

Burundi

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|---|---------------------------------|-----------------------------|-------------|
| Status Index 3.2 (Democracy: 1.6 / Market economy: 1.6) | | Management Index 2.4 | |
| System of government | Presidential Parliamentarian | Population | 6.4 mill. |
| Voter turnout | n. a. | GDP p. c. (\$, PPP) | 690 |
| Women in Parliament | 18.4 (2003) | Unemployment rate | n. a. |
| Population growth^a | 2.1 % | HDI | 0.337 |
| Largest ethnic minority | 14 % | UN Education Index | 0.43 |
| | | Gini Index | 33.3 (1998) |
| Data for 2001 – if not indicated otherwise. ^a Annual growth between 1975 and 2001. Source: UN Human Development Report 2003. | | | |

1. Introduction

Pierre Buyoya established a military regime in Burundi in 1996 with the aim of breaking the spiral of ethnic violence triggered by the first free elections in 1993. In 2000—against the resistance of almost all Burundi forces—an economic embargo imposed by neighboring countries and massive pressure from the West brought the Arusha Peace and Reconciliation Agreement, which called for the formation of a transitional government. An obstacle to implementation is that the Hutu rebel movements remain unwilling to sign the ceasefire agreement.

Civil war, rooted in domestic events, but also enmeshed with the war going on in the neighboring Democratic Republic of Congo, has raged throughout the period under study. This assessment of the status of transformation to democracy and a market economy during the years 1998-2003 comes to the conclusion that significant changes have taken place only since 2001, and then only selectively, and only under foreign pressure.

True reforms cannot be expected until after all sides have embraced a ceasefire and peace treaty. Consequently, the government's organizational capability has been extremely limited. Backsliding occurred in areas such as the state's monopoly on the use of force, human rights violations and in socioeconomic development. The inauguration of the transitional government in 2001 can be seen as progress toward democratic transformation, although this is still mainly limited to a formal framework. Initial economic reforms were undertaken to the extent possible. Overall, the decision-makers have work to do in practically all areas.

2. History and characteristics of transformation

The economic and political transformation process in Burundi has been inadequate. It is a very poor country that depends heavily on world commodity prices, particularly those of coffee, tea and cotton, and on foreign aid. However, continuous and successful development has been hindered by ethnic conflict brewing since colonial times and by postcolonial authoritarian regimes. In 1989, ethnic strife was openly acknowledged to be a problem.

The democratic transformation initiated by external influences stalled abruptly in 1993 when the Tutsi minority refused to accept the outcome of the first free elections, which were marked by voting along ethnic lines (84 % of the population are Hutu, 14 % Tutsi, 1 % Twa). Four months after taking office, President Melchior Ndadaye, a Hutu, was assassinated. This sparked a period of violent conflict, waged by Hutu and Tutsi extremists, that continues today.

The elite at first tried to adhere to constitutional provisions on determining political leadership, but in reality was more likely to undermine them. A 1996 military coup led by Pierre Buyoya, who had been voted out of office in 1993, interrupted the escalating violence but provoked the neighboring countries into initiating an economic embargo. Hence Buyoya had to cope with an extremely contentious party landscape, a civil war forced upon him by the Front for the Defense of Democracy (FDD) and the National Liberation Forces, both of them Hutu rebel movements, as well as an intransigent army dominated by Tutsis, and a foreign community, not entirely impartial, that demanded a return to civilian government.

After the leaky embargo was lifted in 1999, the Western community, in cooperation with the adjacent countries and against fierce resistance within Burundi, pushed through the Arusha Peace and Reconciliation Agreement, signed on August 28, 2000. (The official facilitators were Julius Nyerere until the end of 1999, Nelson Mandela for the period 1999–2001, and thereafter Jacob Zuma, deputy president of South Africa.) Based on the 1992 constitution, the accord called for a three-year transitional government, which took office on November 1, 2001 after further intense power struggles. Buyoya, a Tutsi, serves as president for the first 18 months, and a Hutu will take over for the remainder of the administration.

Under the circumstances, and in the face of continued resistance, the government and the Parliament that convened in January 2002 have functioned surprisingly well. However, the road to peace is still obstructed by Hutu rebels, who have refused to sign the accord. A ceasefire with the FDD agreed to on December 4, 2002 has yet to take effect.

The market-economy transformation has succeeded only superficially. Since Burundi gained independence in 1962, no government has managed to alleviate

the structural problems that hinder the emergence of a functioning market economy. The list is long: an economy predominantly dependent on subsistence agriculture, which accounted for 90 % of all output in 2000; a low level of urbanization, at only 9 % in 2000; widespread poverty; the fragmentation of undeveloped land; a high population density but small overall population; little to attract investors; a poorly diversified economy; mounting environmental problems; dependency on the world market prices of commodities; and very high debt levels.

The modern sector is concentrated in the capital city Bujumbura, as are most infrastructure installations. Because Burundi is located far inland, transportation of goods is costly. Reforms in the 1970s and the first structural adjustment program in 1986 failed because of Tutsi resistance and external factors. The economic embargo and the exacerbation of the domestic political situation starting in 1993 impeded any planned economic policy in the second half of the 1990s. Fighting and destruction, massive displacements of people and repeated drought even brought a decline. Only smuggling and the informal sector flourished.

The conditions for change first began to emerge with the Arusha accord: The first donor conference took place in 2000, followed by agreements for an IMF staff-monitored program in 2001 and post-conflict emergency program in 2002. The IMF considers true reforms to be possible only after a peace settlement, although it has demanded that financial policy and budget restructuring measures be implemented along with a reduction of the military budget and deregulation of the coffee sector.

3. Examination of criteria for democracy and a market economy

3.1 Democracy

In transforming its political regime, Burundi has made progress in some evaluated areas, including the beginnings of a return to a civilian government, cooperation among civilians in the political arena, and agreement on measures to redress ethnic imbalances. Shortcomings, some of them serious, remain in areas such as human rights, imposition of the state's monopoly on the use of force, democratic election of representatives and creation of independent political and civic groups.

3.1.1 Political organization

(1) *Stateness*: Because of the civil war, there is no state monopoly on the use of force. The army only temporarily repulsed the rebel forces, which likewise failed to win a conclusive victory. Battles around the capital city and into the suburbs, with all their repercussions—including interruptions of the power supply disruptions of air traffic—set the scene.

A direct connection between the intensity of the fighting and important political negotiations has been regularly noted. Efforts to guarantee law and order and create a serviceable administrative system therefore yield only limited results. The definition of citizenship and who qualifies as a citizen is not a politically relevant issue, however, because what matters most to all sides is securing or extending power. There is *de facto* separation of church and state; the political process is secularized.

(2) *Political participation*: Elections have not taken place on any level since 1993. The Parliament formed in 2001 is composed of delegates who were elected or appointed in 1993. The officeholders' power to govern, emerging from wheeling and dealing among various factions (especially during 1998-2000) at a political poker table where the players change constantly as coalitions shift, is less than complete because of the civil war. Even in the capital, the government's exercise of power is regularly challenged by influential groups, as evidenced by demonstrations by Tutsi extremists against the Arusha Agreement, and the two attempted coups in 2000 in the run-up to the signing of that accord.

The plethora of political forces results from total freedom of assembly and organization. Repressive measures, such as banning demonstrations, house arrest or arrest, are used only in particularly serious cases or at politically sensitive times. The situation is the same for the media outlets, which are astoundingly numerous.

(3) *Rule of law*: The separation of powers exists almost exclusively on paper. The president determines policy, the aspects of which he informally negotiates with the political decision-makers and the army. The judiciary is far from independent. It is particularly subject to pressure on issues related to ethnic conflicts or the civil war. Corruption, abuse of authority and human rights violations are rarely prosecuted. This is especially true of the army. Arrests have usually been made only after massive protests from foreign countries or in response to scathing reports from human rights organizations.

Human rights violations by the rebels go entirely unpunished except by equally violent reprisals by the army, often targeting the civilian population. The killing of civilians, sometimes as retribution, is a daily occurrence, as are displacement, torture, random imprisonment and murder, inhumane prison conditions and disappearances. From 1996 to 2000, the population in combat zones was concentrated in highly controversial "regroupment camps" under appalling conditions, ostensibly for their own protection, but more likely to prevent them from helping the rebels.

The prosecution of misconduct improved slightly in 2002, the minister of mining was removed from office in July for overstepping his authority, and some soldiers were called to account relatively quickly for a massacre in September. The

sanctioning of past human rights abuses is a thorny political issue. This particularly applies to the riots that followed Ndadaye's assassination in 1993. The Tutsi consider some 10,000 persons arrested in the wake of these violent clashes to be guilty of genocide, but the Hutu rebels see them as political prisoners.

The 2002 creation of a commission of inquiry into these cases, as called for in the Arusha Agreement, brought protests from Tutsi extremists. The general consensus is that only underlings were prosecuted in 1999 for the assassination of Ndadaye. Hutus consider themselves to be discriminated against in all aspects of life because of their ethnicity. The army, the security forces and the bureaucracy are particularly sensitive areas.

3.1.2 Political patterns of behavior and attitudes

(1) *Institutional stability*: Democratic institutions do not exist. The organs of the military regime and the transitional government were forged in deals made between the various interest groups and are based on political and ethnic quotas. Even this legitimacy was challenged by influential groups, though by now only the Hutu rebels question it. The army accepted its legitimacy only in 2001.

(2) *Political and social integration*: One impediment to institutional stability is the inadequate development of the party system. It is permeated by the ethnic and regional antagonism that no one seems willing or able to abandon. Rebel movements and parties reflect ethnic and regional roots, cronyism and patronage; they have almost no anchoring within society and their platforms are poorly differentiated.

Interest groups and associations are exploited for political and ethnic purposes. The Front for Democracy in Burundi (FRODEBU) and the Union of National Progress (UPRONA), which represent the Hutu and the Tutsi, respectively, are threatened with schism, especially FRODEBU. This promotes constant polarization. The incessant jockeying for power, which engenders frequent and often surprising shifts in alliances, greatly inhibits stability.

Another potential danger to safety and order are the self-defense groups and militias that the government and the army have been deliberately building and arming since 1999. This political situation has a negative influence on the population's approval of democratic norms and processes. Since at least 1993, extreme mutual distrust has been the rule, and it has largely destroyed the parties' willingness to engage in a dialogue. Thus, the Tutsi contend that a political leadership selected by ethnically motivated voting cannot govern effectively, and they demand security guarantees in view of the Hutu's demographic predominance. For their part, the Hutu see this as confirmation of past experience and regard the Tutsi as unwilling to share power.

The regional dimensions of the antagonism, most notably the Hutu genocide of the Tutsi in Rwanda in 1994, and war in Congo, intensify these attitudes. Under these conditions, the ability of civic society to organize on its own is only rudimentary, especially when it comes to associations that seek to overcome ethnic mistrust.

3.2 Market economy

Because of its domestic instability, Burundi has made hardly any progress in transforming its economic system. There are shortcomings in all areas, and socio-economic development and sustainability have regressed.

3.2.1 Level of socioeconomic development

Burundi is an underdeveloped and overpopulated country. Poverty is widespread and has been aggravated by the civil war. The repercussions of the war include the displacement of 12.5 % of the population from their dwellings, a 66 % malnutrition rate; the limited functioning in combat zones of such state institutions as administration, education and health services; and the threat to the country's food supply. All strata of the population are affected, especially the rural Hutu population, which is at the mercy of both the army and the rebel movements.

International organizations can provide only so much help. They are concentrated in the capital for protection. Time and again they have been hampered or attacked by the army and by rebels, and occasionally they have halted their cooperation programs, at least temporarily, as a protest against assaults on their personnel.

3.2.2 Market structures and competition

The foundations of a competitive market economy are in principle assured, but in practice they are limited by rather homogeneous development, as the state sector dominates. In addition, rural areas, where subsistence agriculture prevails, do not participate in the exchange of goods, therefore most of the population generates little demand. The formation of a market economy is also hampered by the civil war and foreign currency controls.

The informal sector and smuggling are very widespread. Here the economic embargo encouraged improvisation: In 1998, the market in Bujumbura was considered to be more competitive than other regional markets, which played a considerable role in the failure of the sanctions. Foreign trade and the currency market have been deregulated and many non-tax obstructions lifted. However, the

state continued to control coffee exports, and in 1998–99 the extreme foreign currency shortage led to restrictions on import licenses, which were issued only for strategic goods. Private banks exist.

3.2.3 Stability of currency and prices

Domestic conflicts have precluded consistent inflation and exchange-rate policies. In light of the government's limited room for maneuver, the central bank can heavily influence reform policies, but it falls far short of its potential. Escalating world oil prices, increased transportation costs and the financing of the state budget through domestic indebtedness and through accumulated backlogs in the repayment of foreign debts have fuelled inflation. In 2000, the fight against inflation was impeded when the central bank had to come to the aid of insolvent local banks. In 2001, the finance minister accused the members of Parliament of holding up adoption of the budget out of self-interest.

The value of the national currency is still considered to be artificial, despite an alignment between the official and parallel rates. Since 2000, however, steps have been taken to reduce domestic indebtedness, and in 2001 reforms related to the central bank's activities were announced.

3.2.4 Private property

Property rights have been fundamentally recognized. Private enterprises are allowed. Because of the state's limited capacity to act, however, privatization measures have not been implemented.

3.2.5 Welfare regime

A social security system exists only for the municipal and state sector. Traditional social networks have been tested by the civil war and displacement. The Hutu majority is discriminated against politically and socially because of ethnic antagonism, leading to ethnic persecution, exclusion from the few modern career fields in administration and the military, as well as discrimination under the law and in court. The first steps have been taken to help reduce this discrimination, with the appointment of several Hutus as judges and one as attorney general in 1998, and army reform as part of the Arusha Agreement. Women are disadvantaged because of their traditional roles and the extreme militarization of society. Some examples of this are rapes that occurred during the fighting, the low, (40.4 %) literacy rate among women in 2000, compared to 56.2 % for men, and the very low number of leading women politicians. The Pygmy ethnic group (Twa, 1 %) is socially and politically discriminated.

3.2.6 Strength of the economy

The negative environment, limited opportunities for government action, unfavorable world economic conditions and several droughts caused downturns in Burundi's macroeconomic indicators and led to rising unemployment, low purchasing power, continued high inflation, a high budget deficit and high debt. Industry, which is only somewhat regionally competitive, is generally working at only 20 % of capacity. However, available data must be taken with a grain of salt; even the IMF on several occasions has described the government's statistics as less than reliable. Much economic activity takes place in the informal sector and in smuggling and hence is almost entirely off the books.

3.2.7 Sustainability

In the face of limited opportunities to shape policy, little attention is given to the measures' sustainability. The government focuses on maintaining economic structures, while donors emphasize fighting poverty and AIDS. In fact, the fundamentals for environmentally sustainable growth have been hit hard by poverty, the absence or destruction of social networks, the fact that government educational and health services are largely limited to a few regions, and the failure to improve the situation of disadvantaged groups.

The widening AIDS epidemic is a serious problem; 8.3 % of the adult population had contracted the virus by 2001. As part of a program supported by the UN, the government reached an agreement with Western pharmaceutical companies in 2001 on access to inexpensive medications, but even these are affordable to only a small fraction of those affected. Environmental policy hardly exists, although ecological damage is mounting because of the high population density, the civil war and repeated droughts.

4. Trend

(1) *Democracy*: Considering the bad starting conditions, the establishment of the transitional government and its relatively trouble-free functioning already count as progress. This at least brought some hope for peace and for the holding of elections, although all efforts to reach a ceasefire with the rebel movements have thus far been futile. There are several positive aspects: Despite continued resistance, all measures agreed upon in the Arusha Agreement have been implemented. Threats from certain signatories to withdraw from the accord were not carried out. Politicians who had fled in past years returned and resumed their posts in Parliament, if they had been elected in 1993. For their protection, a security troop of foreign soldiers was created, which has not yet had to intervene.

The army seems to have given up its belligerent attitude, possibly because it is less and less able to control the rebels, no matter how many weapons it acquires. Hutu judges were named, a new code of criminal procedure was adopted in 2002 and a controversial commission of inquiry on political prisoners was established. On the other hand, the state monopoly on the use of force dwindled further and the human rights situation steadily deteriorated. The FDD rebel movement has had a stronger presence in Burundi since 2001, because developments in Congo prevented its retreat to base camps across the border.

Political participation remains limited to the parties, which have become ever more fragmented. Various factions were included in the peace process largely as a function of the interests of neighboring countries, which thereby secured their own influence. The Burundian actors achieved little on their own. Changes were essentially determined by financially powerful Western donors.

(2) *Market economy*: The fundamental development indicators deteriorated or remained unchanged during the period. The institutional environment for a market economy has improved since 2000 with the signing of the Arusha Agreement and a somewhat increased inflow of foreign funds, as well as easing of the currency sector. Clearly, the government, in cooperation with the donors, is doing what it can in the current situation; structural reforms are slow in coming.

Table: Socioeconomic indicators of modernization

| | HDI | GDI | GDP Index | Gini Index | UN Education Index | Political representation of women | GDP per capita (\$, PPP) |
|------|------------|------------|------------------|-------------------|---------------------------|--|---------------------------------|
| 1998 | 0.321 | - | 0.29 | 33.3 | 0.38 | 6.0 % | 570 |
| 2000 | 0.313 | 0.306 | 0.30 | 42.5 | 0.38 | 14.4% | 591 |

Source: UNDP: Human Development Report, 2000, 2002 (<http://www.undp.org/hdr.2002>; <http://hdr.undp.org/reports/global/2000>).

Table: Macroeconomic fundamentals (1998-2002)

| | 1998 | 1999 | 2000 | 2001 ³ | 2002 ⁴ |
|--|-------|------|------|-------------------|-------------------|
| Growth of GDP ¹ | 4.8 | -1.0 | -0.9 | 2.1 | 3.6 |
| Inflation ¹ | 12.5 | 3.4 | 24.3 | 9.3 | 8.0 |
| Exports ¹ | -26.1 | 7.4 | 5.5 | 4.9 | 21.4 |
| Imports ¹ | 55.2 | -1.4 | 10.2 | 4.3 | 5.8 |
| Terms of trade (1985=100) ¹ | 65.7 | 65.8 | 51.2 | 40.4 | 40.7 |
| Debt service ratio ² | 76.7 | 76.3 | 83.5 | 104.4 | 99.4 |

¹Percentage change from the previous year; ²Percentage of all exports and services; ³Estimated; ⁴Planned.

Source: 2002 Article IV Consultation and Use of Fund Resources – Request for Post-Conflict Emergency Assistance, Nov. 6, 2002 (<http://www.imf.org/external/pubs/ft/scr/2002/cr02242.pdf>)

5. Transformation management

5.1 Level of difficulty

A bad initial situation, traditionally minimal anchoring of democracy and rule of law, negative experiences with the election in 1993, rudimentary civil society and parties, ethnic conflict, regional instability, the underdeveloped economy and the population's low level of education all offered unfavorable conditions for transformation. Therefore, the level of difficulty for transformation is rated as high.

Countering all this were the international community's efforts to keep Burundi from sliding into genocide, as Rwanda had. These extended to such dramatic measures as holding back desperately needed money and threatening sanctions. The donors had learned from past experience that they should not allow Burundian actors to exploit their own differences. As a result, it became possible at least to lay the institutional foundation for a democratic and economic transformation.

5.2 Reliable pursuit of goals

Because of the bad initial situation and the dependence on political opponents, President Buyoya's policies were first aimed at securing his regime's survival. Thus most decisions, whether political or economic, were short-term. Impulses for change came from the outside, although even the IMF and the World Bank still estimate the prospects for a coherent reform policy as low.

The Arusha Agreement brought some measures to address structural societal problems through army reform, a commission of inquiry on political prisoners, an agreement to station foreign soldiers to protect politicians, the appointment of a minister of privatization and measures to restructure the budget. These whittled away at the *raison d'être* of the rebel movements, whose demands to negotiate directly with the army increasingly lost credibility. However, a consistent overall strategy is still lacking.

5.3 Effective use of resources

The government's use of available personnel and organizational resources to pursue its transformation policy was limited by the fighting and by conflicts among the elite. Political posts are allocated according to ethnic and party quotas, which precludes appointments based on qualifications, at least to some extent. The scant available funds were concentrated in an extremely high defense budget and therefore unavailable for shaping societal change.

Moves to finance the severely overdrawn state budget by expanding domestic indebtedness proved counterproductive, and the failure to combat corruption further depleted state resources—4 % of budgeted funds went into the wrong pockets in 2001. Moreover, a fundamental obstacle to the effective use of funds is that Burundian statistics are held in low regard. Individual measures, such as relieving the judicial system by releasing prisoners without charge, must therefore be classified as singular events.

5.4 Governance capability

Key political figures demonstrated by their behavior during the Arusha negotiations that they are largely unable to adapt to anything beyond representing their own interests and maintaining their hold on power. Thus it remains to be seen how seriously, for example, the army takes the societal reforms laid down in the Arusha Agreement regarding the integration of Hutu. There is no complete political authority because all decision-makers, whether elected or brought to power by the military coup, have been, or are, rejected by other influential groups. Decisions and reform measures routinely encounter massive resistance. Against this background, the relatively good functioning of the transition structures can be rated a success. In general, however, the reform and management capabilities of all relevant political actors must be deemed rather slight.

5.5 Consensus-building

There is fundamental agreement as to the existence of a private economic system. By contrast, consensus-building in the political arena comes only with great

effort, because of serious mutual distrust between ethnic groups as well as constant power struggles, sometimes between members of the same ethnic group. Even details of the Arusha Agreement, which was signed by all parties, must be pushed through laboriously, one by one. Unresolved issues resulted in tedious negotiations with actors who were always changing sides.

Thus, the question of who would fill the office of president was finally decided by an international facilitator, Nelson Mandela, in spring 2001; only then was it possible to start forming the transitional government. There is little willingness to compromise even on simple definitions of terms, such as whether detainees are perpetrators of genocide or political prisoners. This lack of consensus has kept societal conflicts from diminishing; rather, they have increased, and influential actors with veto power—such as the army, extremist Tutsis and Hutu rebels—can be controlled only with great difficulty, if at all. This also does nothing to repair the fault lines of conflict that divide the society and the state.

5.6 International cooperation

Burundi works closely with international donors because it depends on them for financing and military help. Because of the deadlocked domestic situation, the IMF, the World Bank, the UN and Western states, particularly France, Belgium and Germany, have a great deal of influence. However, they were able to exert this effectively only when they took care not to let the Burundian actors play them off against one another. The Burundians long disputed the foreigners' right to "meddle," and until 2001 the army roundly rejected the deployment of "intervention troops."

The interest of regional neighbors is not entirely impartial, because their cooperation with or rejection of Burundian parties also served to strengthen their own regional influence. Thus Uganda, for example, which collaborates closely with Buyoya's opponent Jean-Baptiste Bagaza (president from 1976 to 1987, ousted by Buyoya), pushed through the economic embargo and resisted until the bitter end any attempts to lift it. Quarrels between Tanzania and South Africa over regional influence played a backstage role that should not be underestimated in the Arusha negotiations, and most recently in the negotiations with the Hutu rebels. Tanzania's Nyerere, in particular, was rejected by the government as a mediator because of his tendency to favor the Hutu.

There is frequent tension between Burundi and Tanzania, and Buyoya believes that the government in Dar es Salaam does not act decisively enough against the FDD's activities in the refugee camps there. In addition, Burundi played a junior role in the civil war in Congo. It deployed several units until 2002, because the FDD had its headquarters in Lubumbashi and was supported by the Congolese government. The soldiers' missions included securing the trade routes over Lake Tanganyika. There was only limited cooperation with Rwanda and Uganda, the

other powers fighting against the Congolese government in Kinshasa. As for Rwanda and Burundi, although their situations are similar, with Tutsi leadership fighting Hutu rebels, they do not trust each other, and each fears that the other's different approach to politics could spur conflict at home.

6. Overall evaluation

In view of the originating conditions, current status and ground gained, as well as the actors' political achievements (management), this report arrives at the following concluding evaluations:

(1) *Originating conditions:* The starting political and economic conditions for transformation were fairly negative. Politically, Burundi was suffering the effects of civil war, military government, political actors at loggerheads, the breakdown of democratic development in 1993 and, following from these, scant societal acceptance of elections, profound ethnic conflicts and human-rights abuses. The economic conditions were determined by an overall downturn as a result of the civil war, a history of development policies that failed to materialize, ecological degradation and negligible socio-economic development. Countering all this were the international community's growing recognition that it had to do everything possible to prevent genocide and its determination not to be exploited by the Burundian powers. During the period of study, therefore, the only concern at first was the search for ways to break the cycle of violence.

(2) *Current status and evolution:* Given these poor starting conditions, the formation of a transitional government laid an important foundation for democratic and then economic transformation. Now that a legitimate (under the circumstances) government is in place, more pressure can be brought to bear on the rebel movements. This, along with developments in Congo, creates some fundamental prerequisites for an end to the fighting. But peace must be assured before economic and political transformation can be tackled.

Such essentials as the rule of law and regard for human rights have taken a step backwards, while the anchoring of fundamental democratic values in the parties or among the people has not improved. This is especially serious for the parties, because of their crucial seats at the table of power. Precious few steps have been taken toward overcoming ethnic mistrust, and their outcome remains to be seen. By the same token, transformation toward a market economy showed progress only in moves to restructure the budget and certain other fiscal measures.

(3) *Management:* The verdict on the political actors' management performance is negative, because throughout the period they showed no indications of willingness to move toward consensus or initiate reforms on their own. On the contrary, their sole concern was to defend their own individual enclaves of power.

7. Outlook

Until both rebel movements agree to a genuine ceasefire, the prospects for democratic and market-economy transformation in both the short and the medium term are slim. While the FDD can be pressured because of its close ties to the government of Congo, there are few avenues for negotiation with the other rebel group, the National Liberation Forces (NLF). The NLF has always been based in Burundi, while the FDD has operated primarily from Congo or refugee camps in Tanzania. In both cases, foreign actors, the army and the government still have a lot of work to do in convincing the rebels to lay down their arms.

The international mediators must keep up their guard lest they be played off against one other, as the NLF tried to do with South Africa and Tanzania in 2002. The government and the army must prove as far as possible that they are prepared to make concessions and build trust. Important steps here are the successful implementation of army reform and the work of the commission of inquiry on political prisoners.

The next severe test comes in May 2003, when the presidency will change hands. Buyoya, who has held the political reins intermittently since 1987, is to step down in favor of a Hutu, Vice President Domitien Ndayizeye, of the FRODEBU party. The success of the 18-month transition phase under Ndayizeye will depend on both the army's willingness to compromise and control its more radical elements and the political skill of FRODEBU chief Jean Minani. A controversial figure even within his own party, he lived in exile in Tanzania from 1996 to 2000.

The political transformation is crucial to the success of the economic transformation. Neither is possible without a peace accord with the rebels.