese and Rwandan Hutu militias. Administrative structures thus remain weak. The CNDD-FDD, although integrated within the government, has maintained parallel administrative structures, which indicates restrictions are placed on the state's monopoly on administrative power. Nevertheless, compared to several other African countries, Burundi's state administration is relatively well established. While the Catholic Church is an important actor in civil society, Burundi is a secular state. Equal citizenship rights are granted to all citizens, although ethnic divisions and administrative deficiencies account for some de facto constraints.

1.2. Political participation

Deep mutual distrust between Burundi's politico-ethnic groups fueled politically motivated resistance to and deep divisions over a new constitution and elections that will end the transition period. Eventually held in February 2005, the referendum on the constitution was repeatedly delayed as Tutsi parties demanded the continuation of a strict quota system to protect their interests in the new legal framework and the CNDD-FDD-led Hutu rejected these demands. Thus, at the time of this writing, the Burundi population has yet to experience political participation in the form of democratic elections.

Unabated political infighting demonstrated the existence of strong veto powers jockeying over the distribution of power. Within this framework, integrating the CNDD-FDD into government meant forming an "alliance of power" between the Tutsi army and a powerful Hutu rebel movement, which is expected to win forthcoming elections—to the detriment of other groups, especially civil parties.

The high number of political parties and other political organizations in Burundi are the result of an unlimited freedom of association. Their activity is restricted

only in cases of radicalism or during politically sensitive moments. For example, when nearly all Tutsi groups rejected the proposed draft of a constitution in September 2004, radical Tutsi politicians and members of their trade unions were interrogated and arrested for a short period.

The same is true for the high number of print and audio media organizations. Two private radio stations were closed down temporarily after broadcasting an interview with an FNL representative in September 2004, which, according to the government endangered national unity and the peace process. Burundi ranks 165th of 193 countries on Freedom House's 2004 Global Press Freedom Survey and was declared "not free" with a value of 75.

1.3. Rule of law

A de jure separation of power exists, but the executive dominates the judiciary de facto. All powers are subject to the struggle for influence, which renders independent activity impossible. Ethnic-driven atrocities therefore generally remain unchallenged. In 2004, the temporary release of 500 CNDD-FDD members suspected to have committed murder, rape and looting, prompted unrest in prisons throughout the country as members of the army demanded the same treatment. This event illustrates the CNDD-FDD's influence and ability to act as a pressure group favoring its own interests over democratic principles.

Army and rebel movements continue to commit atrocities against the civilian population without fear of prosecution. When the army refrained from intervening in the Gatumba massacre, this was explained by the army's desire to expose the cruelty of its enemy the FNL, and thereby declare the legitimacy to employ all means in fighting the FNL.

Political divisions have kept issues regarding the definition of a political prisoner open; temporary immunity has been granted by law to those who have committed a political crime since 1962. Civil society organizations view this as a means for both Hutu and Tutsi politicians, who were responsible for the killings in 1993, to evade prosecution.

1.4. Stability of democratic institutions

Under the continuing transition period, there are no democratic institutions to speak of in Burundi. Characterized by ethnic quotas, Burundi's institutions are a result of the international community's pressure on political actors to negotiate. However, during periods of deep division, these institutions are boycotted. In September 2004 for example, all Tutsi parties rejected the proposed draft constitution and left cabinet and the transitional parliament. The CNDD-FDD refused to participate in the establishment of a truth and reconciliation

commission on August 31, 2004, because it was prohibited from selecting its own members. Nevertheless, the electoral commission installed on the same date is regarded as credible, well-balanced and sufficiently neutral.

Burundi's institutional framework is highly volatile in the present transition period.

1.5. Political and social integration

Burundi does not have a stable, moderate and socially rooted party system. The number of political parties is extremely high, as splinter groups representing Hutu, Tutsi and regional or personal interests are frequent. The same is true of organizations such as labor movements. As they all struggle for political power, there is occasional cooperation between organizations at both ends of the spectrum. However, programmatic differences do not exist. Changes in the political landscape occur because of a group's increasing or decreasing power. Long regarded as the most influential Hutu party, FRODEBU lost support to the CNDD-FDD and FNL in the last two years, as these groups were perceived as refusing to compromise with the army and Tutsi establishment. In 2003, FRODEBU expelled five of its members of parliament for having secretly joined CNDD-FDD or FNL.

Interest groups are also subject to the reality of deep ethnic distrust. They either act in ways similar to the political parties, i.e. represent an ethnic or regional group, or they have no influence whatsoever.

Although no data exists to prove or disprove it, the attitude toward democratic norms and procedures among the population is expected to be overwhelmingly negative. The high participation rate in the February 2005 referendum of over 90% can be attributed to the general desire for peace. The increasing number of protests was a sign of rising dissatisfaction with the self-interested politics of the political elite rather than a push for democracy. Indeed, these protests were directed primarily at insufficient wage payments and cases of corruption or fund diversions among officeholders. In 2004, the population blamed not the world market, but excessive taxation, profiteering and corruption within their government for increases in fuel prices.

Social self-organization exists only in marginally and often suffers from distrust between the ethnic groups.

2. Market economy

As a country ruled by a transitional order and plagued armed struggle, Burundi has no socially responsible market economy. Economic policy targets a healthy budget and stable exchange rates almost exclusively, as they are the only areas in

which the government can intervene with the help of the IMF and World Bank. All other areas suffer from severe shortcomings.

2.1. Level of socioeconomic development

Burundi is one of the least developed countries in the world and ranks 169rd of 177 countries on the Human Development Index, 80nd of 95 on the Human Poverty Index, and 132th of 144 on the Gender Development Index. Government policy neglects these forms of marginalization because of lack in interest or the inability to respond. Consequently, demands on the part of women's groups to be included in the Arusha process have been rejected. Some reforms introduced to meet IMF demands, such as cost-cutting measures in the health sector, actually work against marginalized peoples by demanding payment for consultation, treatment and medication. Consequently, more than one million people are unable to afford and thus do not receive any medical treatment. The government has no Aids policy; 6% of the population between the ages of 15 and 49 are affected. Political neglect of the Hutu is the only form of marginalization addressed at least in formal terms: quotas have been set for their representation in the government, military and security forces.

2.2. Organization of the market and competition

The institutional framework for a market economy is weak. Factors hindering the development of a market economy include: ongoing war; a strong informal sector and poorly functioning administration; widespread corruption; the absence of fundamental development, i.e. a dominant public sector; low income levels and no demands for economic reform on the part of the population. Changes demanded by the IMF are implemented reluctantly and follow-up measures often absent. Foreign trade was boosted when Burundi entered the Comesa free trade agreement on January 1, 2004, which eased official trade with neighboring countries. However, business interests complained of the government's failure to prepare. A nationwide consultative process on economic policy and strategy, as demanded by the IMF, has resulted in only one meeting in Makamba on May 22, 2004.

Liberalization measures focused on the foreign exchange and sugar sectors. Fearing political protests and diminishing opportunities in the existing patronage system, the government reluctantly met IMF demands to privatize the coffee sector. A ban on textile imports protects the textile industry.

Burundi's banking system, with nine banks as of 2003, remains weak and is characterized by a large number of non-performing loans and a lack of agencies beyond the capital. In March 2003, new regulations enforced stricter penalties for exceeding refinancing ceilings. A significant inflow of capital is urgently needed. The June 2004 decision to return the Eastern and Southern African Trade and

Development Bank headquarters to Burundi, after having been transferred to Nairobi in 1996 due to fighting in Burundi, may facilitate the inflow of capital.

2.3. Currency and price stability

In general, the government does not maintain a consistent policy of price control. Inflation control remained dependent on political developments. Conflicting interests concerning coffee production and confusion between donors regarding policy recommendations for this sector contributed as well to an inconsistent policy. On the other hand, World Bank financed exchange auctions narrowed the gap between the Fbu's official and parallel exchange rate in 2003 to 16.6% (2002: 26.7%); in 2004 it fell to 5%. The legalization of three private foreign exchange bureaus since February 2004 in a bid to liberalize foreign exchange dealings should be of further help.

As government measures often undermine or appear to undermine efforts at stability, government policy rarely shows any hint of aiming at macroeconomic stability. Case in point: state expenditures increased as a result of the new government agencies and ministries created by the politically motivated decision to integrate the CNDD-FDD. The military remained free of control by the finance minister, who is responsible for budget control, and the decision to increase parliamentary allowances in June 2004 were unpopular among a population suffering from unpaid salaries and inflation.

2.4. Private property

Although the transitional charter guarantees private property rights, the government does not hold them in high esteem. In February 2004, peasants from Gatakwa protested against their expropriation for the benefit of military leaders and parliamentarians after their property was shown to be highly valuable. The leader of the group was imprisoned. Returning refugees often find their land occupied by others and a commission tasked with their rehabilitation receives insufficient support.

Private companies are permitted, but they encounter socioeconomic, institutional and political barriers to their development. The government decided to implement a privatization policy - but only because it is a precondition to a World Bank recovery credit. The government lacks true interest in implementing privatization policies, as it fears strong opposition by the predominantly Tutsi labor unions, who fear job losses. Furthermore, state companies function as source of patronage networks. While privatization initiatives may be launched, in general they make no progress. A weak international investment climate and violent conflict frustrate attempts to attract bids for state assets.

2.5. Welfare regime

Burundi has no welfare regime except for a rudimentary safety net for government and parastatal employees. Civil war destroyed traditional social structures. Measures to compensate are confined to the political sphere, as seen in the quota system to curb ethnic discrimination. However, such measures function only at the top levels; fighters show little interest in disarmament camps because of their poor infrastructure. Moreover, a commission to organize the return of refugees from neighboring countries (especially Tanzania) fails to function properly because of insufficient means. The Twa ethnic group is completely ignored by political actors.

No equality of opportunity exists; civil war has kept the education sector from functioning fully. Women suffer from traditional neglect and the militarization of society, i.e. rape. All political parties rejected demands made by women's groups during negotiations over the new constitution.

2.6. Economic performance

Some economic and industrial sectors showed signs of improvement during the period studied. Growth expectations were downgraded regularly due to declining agricultural production resulting from war, bad weather, seed and fertilizer shortages, low world market prices for commodities, high smuggling levels and weaknesses in the industrial sector. Moreover, uncertain political prospects led the donor community to distribute only portions of aid pledged at annual donor conferences (2000: 16%, 2001: 37%, 2003: one third). Growth rates in GDP do not indicate an improved and growing economy, but reflect political or ecological constraints. For example, optimism in 2001 and 2002 for the possible success of the Arusha peace process enabled growth rates of 3.2 and 3.6% respectively, whereas the negative trend in 2003 (-1.3%) resulted from the heavy fighting accompanying negotiations between government and the CNDD-FDD.

2.7. Sustainability

Civil war and the inability to act means that the government ignores ecological issues. Thirty five percent of Burundi's natural forest and 25% of its wood plantations have been destroyed through the war. Because the FNL uses forests for their bases, any improvements here will not occur until the army and rebels cease fighting. Furthermore, pollution in Lake Tanganyika has halved fish catches since 1993.

Solid institutions for education, research and development are lacking. However, considering the small size of the country and the legacy of earlier periods, Burundi's infrastructure is, by African standards, generally not bad.

3. Management

For all key political actors in Burundi, setting and achieving transformation goals in politics and the economy are secondary at best. Their top priority continues to be the maintenance of power and/or integrating themselves into the power structure. Consequently, governance issues such as resource efficiency and consensus-building are met only when necessary and enforced by foreign powers. The commitment to international cooperation is also subordinated to the goals of self-interested power maintenance. The influence of some competent technocratic elements is thus in many cases marginal.

3.1. Level of difficulty

Burundi's level of difficulty is extremely high; the ongoing civil war and war in neighboring countries resulted in thousands of refugees from the DR Congo in 2003/4 and the massacre of Gatumba in 2004. Obstacles to transformation include poor governance and factors beyond the control of political actors. An engaged international community enforcing the peace process remains the key positive factor.

Structural constraints are high and include: extreme poverty; high illiteracy rates; a large portion of the population (900,000) living as refugees both within and beyond state borders; a lack and destruction of infrastructure (i.e. 30% of the electricity net has been destroyed); adverse climatic conditions (erratic rainfalls and thunderstorms led to a decrease of agricultural production); regional competition and scant human resources.

Civil society and platform-oriented political parties are negligible. Key political actors focus primarily on maintaining or gaining power and have no interest in developing civil society. Proposals in 2004 for a new constitution were rejected as political parties proved incapable of agreeing upon fundamental issues.

Profile of the Political System

Regime type:	<i>Autocracy</i>	Constraints to executive authority:	1
		Latest parliamentary election:	4.7.2005
		Effective number of parties:	2.7
1. Head of State:	<i>Pierre Buyoya</i>	Cabinet duration:	11/2001- 04/2003
Head of Government:	<i>Pierre Buyoya</i>		
2. Head of State:	<i>Domitien Ndayizeye</i>	Cabinet duration:	05/2003-11/2003
Head of Government:	<i>Domitien Ndayizeye</i>	Parties in government:	>15
Type of government:	<i>unified government</i>		
3. Head of State:	<i>Domitien Ndayizeye</i>	Cabinet duration:	11/2003- 07/2005
Head of Government:	<i>Domitien Ndayizeye</i>	Parties in government:	>15
Type of government:	<i>unified government</i>		
		Number of ministries:	27
		Number of ministers:	27
<p>Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Effective number of parties denotes the number of parties represented in the legislature, taking into consideration their relative weight (Laakso/Taagepera index) = $1 / (\sum p_i^2)$; p_i is the share of parliamentary mandates controlled by party i. Number of ministries/ ministers denotes the situation on 1 January 2005.</p>			

Deep-rooted distrust between ethnic groups borne of history and a tradition of ethnic prosecution in and around Burundi continues to be the greatest hurdle to successful transformation. This distrust lies often at the root of delays in decision-making and obstructs the foundations for a functioning state, which includes integrating the Hutu rebellion into the folds of government, formulating a new constitution, organizing elections and legislation to introduce a value added tax on January 1, 2005. The FNL continues to show no commitment to peace and receives support from regional actors and developments in the DR Congo and Rwanda.

3.2. Steering capability

Key political actors focus on power struggles and protecting their ethnic self-interests; they are incapable of setting or maintaining strategic priorities in transformation toward a market-based democracy. Decisions are made usually on a short-term basis and in response to a given situation. The military and war are key factors limiting the government's steering capability. Both the army and the FNL aim for on-the-ground fighting and reject political transformation as an attempt by the international community to meddle in domestic affairs.

Reform measures are introduced often with long delays and only when they can no longer be avoided. A recent example includes the boycott of political institutions introduced as part of the Arusha peace process. Economic reforms are subject to political intervention; the World Bank could enforce the privatization

process by linking it to credits. However, the political and economic projects formulated are often overly optimistic and unrealistic. Examples include the formulation of an Interim Poverty Reduction Strategy Paper in February 2003, the targets of which had to be downgraded for a new version in November, and annual budgets with figures that rely predominantly on foreign aid. The only successful measures were the nomination of an independent electoral commission and the closing of the gap between the official and parallel Fbu exchange rates.

The Burundi government is not solely to blame for the poor implementation of reforms; the donor community is often slow and reluctant to act in key areas where financial demands must be met. For example, deployment of the international peace mission (organized originally by South Africa and then the United Nations, since May 2004) or the encampment and demobilization of militias began only after great delay. The African Union decided to send troops on April 2, 2003, but the last Mozambican and Ethiopian soldiers did not arrive until October, after Great Britain and the United States had made contributions. The demobilization camps – an important precondition to peace – lacked an adequate infrastructure for months and the encampment of the CNDD-FDD fighters began not until one year after the movement had been integrated within government in December 2004.

Political leadership in Burundi shows no indication of flexibility or capability in learning with regard to a pursuing a constitutional democracy and socially responsible market economy. In fact, the Tutsi-dominated army used developments in neighboring DR Congo as a pretext to legitimize its all-out battles with the FNL and indirectly supported human rights violations. Furthermore, the Tutsi community as a whole rejected the draft constitution. However, it must be noted that regional developments in Rwanda and the DR Congo have not helped facilitate trust and confidence between Burundi's ethnic groups.

3.3. Resource efficiency

Human and economic resources are not used efficiently. Political reasons alone determine appointments. The agreement to integrate the CNDD-FDD into government applied not only to ministries and parliament, but also governors, rural community leaders, embassies and directors of state companies. The dismissal of Vice President Alphonse Kadege in November 2004 was carried out in response to the Tutsi community's refusal to accept the draft constitution. Kadege was replaced by the seemingly more cooperative Vice President of the Transitional Parliament. Government officials consume state resources as frequently as possible. Although budgetary conditions are constantly strained, legislators voted in June 2004 for a generous increase in their allowance.

Because of political infighting, the government accommodates conflicting interests only with great difficulty. Regional mediators have negotiated these conflicting interests and shown intensive engagement. However, the leader of mediation, South Africa's Foreign Secretary Zuma, has shown increasingly less confidence in his Burundian partners since summer 2004. The integration of the CNDD-FDD into government took several months to negotiate and focused nearly exclusively on questions of nominations to political posts. The officeholders of a new auditor general's office demanded by the World Bank were approved three months later than scheduled because of CNDD-FDD opposition.

Maintaining the army and other security organs drains financial and economic resources severely. However, given the current political situation, this is unavoidable.

Diversion of funds is a severe problem, as is the fact that a culture of impunity is deplored with regards to corruption or human rights violations. The newly established auditor-general's office has been granted scant opportunity to be effective; the approval of its members was delayed by political refusal.

3.4. Consensus-building

Unable to build trust between ethnic groups, political actors cannot establish broad consensus on democratic and economic transformation. Ethnic tensions have proven extremely divisive in issues as fundamental as the quota system demanded by the Tutsi. Significantly delayed, the formulation of a draft constitution was finally submitted to a referendum and approved in February 2005. However, this was made possible by the questionable institutional and legal activities of the Hutu president, his regional support and the dismissal of the Tutsi vice president in November 2004. The president's questionable activities included voting on the draft constitution in a parliament boycotted by Tutsi parties, submitting the draft to the constitutional court and retiring it when the decision failed—which indicated approval according to the president.

Little has changed in the last two years; Hutu and Tutsi remain polarized and the integration of the CNDD-FDD into government has resulted merely in a new, although strong, alliance between both groups' military forces. The FNL has responded uncompromisingly and the re-development of new militaristic Hutu factions signals dissatisfaction with the overwhelming position of the CNDD-FDD.

It is difficult to control anti-democratic veto actors such as the rebel movements or the national army. The integration of the CNDD-FDD was made possible by intense international pressure and political considerations on the part of the rebel movement. There is no sign of a possible agreement with the FNL in the near future, although mediators are active on different levels (The Netherlands, United

Nations, and South Africa). The army obviously acts without discussing its strategy with political actors. Following the massacre in Gatumba, the army high command announced a possible attack in the DR Congo, which was rejected by Hutu President Ndayizeye, who has no military support whatsoever.

Reconciliation between victims and perpetrators of human rights violations and genocide are officially part of the Arusha Peace process. However, reconciliation is realized only when unavoidable. A bill in April 2003 aimed at fighting genocide and other crimes of war was approved with 99 yes votes and 26 abstentions. The bill provides for the creation of an international judicial commission of inquiry for crimes committed between July 1962 and April 2003. The vote on the South African inspired Truth and Reconciliation commission was boycotted by the CNDD-FDD, for fears of being accused of committed atrocities.

These conditions prohibit political actors from developing social capital among citizens and social groups. In fact, it appears that increasingly more protests can no longer be regarded as part of the power struggle between Hutu and Tutsi. Civil society organizations in particular are increasingly showing disregard for political maneuvers. However, political actors themselves continue to ignore civil society, even in cases where they cannot agree among themselves. Case in point: although the parties were incapable of making a decision themselves, the 2004 offer to formulate a draft constitution was unanimously rejected.

The roots of the political impasse lie in the inability to address mutual ethnic atrocities and a conflict-laden past including pogroms in 1965, 1972 and 1988. As of yet, no clear decision has been made regarding the status (political prisoner or murderer) of those imprisoned in the aftermath of President Ndadaye's assassination and the ensuing fighting in 1993. The commissions nominated under the Arusha peace agreement to address these problems must be deemed ineffective until proven otherwise.

3.5. International cooperation

The government is forced to cooperate with the international community for political and economic reasons. While foreign aid acts as a significant incentive, it is paid reluctantly due to delays in political and economic reforms. All political decisions needed to implement the Arusha peace process since 2000 were made only after intense pressure and mediation on the part of regional powers and the donor community. Cooperation with the IMF and World Bank meets less resistance. At least in formal terms, the government readily meets pre-conditions such as the formulation of a PRGF.

Intense political differences among Burundi's political actors keeps the government from acting as a fully credible and reliable partner. The South African mediator Zuma expressed increasing frustration with Burundian actors in 2004.

The ethnic conflict in Burundi is part of a deeply-rooted regional conflict encompassing Burundi, the DR Congo and Rwanda. Regional powers such as Uganda and Tanzania are also interested in developments in Burundi. These interests influenced Burundi's commitment to cooperation and enabled a degree of normalization, as indicated by the re-opening of the Tanzanian embassy on September 11, 2003. Shifting regional acceptance of the CNDD-FDD by Uganda and Tanzania to the detriment of FRODEBU and FNL contributed to their integration in the Arusha peace process. The high level of engagement on the part of regional powers and South Africa can be attributed to their fears of the consequences for regional peace and concerns regarding Pretoria's credibility as a mediating force.

A certain commitment to "cooperation" on the part of the Burundian forces can be seen in terms of military collaboration. Both the army and the FNL cooperate with neighboring forces, the Rwandan army and Hutu militias from the DR Congo and Rwanda respectively. Growing violence in the DR Congo in 2004 led to activities by all these groups on Burundian soil (Rwandan army in August 2004, massacre of Gatumba). In December 2004, Burundian army helicopters attacked FNL bases in the DR Congo.

4. Trend of development

In formal terms, Burundi has progressed toward introducing a democratic system. In reality however, the political class has not proven committed to the process. Indeed, the process progressed only as a result of engaged regional actors, whose interests lie beyond domestic Burundi politics. Economic transformation progressed slightly as a result of improved conditions (a decrease in fighting since October 2003, higher world market prices for coffee) and measures enforced by the donor community (control of the FBu exchange rate). None of the changes during the period observed can be contributed to Burundi's political actors decisively.

4.1. Democratic development

The political system does not meet the requirements for a democracy as the continuing civil war and political quarrels prolonged the transition period scheduled to end in October 2004. Despite the establishment of an independent electoral commission (deemed sufficiently neutral), the referendum and elections were delayed. Diminishing the profound mistrust between ethnic groups in Burundi is the single most decisive prerequisite to establishing a long-term functional democracy in Burundi.

The integration of the CNDD-FDD within government marked an improvement to stateness in Burundi, although the deteriorating situation in the DR Congo at the start of 2005 has posed new dangers. Political participation in Burundi and the rule of law are deficient.

4.2. Market economy development

Burundi has made only minor progress toward developing a market economy. Despite being one of the world's poorest nations and in the midst of civil war, Burundi's level of development improved slightly in the last five years. HDI changed by 0.014 between 1995 (0.311) and 2000 (0.325). In 2002, Burundi's HDI value rose to 0.339.

The institutional framework for a market economy improved slightly with the integration of the CNDD-FDD into government and a successful change in exchange rate policy. Despite fighting, more regions in Burundi developed improved conditions for relatively undisturbed economic activity. Nevertheless, the region around the capital remained hardest hit by ongoing battles with the FNL and developments beyond the control of the government, such as weather conditions, which damaged the agricultural sector. Severe shortcomings persisted concerning the absolute level of socioeconomic development, organization of market and competition, private property, welfare regime and sustainability. Rampant corruption and smuggling continued. Continued civil war incurred reluctance on the part of the donor community to spend promised foreign aid.

Economic strength improved unevenly and remained susceptible to the slightest changes in domestic or external factors. Overall, economic development in Burundi has stagnated during the period under investigation.

Development of macroeconomic fundamentals (2000-2004)

	2000	2001	2002	2003	2004 ^a
Growth of GDP in %	-0.9	3.2	3.6	-1.3	3.0
Export of goods fob (\$ millions)	49.1	39.2	31.2	37.5	40.8
Import of goods fob (\$ millions)	107.8	108.4	103.9	130.0	139.8
Inflation in % (CPI)	24.3	9.2	-1.4	10.7	9.3
Gross domestic investment in % of GDP ^c	9.1	6.9	7.9	n/a	n/a
Government revenue (excluding grants) in % of GDP ^c	20.9	21.6	19.1	n/a	n/a
Unemployment in %	n/a	n/a	n/a	n/a	n/a
Government deficit/surplus (excluding grants) in % of GDP ^c	-4.1	-3.5	-1.7	n/a	n/a
Current account balance in million \$	-71.0	-39.0	-40.7	-37.2	-38.4

Source: EIU Country Report November 2004; ^aestimates; ^c African Development Indicators 2004.

D. Strategic perspective

Transformation toward democracy and a socially responsible market economy in Burundi will show no great improvement in the near future.

Following the Arusha-Agreement (2000), introduction of a transitional government (2001) and the power change from President Buyoya to President Ndayizeye (2003), Burundi will likely hold elections and introduce a civil regime in 2005. The elections, if “fair and transparent”, will be so in name only. Election results will reflect ethnic divisions and mutual distrust. Political actors on both sides will try to manipulate the vote for their own gain and ignore civic interests and human rights issues.

There are no indications that the FNL will end its armed struggle. Currently, the FNL appears to have no political future, as elections have been organized without its participation, and both regional powers and the international community have grown impatient with the group. Classified as a terrorist organization, the FNL will likely be subject to sanctions. The rival group among Hutus, the CNDD-FDD, currently collaborates with the Tutsi in the army according to a quota system and will likely win the elections. Increasingly pushed to the margins of the political playing field, the FNL has only to gain from a deteriorating situation in the DR Congo and Rwanda.

Atrocities and harassment by the FNL and army waged against the population will continue. It is unlikely that civil society will grow in influence, but increasing dissatisfaction among the population is likely. The poorly organized return of tens of thousands of refugees, particularly from Tanzania, will likely exacerbate tensions.

Economic development will remain dependent upon factors either beyond or only partially under government control, such as climatic conditions or the state of security. An elected government is likely to reach a more extensive cooperation agreement with the IMF and World Bank, which has been impossible due to ongoing fighting and an unreliable transition regime. Foreign assistance, including that from bilateral sources, will therefore begin to flow more easily. However, the flow of aid is without doubt subject to an improved state of security and an increase in the engaged commitment to fight corruption. Implementing these demands can prove difficult, should political actors continue to subordinate national interests to their own political gain.

International mediation and pressure should continue unabated and aim for a regional solution. Burundi’s strategic partners should push for the formation of a civil regime, the strengthening of civil society, refugee resettlement, infrastructure reconstruction, and measures that address security concerns between ethnic groups and thus facilitate confidence. Burundi must establish a consolidated

budget that considers military costs, fighting corruption and allocates spending for poverty reduction, education and health.