

BTI 2008 | Burundi Country Report

Status Index	1-10	4.78	# 82 of 125	
Democracy	1-10	5.80	# 69 of 125	↑
Market Economy	1-10	3.75	# 109 of 125	→
Management Index	1-10	4.80	# 70 of 125	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

The BTI is a joint project of the Bertelsmann Stiftung and the Center for Applied Policy Research (C•A•P) at Munich University.

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Please cite as follows: Bertelsmann Stiftung, *BTI 2008 – Burundi Country Report*. Gütersloh: Bertelsmann Stiftung, 2007.

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Key Indicators

Population	mn.	7.5	HDI	0.38	GDP p.c.	\$	622
Pop. growth ¹	% p.a.	3.6	HDI rank of 177	169	Gini Index		42.4
Life expectancy	years	45	UN Education Index	0.52	Poverty ³	%	87.6
Urban population	%	10.0	Gender equality ²	-	Aid per capita	\$	48.4

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

Executive Summary

After a long period of civil strife, guerrilla war and a lengthy transition process initiated by the Arusha peace agreement of August 2000, Burundi experienced the most dramatic political transformation of its post-independence public structures and institutions during the review years 2005 and 2006. In contrast, a broad-based transformation of the socioeconomic realm is still in its infancy and only just beginning to take shape.

A delayed referendum to approve or reject the draft of a new constitution was held on 28 February 2005. With an extremely high voter turnout of 92%, the constitution was overwhelmingly approved by 90%. It should be noted, however, that this 90% corresponds roughly to the numerical strength of the Hutu ethnic group, while all traditional Tutsi parties had strongly rejected the key elements of the new constitutional order that had been drafted under strong influence and pressure from the international community and sub-regional neighbors. The constitution stipulated a rigid ethnic power-sharing formula, based on firm prescribed quotas (60% Hutus and 40% Tutsis in all elected political institutions, 50-50 equality in the military). This was intended to reflect the dominance of the Hutu ethnic majority, while allaying Tutsi fears of becoming completely marginalized and even endangered. Any unrestrained democratic elections (without quotas as a safety precaution) were generally not considered feasible, given Burundi's violent recent history.

On the basis of the new constitution, crucial communal and parliamentary elections were held in June and July of 2005 respectively, both of which resulted in a landslide victory of close to 60% for the former major Hutu rebel group CNDD-FDD, which has since been turned into a political party. A new key feature was the condition that all parties had to present candidates from both ethnic groups and that there was no longer (as in the past) a singular confrontation between one Hutu and one Tutsi party. The two

traditional parties FRODEBU (Hutu) and UPRONA (Tutsi) were sidelined by the elections and are still searching for a relevant role under these new rules. In addition, in September 2005, hill councils at the grassroots level were established through direct elections.

President Pierre Nkurunziza and his CNDD-FDD were henceforth able to exercise complete control over practically all state institutions, thus for the first time (after a short interlude in 1993) representing the aspirations of the Hutu majority. This situation has generally remained stable and unchallenged, although underlying tensions in the general political arena and within the ruling party became clearly visible. The CNDD-FDD gradually usurped all top leadership positions and increasingly acted in an authoritarian fashion in response to all forms of criticism. An example of this was an internal schism that led to the dismissal of its controversial party chairman in February 2007. The consequences of this event remain unclear. In September 2006, the female second vice-president resigned from office because she accused the government, among other things, of corruption. Her successor – a loyal follower of the party chairman – was sacked in February 2007 for alleged insubordination and irresponsibility. The last remaining Hutu rebel group, the National Liberation Force (FNL), has not formally given up its armed struggle, but did accept a cease-fire agreement in September 2006 and, after long hesitation, finally agreed to participate in a verification exercise in February 2007, thus raising hopes for the final conclusion of a peace agreement and for FNL integration into the national conciliation process. However, the general security situation has improved significantly during the last two years.

Progress on the socioeconomic front has been much slower, largely due to immense structural and long-term problems in both the economy and sociocultural position of the population. Additionally, the understandable uncertainties of the new and largely inexperienced governmental authorities – which assumed their positions in late 2005 – hampered such progress. No clear national development strategy with discernible priorities has been articulated yet. The government has postponed the submission of its IMF Poverty Reduction Strategy Papers (PRSP) several times, and this document is currently not expected to be presented until mid-2007. Also, the main external aid agencies are still in the process of moving from their past focus on humanitarian relief activities to a more clearly-focused long-term approach, which is, however, very difficult given the country's high level of poverty and ecological constraints, such as the lack of arable land, drought, and floods of sufficient severity to cause humanitarian crises. The government seems instinctually hesitant to forcefully pursue a course of liberalization and privatization in a country with only very limited tokens of a modern economy. At the moment, Burundi is still trapped by the limitations of being one of the poorest and least developed countries in the world.

History and Characteristics of Transformation

For approximately the first four decades since becoming an independent state in 1962, Burundi did not undergo any political and economic transformation of note, but rather suffered tremendously from the consequences of its difficult historical and structural legacies. It was only very recently, after many years of violent civil strife, that a fundamental political transformation has been initiated and implemented. Socioeconomic transformation is at best still nascent and is not yet firmly grounded. Burundi is one of the poorest countries in the world and remains highly dependent on foreign assistance and favorable world market prices for its two main export commodities, coffee and tea.

A deep sociopolitical conflict between the main ethnic groups, the Hutu and the Tutsi, has historical roots. The Hutu are the country's vast rural-dwelling majority, accounting for about 85% of the population, according to admittedly dubious colonial census figures. The Tutsi comprise some 14% of the population and have historically been dominant. The existing cleavages were sharply accentuated during the Belgian colonial era, when the colonial authorities engaged in divisive practices. The country was thus ill-prepared to enter into the new era of independence as a united people. Two small minority groups (about 1-2% of the population) have largely remained unaffected by the conflicts: the indigenous and extremely marginalized Twa, as well as the Ganwa, who are regarded as a sort of nobility transgressing the normal division between Hutus and Tutsis.

The struggle for political power after independence, which at the beginning resulted in full Tutsi control of the state administration and the military, resulted in the elimination of practically the entire Hutu elite after a failed coup d'état in 1965 and widespread pogroms against Hutus in 1972 and 1988. All post-colonial Tutsi-dominated authoritarian regimes, which relied on the strength of the army for control, focused primarily on maintaining their power rather than pursuing development-oriented policies to overcome the existing socioethnic cleavages.

By 1988, the international community began to apply pressure to bring about a democratic transformation. This, however, eventually ended in a major disaster. Melchior Ndadaye, a Hutu elected as president in 1993 in generally free and fair elections, was murdered by elements of the Tutsi-controlled army after less than four months in office, ostensibly as a result of strong Tutsi fears of being completely overwhelmed and pushed aside by the sheer numerical preponderance of the Hutus. Indeed, Ndadaye's introduction of very rapid changes in state institutions had certainly underscored that perception. His assassination sparked a spiral of violence fueled by radical groups from both sides. In 1996, former President Pierre Buyoya (1987-93)

staged his second coup d'état. Neighboring countries responded with a trade embargo, which was in force from 1996-1999. Forced to deal with conflicting party interests, civil war with a number of Hutu rebel groups (primarily CNDD-FDD and FNL), an uncompromising army, militia groups on both sides as well as external powers demanding the departure of the military regime, Buyoya eventually had to accept a long drawn-out peace process brokered by official mediators Julius Nyerere (until 1999), Nelson Mandela (1999-2001) and subsequently South Africa's vice presidents.

The Arusha agreement of August 2000 provided the basis for a transitional government which was finally installed in November 2001. This government was led by Buyoya, a Tutsi, for 18 months, from November 2001 to April 2003. Buyoya's government was followed by a Hutu government led by Domitien Ndayizeye. Initially expected to span only the 18-month period until October 2004, Ndayizeye's mandate had to be extended until mid-2005 due to delays in the agreed-upon process that was meant to lead to a new political beginning. These delays stemmed primarily from resistance offered by several key players (mainly among the Tutsi groups) against the proposed political framework. A crucial referendum to approve a new constitution as foundation of an entirely new political order (with firm quotas for political and military representation of Hutus and Tutsis) was, therefore, postponed until 2005. A highly significant new development in the transition process had already taken place in October 2003, when the CNDD-FDD had finally given up its armed rebel activities, accepted the peace process and had become a fully integrated element of the transitional institutions (both government and military). Similar steps were taken by several other smaller rebel groups, with the major exception of the FNL, which rejected the power-sharing formulas of the peace process and carried on with armed attacks against state installations and civilian targets.

At the beginning of 2005, Burundi had thus arrived at a crucial turning point in its history, looking forward to the finalization of the long drawn-out transitional process and hoping for a new peaceful beginning. But the difficult process of implementing the Arusha agreement had also shed a clear light on the enduring and ingrained mix of distrust and fear between the two ethnic groups, as well as the lack of commitment to genuine peace and democracy among most political actors, whose overriding concern focused primarily on either gaining or defending positions of power. Under the prevailing circumstances of continued political uncertainties and violent turmoil, it is no surprise that there has so far hardly been any substantial economic transformation in Burundi. No government since independence has been able (or willing) to seriously tackle the structural problems that are preventing Burundi from establishing a socially-oriented market economy. These structural problems include the dominance of a subsistence economy, very limited diversification of modern economic sectors (highly concentrated in the capital of Bujumbura), extremely low level of urbanization, high incidence of extreme poverty, very high population density in light of the country's agricultural setting with growing ecological problems, lack of investment incentives for

modernizing the economy, dependence on favorable world market prices for few key commodities, and high indebtedness and high transport costs due to Burundi's geographical location as a landlocked country. Both external factors and continued resistance of the dominating Tutsi elite to major societal changes have been instrumental in blocking meaningful socioeconomic reforms. With the cycle of political violence set in motion from 1993 onwards, a pursuit of coherent economic policies was no longer possible. All efforts were fully focused on the sheer survival of the state structures and on beating the imposed regional embargo. In addition, the national turmoil also produced roughly one million refugees (both internally and to neighboring countries, mostly to Tanzania).

The war years generally brought a widespread regression of most economic structures, installations and institutions. It was only after the installation of the first transitional government at the end of 2001 that new and cautious signs of hope and of a return to normality began to emerge, although the introduction of consistent reform-oriented policies and of genuine steps towards an economic transformation were still by and large blocked due to a continuation of armed conflict (at least in parts of the national territory) and the fragile nature of the transitional government institutions, which were not prone to take forceful and potentially unpopular decisions. The IMF and the World Bank have attempted to have some limited impact on some specific issues (such as exchange control), although in general most international donors continue to focus their attention largely on humanitarian relief activities, while waiting on new aid activities in the direction of badly needed reform measures for the installation of a new democratically legitimate government. This was the situation at the beginning of the crucial election year of 2005.

Transformation Status

I. Democracy

After the first attempt at democratic general elections in 1993 was quickly crushed by a military rebellion and the murder of the newly elected president, followed by a long period of military governments and civil war, a transitional government without formal democratic legitimacy was installed in November 2001. The transitional government was able to widen its societal foundation in 2003 with the inclusion of most (but not all) former rebel movements in 2003. A transitional parliament was appointed according to quotas for all of the different groups participating in the peace process, but it is notable that the parliament was not selected through elections. After a series of protracted negotiations, a new constitution was finally approved by referendum in February 2005. This constitution contains a very complicated ethnic power-sharing formula with fixed quotas for representation which allocates 60% of positions for Hutus, 40% for Tutsis, thus allowing a considerable over-representation of Tutsis as compared to their numerical share of the population. Following the approval of the new constitution, a series of genuine democratic elections was then held during the summer of 2005. It was on the basis of these elections that the present government was installed, thus inaugurating an entirely new democratic era for the country; indeed, the first in its history.

1 | Stateness

From 1993 to 2003, substantial parts of the country's territory suffered from the effects of the civil war between several armed rebel groups and the state authorities (police, gendarmerie, army). Although never an outright open war, the number of casualties was extremely high, with some estimates as high as 300,000, and the state was clearly not able to exercise a monopoly on the use of force during that time. The situation improved significantly in October 2003 with the conclusion of a cease-fire agreement with the major rebel group CNDD-FDD, but some violence persisted due to continued armed attacks by the last remaining rebel group FNL. This continues to be the case even after the 2005 elections, with FNL groups remaining active mainly in some limited geographical areas in the vicinity of the capital Bujumbura, while most parts of the country are now considered peaceful and fully controlled by the state's security organs. Since mid-2006, protracted cease-fire and peace negotiations with the FNL have defined the

Monopoly on the
use of force

state of affairs (the results of which remained somewhat inconclusive at the end of January 2007), but the state has still not been able to fully enforce a monopoly on the use of force in the main FNL strongholds.

The legitimacy of the Burundian nation-state is not questioned in principle by any group and there are no claims for territorial secession or for leaving the nation in its present form. The historically-evolved concept of a Burundian nation can thus be taken to be generally accepted. The bloody struggles of the past, as well as the ongoing and fierce competition between different ethnic/social groups, have always been and are still about the control (economic, social, and military) of the existing nation-state, but not about a denial of belonging to the nation. In the past, there has long been de facto political discrimination against the ethnic Hutu majority, which in turn explains this group's armed rebellion. The order, as mandated by the present constitution – with its fixed ethnic quotas and an undisputed majority for Hutus - was designed as a compromise acceptable to both Hutus and Tutsis. The small ethnic minority group of Twa is de facto extremely marginalized, but has been given a special political protected status. A common national language (Kirundi) underscores the element of national identity.

State identity

Burundi is a secular state and religious dogmas do not openly have any direct influence on the political arena. The Catholic church has, however, played a very important role in influencing the Burundian society since the beginning of the colonial era. This has an important bearing on widely-held value systems and gives church leaders a relatively prominent role in civil society, apart from the immediate political forums. The fact that the president belongs to the Catholic church enhances his prestige and influence, and he knows to highlight this fact. The percentage of the population adhering to other Christian denominations and Islam represent much smaller numbers, though the former chairman of the ruling CNDD-FDD party was widely perceived to actively promote Muslim interests (evidently with external resources and support), quite in contrast with existing local traditions. This might introduce a new element into the prevailing religious scenario. The rejection of the former party chairman may also have reduced Muslim influence on the one hand while increasing the influence of the Catholics on the other hand.

No interference of religious dogmas

Given the country's relatively small and compact size and high population density, the public administration exists in principle and functioning at least in a rudimentary sense throughout the national territory. Administrative structures are generally weak and poorly-funded, but against the background of a long and violent civil war, and as compared to many other African countries, they are nevertheless relatively well established. The basic service functions of the state are generally available at the level of the "communes," which form the lowest administrative level in Botswana.

Basic administration

2 | Political Participation

The series of elections in 2005 (constitutional referendum, communal, legislative and hill elections) was generally considered to be free and fair by internal and external observers. In any case, elections were much better than could have been expected after many years of civil war and a hotly contested transition period with tense in-fighting among different political contenders. All political institutions in place today are the outcome of these elections. However, in a country with neither democratic traditions nor a fair education level, the population's reasons for going to the ballot boxes may have little to do with enthusiasm for democracy. In addition, not all democratic changes were welcomed by the population. For example, the representatives of the traditional Bashingantahe institution (local arbitrators) have started to be elected as well, instead of being selected in the traditional fashion. As a consequence, the strongest local party provides a person for this influential post and it is no longer based on tradition and qualifications. The current democratic nature of governance must be viewed against the background of the country's violent political history and well as very real sociopolitical cleavages and fears. Given these factors, there is as yet no guarantee that the present situation will persist and that a tradition of similarly orderly elections can be established in the future.

Free and fair elections

The elected rulers do in principle have the authority and the instruments to effectively govern the country, but they have to be careful not to antagonize certain special interest groups, given the very intricate and complex socioeconomic fabric of Burundian society. Many aspects of political life are still very delicately intertwined with the intricacies of the balance between Hutus and Tutsis and the resulting consequences for the functioning of all public institutions. This is also true for internal power distribution within the ruling party CNDD-FDD as well as in the military. Recent internal power struggles within the CNDD-FDD have raised some doubts about the authority of the elected president vis-à-vis an all-powerful party chairman not legitimized by a public vote. At the CNDD-FDD special party congress in February 2007, a new party chairman was elected with the expectation that he will end this problematic internal schism.

Effective power to govern

The high number of political parties and of other civic groups can be taken as an indication of the relative liberalism which characterizes the rights of political association and assembly. It must be noted, however, that civic networks face considerable regulation by the constitutional provision which stipulates that all parties participating in electoral contests must have mixed ethnic membership, effectively outlawing mono-ethnic parties comprised exclusively of Tutsis or Hutus. This is obviously intended to prevent the old clear-cut antagonism between Hutu and Tutsi parties (though even in the past, party composition

Association / assembly rights

tended never to reach a fully 100% of either group), but it clearly infringes on the absolute liberty of political association.

The situation with respect to the plurality of the media and the freedom of expression for individuals and associations is rather ambivalent. Print media outside of the capital Bujumbura are extremely scarce, and by far the most important media is the radio, both government-owned and private. During the crucial election year 2005, the role of all media was generally depicted as having been exemplary, unbiased, and free from authoritarian control, not in the least due to the close international supervision of the entire election exercise. Since then, the media – including private media inclined towards the opposition – has maintained a relative degree of independence. Nevertheless, this independence was occasionally threatened by governmental attempts at intimidation meant to muzzle the independent critical expression of opinions, which tended to end in arbitrary detentions.

Freedom of
expression

3 | Rule of Law

The separation of powers between different state organs and a system of checks and balances between them does exist formally and to a considerable extent in practice as well. On a day-to-day basis, however, the executive branch is capable of exerting an overwhelming influence, while both the two chambers of parliament and the judiciary are relatively weak and find it difficult to prevail over decisions taken within the inner decision-making circles of the executive, either in the cabinet, or the top echelons of the ruling party.

Separation of
powers

The judiciary is set up as an institution which is theoretically able to operate independently from all other organs of the state. In reality appointments of judges are made by the government and a certain amount of political pressure has always been exerted on the judiciary system. Such a state of affairs was very clearly in evidence during the long years of the civil war, when members of the military and of other state security organs were generally protected against any prosecution for injustices committed against alleged rebels or implicated civilians. The lower levels of the judiciary are poorly trained and equipped, and the entire judicial system is prone to corruption. It is important to note, however, that in the face of dubious accusations of treason levied against several high-level politicians (including the last interim president) in mid-2006, the Supreme Court, after several months of tactical wrangling, courageously made an independent decision in the face of fierce government pressure.

Independent
judiciary

Before the installation of the present government in 2005, the prosecution of both military and civilian officeholders for mismanagement in financial and other sectors – under the different military regimes and during the two phases of

Prosecution of
office abuse

transitional authorities – produced few convictions. This general tendency appears have endured, although a firm and well-founded judgment is not yet possible.

Civil rights during both the years of the civil war, as well as under transitional governments, were severely and constantly endangered under the pretext that such was necessary for national security in the fight against rebel groups. Civil rights are in place, with no systematic infringements upon the rights of Burundian citizens on the basis of gender, religion or ethnicity. The increasingly authoritarian and opposition-fearing tendencies of the present government led to several cases of clear intimidation of those critical of the government in 2006, culminating in a case in which dubious allegations of treason were made against several high-ranking opposition politicians. The accused were imprisoned for several months on the basis on highly suspect evidence, and some were allegedly tortured to obtain the desired “proof.”

Civil rights

4 | Stability of Democratic Institutions

Fully legitimized democratic institutions have only existed since the cycle of elections in mid-2005. They are in principle functioning correctly, but their status and the interplay between the different organs of the democratic state are still rather fragile, and their long-term stability is still not yet fully tested. The 2005 elections have been generally orderly, free and fair, and were characterized by many observer missions as considerably better than in many other African countries under similar post-conflict circumstances. After settling in, however, the new government and administration have increasingly shown signs of authoritarian tendencies, making a check on the executive by the other public organs extremely difficult. It is, however, still too early to pass judgment.

Performance of democratic institutions

In a formal sense, practically all relevant political and societal actors are operating within the framework of the 2005 constitution and as such do appear to have accepted the new democratic order. It should be noted, however, that the extent to which the basic principles of democracy are really genuinely accepted by all political groups and actors is not at all clear and has not, as yet, been conclusively tested. One important element in this respect is the deeply ingrained fear among Tutsis and their leaders that the application of an unfettered democratic system without safety precautions for the majority (as is presently the case with the ethnic quota system) would put them in danger of being overwhelmed by the Hutu majority. All Tutsi parties have, therefore, vehemently objected to the regulations of the new constitution, though this was nevertheless passed by referendum in early 2005. The present set-up of the military (which gives an equal share of Hutus and Tutsis) is meant to give a sense of security to both sides, but the possibility remains that Tutsi officers will attempt – as they

Commitment to democratic institutions

have in the past – to intervene, if the Hutu politicians were to fully take advantage of their sheer demographic dominance. As such, the acceptance of democratic principles remains somewhat tenuous.

5 | Political and Social Integration

A virtual plethora of political parties (around 30) were registered for the 2005 elections. While most of them do still exist on paper, only five received enough votes to be represented in parliament. This indicates on the one hand a high fragmentation of individual political players, but also a reasonable concentration of the really relevant political groups. Contrary to the past, when politics were characterized by a clear confrontation between two almost pure ethnic parties (with the Hutus represented by FRODEBU and Tutsi by UPRONA) the new constitution (itself a result of protracted negotiations under intense external pressure) mandates the (somewhat artificial) creation of ethnically-mixed political parties. It should be noted that a general perception of parties being primarily oriented towards one or the other ethnic group still persists. The CNDD-FDD party, which dominates the political scene at the moment, has its origins in the major Hutu rebel group, though integrated a substantial number of Tutsis in accordance with the constitution. While the 2005 elections were held quite successfully under the new party system, all parties are faced with considerable internal rivalries. In connection with many parties' lack of firm roots in society, this implies a measure of instability. In some cases, the distrust and discrimination that has historically characterized relations between the ethnic groups still seems to be carried forward to the level of present party politics.

Party system

The number of articulate interest groups is rather limited, and practically all are subject to the historical legacy of ethnic mistrust that permeates Burundian society as a whole. The general situation and societal climate in this regard has, however, changed noticeably over the past two years as generally peaceful conditions have prevailed. Ethnic mistrust has nevertheless not disappeared completely and is sometimes still present, but this is primarily latent. Mistrust is evident concerning specific individuals or along party membership and between rich and poor in general. Contrary to the requirement that political parties that widen their membership to span multiple ethnicities, the same was not necessarily or automatically the case with regard to social or economic interest groups, although it is also beginning to happen there. As such, most parties do represent a fairly narrow spectrum ethnic and/or regional or local interests. Despite the country's small size, the proliferation of local interests with a narrow focus is rather typical.

Interest groups

In the absence of any survey data (such as Afrobarometer) on attitudes toward democracy, it is extremely difficult to make a judgment on the population's true level consent to democratic values. Impressively high rates of voter participation

Consent to democratic norms

in the string of 2005 elections can be attributed chiefly to desire for peace after many years of conflict encompassing all population groups, but also to a general perception by the Hutu majority that they would finally be able to express and to further their group interests on the basis of their numerical strength. It can, however, be assumed (albeit without empirical survey evidence) that many (but certainly not all) Tutsis are quite skeptical about the validity of democracy, since they have deep-seated fears of being overwhelmed by the Hutu majority and of possible reprisals for their long history of dominance. Even if most of the population voted, it may be said that the majority of peasants in the country care little for politics as long as they can pursue their normal work.

There is traditional self-organization at the most local level (the village neighborhood of the “collines”), but it is rare on a large geographical scale. The focus of the rural population is highly concentrated on the local level, and trust as a form of social capital typically does not reach beyond the narrow confines of local or provincial boundaries. The Hutu peasantry has learned over centuries to be subservient and not to challenge the higher echelons of society, which have traditionally all been dominated by Tutsis. The historically-evolved distrust between the ethnic groups persists today and has prevented the emergence of all-encompassing autonomous groups at the national level, with the exception of a limited number of effective NGOs.

Associational
activities

II. Market Economy

After more than a decade of civil war, Burundi has felt the effects of partial economic sanctions imposed by the neighboring regional countries as a form of protest against the ruling military regimes, and has also suffered from the structural deficiencies of being a land-locked country with an overwhelmingly rural economy. Yet Burundi is now beginning to enter into a new phase of national rehabilitation and reconstruction, predicated on expectations of very substantial external aid support. The country’s new and inexperienced government, installed in late 2005, is still experimenting to find a steady and consistent economic path for the country, constrained by circumstances of extreme poverty and underdevelopment. Many aspects of present socioeconomic policies do, therefore, appear rather ambivalent and seem to lack a clear conceptual focus.

6 | Level of Socioeconomic Development

Even among the official LDCs, Burundi is one of the least developed countries in the world. It ranks 169th out of 177 in the UNDP Human Development Index and is at the bottom of the 119 countries listed in the new World Hunger Index. About 55% of the population lives below the extreme poverty level of \$1 per day. Under 10% of the population live in urban areas (much less than the African average) and many peasants live under subsistence conditions with very little cash income. Modern manufacturing and service sectors are very small and regular wage employment is extremely limited. All socioeconomic indicators show the effects of the highly precarious structural difficulties that confront the Burundian economy and society, including the highest population density in Africa, a shortage of sufficient arable land and increasingly felt climatic dangers in the form of drought. There is an extreme disparity between the relatively “modern” conditions of the capital city Bujumbura and those in the entire rest of the country, and a highly significant socioeconomic differentiation between the vast majority of the Tutsis (who live mostly in towns and tend to have higher socioeconomic and educational status) and the mainly rural Hutu population.

Socioeconomic
barriers

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	628	595	664	800
Growth of GDP	%	4.4	-1.2	4.8	0.9
Inflation (CPI)	%	-1.3	10.7	8.3	13
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	0.0	0.0	0.0	0.1
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-4.6	-24.7	-170.5	-255.7
Public debt	\$ mn.	1,104.3	1,251.9	1,324.9	1,227.9
External debt	\$ mn.	1,213.7	1,328.1	1,388.5	1,321.5
External debt service	% of GNI	3.8	5.1	13.6	5
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-

		2002	2003	2004	2005
Government consumption	% of GDP	19.1	22.7	25.8	28.4
Public expnd. on edu.	% of GDP	4.0	4.7	5.2	5.1
Public expnd. on health	% of GDP	0.7	0.8	0.8	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	7.6	7.3	6.3	6.2

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

7 | Organization of the Market and Competition

The institutional framework for a market economy is relatively weak and inconsistent. Factors hindering the regular functioning of a market-based economy are a large informal sector, widespread corruption, a highly cumbersome bureaucratic public administration and an inclination toward ad hoc interventionism without adherence to clearly laid out principles by decision makers. Despite constant pressure from the IMF, World Bank and other donors for further economic reforms and general liberalization (and the need of the government to comply with the conditions set by the donor community), progress on this front has so far been haphazard and half-hearted at best.

Market-based
competition

Due to the small size and the structure of the national economy there is little scope for the effective control of the existing monopolies or oligopolies.

Anti-monopoly
policy

The foreign trade sector is partially liberalized, but is nevertheless subjected to a great deal of cumbersome regulations and border controls. For instance, import duties and complicated administrative regulations, particularly at the port of Lake Tanganyika, quite frequently lead to the decay of goods as a result of time-consuming procedures. This, in turn, has made many reluctant to trade with the country. In 2004, Burundi entered the COMESA Free Trade Agreement, necessitating a liberalization of the foreign trade regime in conformity with COMESA regulations, though actual compliance in administrative terms has been slow. The exchange rate of the currency is largely left to market forces, though the central bank intervenes occasionally.

Liberalization of
foreign trade

The quality of the banking system is quite poor and does not meet modern standards. This is particularly the case outside the capital Bujumbura, where all financial institutions are concentrated. The banking system is poorly differentiated and stifles and slows economic progress.

Banking system

8 | Currency and Price Stability

Inflation control and an appropriate exchange rate are recognized as important goals of governmental economic policies, but their pursuit faces severe structural obstacles. The central bank is formally an independent institution, but it is nevertheless in reality not free from being guided by considerations of the highest political authorities. Since 2000, all foreign exchange dealings have been liberalized, exchange rates are determined by currency auctions under the guidance of the central bank, some private foreign exchange bureaus are allowed to operate alongside to commercial banks. The gap between official and black market rates has been lowered to less than 10%, and the exchange rate has been fairly stable for several years. Inflation control is difficult, since many agricultural prices are subject to changing weather conditions. With considerable seasonal fluctuations, annual inflation has averaged around 10%.

Anti-inflation /
forex policy

During the years of the military regimes and the ensuing period of the transitional government, concerns about macro-level financial stability were less important than the immediate needs of fighting the civil war and later of accommodating the political expectations of all the competing political players. During these periods, the presence of international aid and financial institutions was largely confined to emergency operations with little influence on macroeconomic stability policy. The inexperienced new government is still struggling to establish a firm framework and coherent understanding of the needs of stability-oriented fiscal policies, and has found the prospect of disappointing the high expectations of the political followers of the new ruling groups very difficult. Also, not too much adherence to fiscal discipline was to be expected by former rebel leaders. Due to its heavy reliance on the inflow of aid resources, the government is following the conditions of financial orthodoxy set by the external donor institutions out of sheer necessity, despite the fact that this is at times inconsistent with demands from the leadership of the ruling party.

Macrostability

9 | Private Property

Property rights have long been formally defined by law, but their application and defense has always been precarious. This is the case today more than ever, given a post-conflict environment in which significant changes are taking place throughout the entire sociopolitical and economic fabric of society; many have been uprooted and turned into refugees and are now trying to find new and legally secure footing. Conflicts about access to land – and not only in the case of returning refugees – are potentially dangerous for further social confrontations. The existing provisions for regulating problems of property rights are far from satisfactory.

Property rights

Private companies can operate freely in principle, but in practice they are subjected to a great deal of bureaucratic red tape and occasionally also direct political interference. Attitudes within government and the ruling party leaders about the scope of private business is rather ambivalent, since they are inclined to believe in a strong role of the state, particularly with regard to the need for the redistribution of wealth in a country with a history of extremely distorted socioeconomic opportunities and assets. State companies do offer valuable chances for patronage and also for corrupt practices. The privatization of public companies and institutions, strongly advocated by the World Bank and other donors as part of the aid support programs, has been making slow progress and has met with considerable reluctance, but it is nevertheless kept on the agenda, particularly regarding the privatization of many small coffee factories.

Private
enterprise

10 | Welfare Regime

Burundi does not have any public social safety nets for the majority of its population. Only a small group of government and parastatal employees, including the top echelons of the military, receive state benefits, and even then the resources provided are minimal. The long years of civil war have in many areas disturbed or even destroyed traditional social structures, but most features of traditional rural solidarity systems have nevertheless survived to a considerable extent and still provide the crucial foundation for a minimal degree of social welfare within a family or village context. The biggest problems are presently faced by the many refugees (most from Tanzania), internally displaced persons (about 100,000 still live in camps within the country) and some 50,000 returning ex-combatants created by the war who are being repatriated into uncertain surroundings without being able to fall back on any organized systems of social welfare. Even traditional village-level solidarity is already being strained due the effects of extreme over-population in rural areas and of worsening ecological conditions. The country clearly cannot successfully combat the prevailing poverty on its own.

Social safety nets

The mechanisms for providing equal social and economic opportunities to all segments of the population are still extremely limited, although the recent change of the political power configuration should begin to make a difference in this status quo. Before this political turnaround, the Tutsis had vastly superior opportunities for educational, social and economic advancement as well as political privileges, in marked contrast to the dearth of such opportunities afforded almost all Hutus, with only a few exceptions. The new political situation has, of course, opened many new opportunities for politically-connected Hutus, but broad-based social change with respect to educational and economic opportunities will take many years. For the immediate future, the majority of

Equal opportunity

Tutsis (who are found predominantly in towns and generally have a good educational background, although it must be said that there are a number of Tutsi peasants living in the countryside who are just as poor as many Hutus) still reap considerable benefits from their historical privileges. It will be very difficult for most rural Hutus to close this gap. The Twa ethnic group remains almost completely excluded from any opportunities. Women do still suffer from traditional disadvantages, but systematic efforts to improve educational opportunities for girls are being made, and in the urban centers women do have chances for fairly good positions, albeit not on a fully equal basis. It must be noted, however, that this equality is the result only of the legal framework, rather than a social favoring of gender equality.

11 | Economic Performance

As a result of both its fundamental structural deficiencies and the effects of the long period of civil war, Burundi has one of the least-developed and most vulnerable economies in Africa. The absolute value of per capita GNI in 2004 was listed as just \$90 by the World Bank Atlas method, the lowest value of the entire continent. The country is also near the bottom of the UNDP Human Development Index, ranking 169 out of 177. This ranking indicates a very poor standard of all social services and of the general well-being of the population. Coupled with a precarious ecological condition, Burundi is also faced with the problem of barely being able to assure self-sufficiency in food production. It was only after the elections of 2005 and the installation of a new government that a new order emphasizing national reconstruction and economic revitalization got underway. This came with promises of substantially-enhanced external aid support, on which Burundi will remain dependent for a long time to come. Because the new and largely inexperienced government has only been in office for a year and a half, it is too early to expect to see any clearly measurable results of the change. A number of new initiatives have been undertaken, but the overall macroeconomic performance has remained rather lackluster, partly also as a result of unfavorable climatic conditions (drought, floods) and corruption. A noticeable acceleration of growth and general socioeconomic improvement can only be expected after the government and the major aid donors agree on the fundamentals of a determined reform program on the basis of a PRSP, which would then also present an opportunity for substantial debt cancellation. However, the medium-term prospects for truly significant positive changes do not appear very bright.

Output strength

12 | Sustainability

Under the stress of immediate short-term problems, which include the challenge of surviving under conflict conditions, the combination of severe overpopulation with a low degree of agricultural technology and the prevailing practice of subsistence agriculture, not much attention has been given to safeguarding the environment over the longer term. Degradation of soil and the rapid destruction of existing forests are already very serious problems, since this further undermines the country's ability to feed its own population. In addition, the continuous decline of the water level of Lake Tanganyika presents ecological danger for the whole region. At the local level, the population (sometimes under the influence of NGOs) is increasingly aware of the dangers of certain practices, but they normally do not see any viable alternatives. With the resumption of much larger externally-financed aid programs since the change of government, much more attention is to be given to environmental concerns.

Environmental
policy

The entire education system suffered heavily during the civil war and is only recovering slowly. Generally the quality of education and of the existing facilities is poor, with only 4% of GDP spent on the education sector. Government spending is heavily biased in favor of spending on secondary and tertiary education, whose institutions are concentrated in the capital city. In contrast, primary education in rural areas received very little attention, although the new government has pledged to improve this situation. Modern research and development activities are practically non-existent, and a comprehensive effort to improve the education system is sorely needed. School fees for primary education were abolished in September 2005, with the result that the number of pupils increased suddenly and dramatically, albeit without commensurate provisioning of additional teachers, classrooms and schooling materials. The only university, which in Bujumbura, is inadequately equipped and suffers from a low educational level and frequent strikes.

Education policy
/ R&D

Transformation Management

I. Level of Difficulty

The structural constraints working against a successful process of political and economic transformation are extremely high. They include a very low absolute level of economic and social development, a difficult geographical situation given that the country is landlocked, precarious ecological conditions, a confluence of extreme overpopulation and limited land resources, high incidence of poverty, the need to integrate many returning refugees, internally displaced persons and ex-combatants, poor infrastructure, lingering ethnic polarization (although not necessarily always present in daily life) with memories of a very violent history, a generally low level of education (especially among the Hutus) and an inexperienced new group of political leaders.

Structural
constraints

Traditions of civil society are weak and largely confined to the urban environment in Bujumbura and the Tutsis, although the situation has gradually begun to change during the last two years. In the past, only a few NGOs have been able to transcend the deeply-rooted distrust between the two ethnic groups. There are hardly any traditions of organized civil society among the rural Hutu population (other than very simple neighborhood solidarity), which is the result of a long and deeply ingrained history of subservience to the ruling Tutsi elites. Even the new political authorities do not seem to actively encourage the emergence of a more vital civil society. Nevertheless, some positive changes in the direction of more inter-ethnic cooperation and of expansion of activities into the rural areas have occurred since the end of the civil war.

Civil society
traditions

The fundamental ethnic polarization between the Tutsi and Hutu population groups, which at the same time is an expression of disparities in social classes and power relationships, has also informed Burundi's political and socioeconomic dilemma. But there has always been – and still is – a reciprocal relationship between the dual phenomena of prevailing socioeconomic class differences and asymmetrical power relationships, which have had the effect of entrenching the perception of ethnic polarization. Since the end of the civil war and the peaceful elections of 2005, most people have now begun to deal more and more openly with the question of ethnicity. The negative aspects are,

Conflict intensity

however, further exacerbated by the deep-seated fears of violent reprisals of each side against the other. Religion has generally not been an additional factor of conflict, since the dominant Catholic church was generally able to maintain credibility among both ethnic groups. There have been attempts recently to promote the interests of the hitherto fairly small Muslim community. Although the present political dispensation provides a formula with fixed ethnic quotas for all public institutions, which is designed to overcome the underlying ethnic and social conflicts, this arrangement is still new and fragile and its longer-term sustainability remains untested. In addition, conflicts surrounding the country's scarce arable land will undoubtedly lead to serious problems in the future. Generally, conflicts on the basis of access to resources and/or aid are very common. While such is not necessarily related to ethnicity, the conflicts may play out along ethnic or political lines. Envy is a common phenomenon as a result of the general prevalence of widespread poverty.

II. Management Performance

For many years the political leadership had been fully occupied with maintaining control of the country, given the context of civil war and the attenuating the effects of international isolation. The interim transition period was followed by tricky power games and maneuvers to maintain influence in the negotiations that led to a new political order defined by a new constitution and eventual elections. All along, concerns about the management of the economy and about the socioeconomic reforms needed to bring about a genuine transformation were given only secondary consideration, if any at all, since in such conditions political survival took precedence over everything else. The present government (with largely inexperienced key personnel) has only been in power since September 2005, and therefore has had only a very short time span to initiate and successfully implement a new management style with respect to socioeconomic issues. This is particularly the case in view of the fact that the distribution of power— against the background of the violent history and the critical ethnic polarization – is still extremely fragile and not at all entrenched in any sustainable fashion.

14 | Steering Capability

The political leadership has experienced great difficulty in consistently pursuing a course oriented toward constitutional democracy and a socially responsible market economy. Indeed, such a course is not realistic in light of the substantial political and socioeconomic constraints outlined above, the fragility of the

Prioritization

present political set-up and the expectations of the hitherto largely neglected Hutu majority. It is obvious that short-term political exigencies often must take precedence over the government's stated long-term goals, particularly insofar as it is still struggling to articulate a realistic long-term development strategy. The finalization of a PRSP (which would lay the foundation for aid donors' further allocation of resources and for debt cancellation) has been postponed several times. Given the overwhelming dependence on external support for any substantial national rehabilitation, the role of the external agencies in setting priorities is very strong, rendering the level of national decision-making correspondingly weak.

In principle, the government is committed to implementing its stated political and economic reform goals, but in practice the many existing structural constraints effectively prevent a successful implementation of these goals. In the political realm, no pursuit of a completely unrestricted democratic system is possible (or even desirable under present circumstances), since the distribution of political positions is bound by the provisions of the constitution, which stipulates fixed ethnic quotas and Tutsi over-representation. The government is careful to fulfill the spirit of the constitution without giving cause for any new antagonism. Similarly, there are obstacles to the development of a full-fledged market economy, particularly entrenched interest groups that protest any reduction of their control over public institutions. Formerly underprivileged groups understandably expect the state to play an active role in overcoming the uneven wealth distribution which has evolved in past years, rather than leaving this to market forces, which would arguably benefit those groups which are already privileged.

Implementation

The present political leadership has up to now proved itself fairly flexible and has learned from past mistakes, particularly as regards avoiding ethnic and political polarization. The government has been cautious to largely adhere to the provisions of the constitution, to include a number of Tutsis in leadership positions and not to promote too many unqualified Hutus. This state of affairs stands in contrast to that in 1993, when the elected Hutu government introduced too many rapid changes, raising Tutsi fears and eventually triggering a brutal violent putsch by Tutsi officers. The party chairman of the ruling CNDD-FDD has, however, pursued an increasingly authoritarian and antagonistic leadership style, thus threatening a consensus-based style of politics, even within his own party. His actions led to his removal by a special party congress in February 2007.

Policy learning

15 | Resource Efficiency

Throughout all past regimes, efficiency in utilizing financial and human resources by the state was quite low, largely determined by patronage considerations, the creation of an over-bloated bureaucracy and a dominating weight of the requirements of the security organs. The new government has found it very difficult to significantly change the situation, even insofar as it is willing to attempt this, as expectations of patronage for public positions have had to be met. President Nkurunziza personally has tried to introduce a more austere and efficient leadership style and to set a positive example, but probably only with a very limited overall impact, since his actions are often not visible to the population. The complex nature of the government, made up of representatives from many different political groups, does not facilitate a coherent and frugal use of state resources. In addition, the government still spends a great deal of money for the inflated military and police sector.

Efficient use of assets

The complex composition of the government also makes the efficient coordination of activities between different ministries and other public bodies very difficult. This is particularly true insofar as politicians in decision-making positions tend to strengthen their own public profiles and to pursue their own priorities without adhering to a coherent and coordinated government strategy as a whole. Former party chairman Radjabu of the ruling CNDD-FDD party interfered not only frequently, but also massively in government activities prior to his dismissal in February 2007, thus further obscuring any coordination (see Policy learning, 14.3).

Policy coordination

The government made an official commitment to fight corruption more energetically than the previous regimes, but no obvious results are visible as yet. Various charges have taken place, however, in light of rising corruption among members of the new government. The second vice president resigned in September 2006, citing the issue of public corruption, among other reasons. With the effects of deepening inflation, civil servants also tend to turn increasingly to corrupt practices. In Transparency International's 2006 Corruption Perception Index, Burundi is ranked 130th with a score of 2.4, putting it close to neighbor Rwanda, but above Kenya.

Anti-corruption policy

16 | Consensus-Building

Most political actors have found a rudimentary consensus on goals with respect to the political and the socioeconomic sectors. The political compromise presently forming the foundation for all public institutions (including the military) was codified in the 2005 constitution, which stipulates a complicated

Consensus on goals

system of fixed ethnic quotas for all state elected and administrative bodies and for the military. In the run-up to the constitutional referendum, these provisions were firmly rejected by practically all Tutsi parties, since they feared that they would eventually be outmaneuvered by the Hutu majority. Nevertheless, this is the best compromise available at present, and it is accepted, at least for the time being. No agreement on an unfettered democratic system (without quotas) is presently possible, since it would leave the Tutsis without a guarantee of protection. The FNL Hutu rebel group has long held out against the new compromise, claiming that it was not going far enough in redressing the old power distribution, but in early 2007 they seem to have finally given up their resistance. There appears to be a somewhat vague consensus on the general principles of a market economy among most political actors, although many expect the state to be primarily responsible for promoting development and for rebalancing existing inequalities of wealth distribution.

While the last remaining Hutu rebel group, the FNL, has yet to formally renounce its activities and accept the terms of a peace agreement that has been under negotiation (with external mediation) since mid-2006, in January 2007, a finalization seemed at long last to be imminent. The FNL claims to be fighting for the true interests of the underprivileged Hutu majority, which it argues are not given sufficient consideration under the present constitutional compromise. Political rivalry between different Hutu-dominated parties – particularly between the ruling CNDD-FDD and the formerly-dominant FRODEBU – could lead to heightened tensions, including attempts to block the delicately-balanced political consensus. This appears unlikely for the time being, however, given the relatively strong position of the CNDD-FDD. Nevertheless, this party's own internal divisions may possibly escalate and bring about a new group of spoilers. It is still conceivable that hard-line Tutsi politicians would attempt to regain control with help from the military (where the higher ranks are still dominated by Tutsi officers, although the overall numbers are evenly split between Tutsi and Hutu), in the event that they felt overly threatened by all-encompassing Hutu domination under the present political situation. Such a scenario, although possible, does not appear very likely.

Anti-democratic veto actors

The lengthy transition process following the 2000 Arusha peace agreement and the present political order, which is now based on the stipulations of the new 2005 constitution, are geared toward overcoming the deeply-rooted political and social cleavages extant in Burundian society. The negative legacies of the past cannot easily be erased, but up to now the carefully-balanced compromise formula has been able to prevent a new escalation of existing cleavages, which are likely to remain salient for a long time to come.

Cleavage / conflict management

The present political leadership – just as that of the previous regimes – feels neither sufficiently comfortable nor established enough to freely accommodate

Civil society participation

criticism by civil society groups, although such groups are relatively weak and limited in number and scope. The existing civil society actors are predominantly based in Bujumbura and are by and large Tutsi members, thus causing them to be regarded rather skeptically by the power authorities. The potentially positive influence of independent civil society actors is, therefore, largely ignored.

The establishment of a Truth and Reconciliation Commission (TRC), following the examples of South Africa and Sierra Leone, has for some time been proposed as part of the general peace process in progress since 2000. The government has been rather hesitant about this, however, and no concrete progress has so far been made, despite UN offers of assistance in establishing a TRC and a special court for dealing with war atrocities (a UN mission paid an initial visit to Bujumbura in February 2007 for preliminary discussions). Members of all the various political groups (former regimes and governing parties, military, rebel groups) are in one way or another implicated in the atrocities committed during the war years and in earlier ethnic pogroms. They are primarily interested in finding formulas for compromise and forgiveness without dwelling too much into the past. In contrast, groups of victims (and to some extent the international community) expect at least a modicum of accountability for deeds committed in the dark years of the country's recent past. There is, therefore, a vague recognition of the need to deal constructively with this history, but so far this has largely been ignored in the interest of not upsetting peaceful coexistence of the different antagonistic forces in force at present. In addition, there are no available structures to facilitate asking for forgiveness on the one hand and for pardon on the other. Except for the church in some places and for a few NGO activities, there is no public forum for forgiveness, although the general population appears in principle ready to forgive.

Reconciliation

17 | International Cooperation

Given the structural deficiencies and the devastating effects of years of war, the government really has no option but to rely very heavily on the support of international aid donors. Even the international routine of receiving and properly implementing these aid resources had largely been unknown to the rather inexperienced new government team that came into power in late 2005. Certain shortcomings in dealing with the aid procedures and in making efficient use of the available programs did occur, but such missteps had to be expected and were almost unavoidable. There is still a great deal of room for improvement, but generally the state administration is attempting to make good use of external support.

Effective use of support

The government tries to act as a reliable and credible partner in its dealings with international actors, but because views of different segments of the complex

Credibility

government coalition often diverge, resulting in a lack of clearly agreed common positions, it is quite often difficult for different government agencies to maintain policy coherence. This results in expressions of doubt and frustration on the part of various donor organizations regarding the professional and political reliability of their Burundian partners.

During the war years, the military regimes and the period of the transitional governments, Burundi was involuntarily almost under the tutelage of its regional neighbors (including South Africa), which sought to mediate the internal conflict between the different actors and to find a compromise that would enable a new beginning. With varying degrees of willingness or reluctance, most of the internal feuding groups did eventually accept the demands of the regional mediation process. The present government is fully aware of the need for good neighborly relations with all countries in the sub-region. Very cordial relations have above all been established with the most important neighbors, Rwanda and Tanzania. A very important step in this process is the country's recent admission into the East African Community, which will be effective in mid-2007 and is hoped to bring about a much closer regional integration of the country.

Regional cooperation

Strategic Outlook

Burundi faces tough political and socioeconomic hurdles that are exacerbated by the prevailing conditions of environmental and population stress. As one of the poorest and least developed countries in the world, it clearly needs continued and substantial external support if the general well-being of the population is to improve. For the first time in Burundi's post-independence history, there is modest optimism about the current political situation providing a framework for reconstructing and developing a legitimate state and modern economy. However, after years of civil strife, the foundations of these newfound sociopolitical compromises are still fragile and cannot be taken for granted.

For the first time in many years, an overarching peace throughout the country seems to be within reach, provided that peace negotiations between the government and the FNL end with a binding agreement. Though the prospects of peace are promising, the overall political configuration remains fragile as it is based on a delicately balanced ethnic quota system as stipulated in the 2005 constitution. Upholding and implementing this configuration in the long term requires a general spirit of compromise and cooperation among all relevant national actors. Clearly, the ruling government authorities must exercise restraint and refrain from monopolizing all spheres of public life so as not to antagonize their latent adversaries. There are some authoritarian tendencies within the CNDD-FDD as well as internal splits that could serve to undermine consensus-building and power-sharing dynamics. All relevant political players must develop an enlightened sensitivity to the fragility of the newfound political consensus if it is to hold without relapsing into ethnic confrontation. Burundi's external partners, both its subregional neighbors as well as the international community, must emphasize the need for this consensus. At the moment, moderate optimism about the lasting effect of the current compromise appears justified, although the danger of latent fears re-emerging and leading toward violent conflict has not yet passed. The military is an absolutely crucial factor in any situation of renewed societal tension, and its changed ethnic composition (roughly equal numbers from both ethnic groups) may help to prevent it from choosing sides and engaging in suppressive actions like those of the past.

Peace and political stability also depend heavily upon notable progress being made in rehabilitating and modernizing Burundi's economy. Doing so is a prerequisite to improving much of the population's social welfare. Strapped by several structural constraints, Burundi's opportunities for fundamental change in a relatively short period of time are limited – even with a substantial and

sustained increase of international aid support, which is hardly assured, given the presence of other urgent international priorities. This is not to dismiss the fact that donor agencies have already pledged new aid and that a number of programs are already underway, but rather to emphasize that more determined efforts clearly hinge on the existence of a well-prepared national development strategy (at least in the form of a final PRSP), which has yet to be articulated. Given Burundi's low level of socioeconomic development, reaching the status of a socially-oriented differentiated market economy is hardly a realistic goal for the near future.

All efforts during the coming years will continue to focus on rather modest improvements of the present bottom-level status, but not on a genuine structural transformation of the economy. The new UN Peacebuilding Commission has selected Burundi as one of its two initial focus countries (together with Sierra Leone), which could lead to more international attention than would otherwise be the case. In summary, while overall socioeconomic perspectives for Burundi are considerably better than they have been for years, they will nevertheless remain relatively modest in absolute terms.