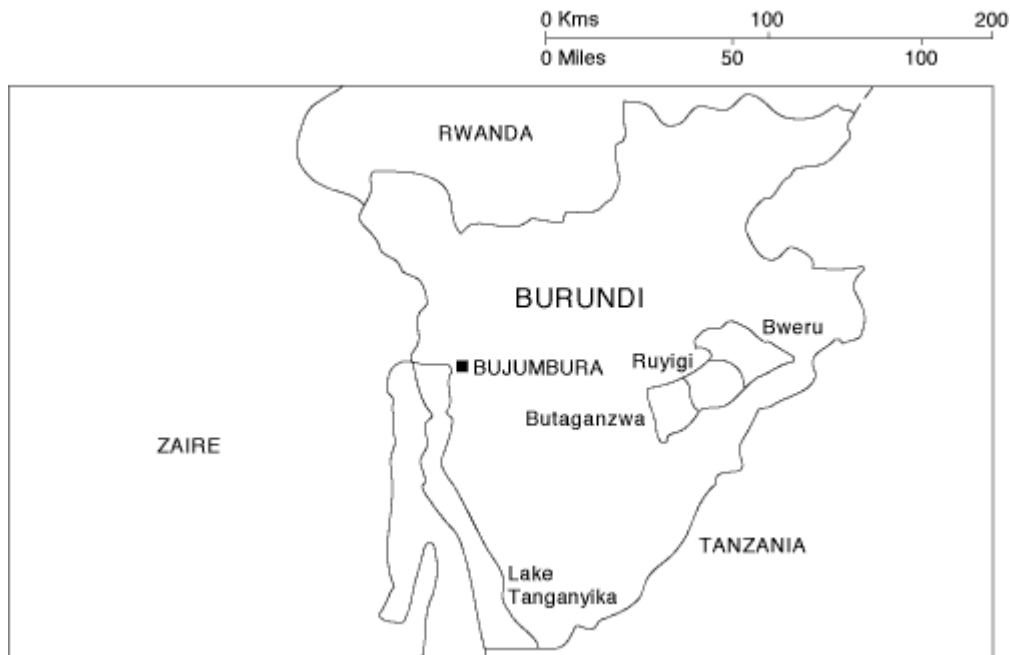


# An Assessment of Sanctions against Burundi



**By**

**Gregory Mthembu-Salter**

May 1999

This report was commissioned by ActionAid. The views expressed in this report are strictly those of the author and do not necessarily reflect the views of ActionAid

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## ActionAid

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# Introduction

Following the assumption of power in Burundi by Major Pierre Buyoya on July 25 1996 in a bloodless coup d'etat, regional heads of state imposed an economic embargo on August 6. The embargo's objectives were to:

- **end the illegality of the regime and restore constitutional order, and force the regime to:**
- **restore the National Assembly**
- **un-ban political parties**
- **hold unconditional negotiations with all parties to the conflict, including parties and armed groups both inside and outside the country.**

In February 1997, I produced a report for the British NGO **ActionAid** on the political and economic consequences of the embargo. I concluded that the sanctions were being systematically violated by participating states, enabling Burundi to import and export all key commodities. I found however that the sanctions had caused the Burundian franc to devalue, rendering most goods more unaffordable to the majority of Burundians, and making life even harder for the poor and very poor.

Noting the restoration of political parties and the National Assembly on September 12, 1996, I reported the Burundi government's contention that it took these moves because of its commitment to political change and in spite of sanctions, and the opposition Front pour la democratie au Burundi (Frodebu) contrasting view that sanctions had brought about these changes. I reported that sanctions had not succeeded in bringing the warring factions in Burundi to unconditional negotiations, and observed further that the sanctions had already caused most Western powers to

distance themselves from the regional peace process being facilitated by former Tanzanian president Mwalimu Julius Nyerere.

I recommended that the region either monitor the embargo effectively to curtail the violations and thus sustain the embargo's credibility, or acknowledge the violations and abandon the embargo. I further recommended that sanctions should not hinder or substitute for policy initiatives from any interested party actively seeking to bring the two warring factions closer to negotiations, and that regional states capable of influencing the rebel Conseil National pour la Defence de la Democratie (CNDD), which controlled the most effective militia then operating in Burundi, should pressurise it to come up with a more accommodating negotiating stance.

In December 1998 I was commissioned by Action Aid to produce a second report on the embargo. At that stage, although the sanctions remained in place, most of the countries in the region who originally enforced them no longer did so. Talks had been conducted intermittently between the Burundian government and militia representatives, but had reached no conclusion and were then (as now) on hold. The international community, and particularly the donors paying for the Arusha peace process, had made public their dissatisfaction with sanctions and had strongly pressured Mr Nyerere to recommend to regional heads of state that sanctions be lifted. He agreed to do so, and it appeared at that point that the sanctions would be removed early in 1999.

Sanctions were indeed suspended by regional heads of state on January 23, 1999, with the stated intention of bolstering the Arusha peace process. The Arusha

peace process has since continued, but remains far from conclusion.

This report is an updated version of the one I produced in December 1998. It begins by outlining the key political developments in Burundi from February 1997 to December 1998, and a separate section then outlines the main political developments since then. The report's next chapter assesses the political impact of sanctions and the extent to which they contributed to the fulfillment of their original objectives. There then follows a consideration of the interests surrounding sanctions of some of the main political actors in the region. A new section then analyses the political impact of the suspension of sanctions.

The next chapter offers a summary of the economic and social impact of sanctions on Burundi, an assessment of the effectiveness of humanitarian exemptions, an analysis of how Burundi's main imports and exports beat the embargo, and finally a brief new section on the economic impact of the suspension of sanctions.

The report then considers whether there were any alternatives to sanctions available either to the region or to other political groupings in order to meet their political objectives. Finally, the report concludes with lessons to be learned from the sanctions and recommendations for the future.

# Chapter – 1

## Key political developments

### 1.2 February 1997- December 1998

On April 16 1997, at a meeting of regional leaders, Mr Buyoya confirmed a suspicion alluded to in my February 1997 report, namely that his government had been conducting secret talks since February with the CNDD in Rome, under the auspices of the Saint Egidio religious community.

Reaction from predominantly Tutsi political parties and civil society groupings and from Frodebu was hostile. Frodebu's president Jean Minani clearly feared this heralded his party's marginalisation and insisted that Arusha was the only legitimate forum for inter-party talks.

Meanwhile, regional leaders rewarded the news by recognising Mr Buyoya as Burundi's head of state and granted Burundi further exemptions to sanctions. The official position then became that food products, educational and construction materials, and medicines were exempted from sanctions and that clearance for imports need be obtained only with the regional country of origin or transit, and not with the regional sanctions committee in Nairobi. There were no further exemptions or relaxations to sanctions before their suspension.

In May 1997, Laurent Desire Kabila became president of the newly named Democratic Republic of Congo (Congo). From the moment of Mr Kabila's accession until the start of a rebellion against him in August 1998, goods of all description flowed freely between Congo and Burundi, further weakening the effect of sanctions.

Talks between the Burundian government and the CNDD never recovered from the adverse reaction to them once they became public, and were indefinitely suspended on July 31. A meeting of regional leaders on August 16-17 in Kampala decided to maintain sanctions. A further round of Arusha talks scheduled for August 25 was then cancelled after the Burundian government withdrew, citing the continued presence of sanctions and the allegedly aggressive posture of Tanzania towards Burundi as justification. Fighting intensified between the army and rebel militia, and the government's controversial policy of „regrouping“ villagers in conflict zones continued. At least 350,000 people were in regroupment camps by the end of the year, though numbers fell sharply in 1998.

There were at least two serious border clashes involving Burundian and Tanzanian soldiers in late 1997, Burundi's ambassador to Tanzania was expelled (but was re-appointed recently) and there much belligerent talk from both governments, prompting fears at the time of a possible eruption of armed conflict between the two countries.

A large-scale attack by the CNDD's militia the Forces pour la defense de la democratie (FDD) on Bujumbura's airport on January 1, 1998 showed evidence of its increasing collaboration with Rwanda's former army and *interahamwe* militia, a collaboration subsequently confirmed by the reactivated UN commission of enquiry into arms flows in the Great Lakes region.

On January 2, Burundi's respected finance minister Gerard Nibigira resigned, citing ill-health. Few outside official circles accepted

this explanation, preferring to believe instead that Mr Nibigira had been forced to resign by other ministers whose corruption he was threatening to expose.

On January 28, defense minister Colonel Firmin Sinzoyiheba, who almost certainly master-minded the 1996 coup which brought Mr Buyoya to power, was killed in a helicopter crash. He was replaced as defense minister by Lt-Col Alfred Nkurunziza, formerly Mr Buyoya's chief military adviser.

Regional heads of state met again in Kampala on February 21 to discuss Burundi. Participants were divided on the issue of sanctions, and well-placed sources allege that the final communique endorsing the continuation of the embargo was only released after Presidents Daniel Arap Moi of Kenya and Frederick Chiluba of Zambia, who opposed the continuation of the embargo, had gone home. Neither Kenya nor Zambia enforced sanctions after this meeting. Meanwhile, international protests against sanctions grew. French President Jacques Chirac spoke out against them in March, as did the EU Great Lakes representative Aldo Ajello, and Pope John Paul II.

Increasing indications of a split within the CNDD were confirmed in May 1998 when FDD commanders including alleged chief-of-staff Jean-Bosco Ndayikengurukiye announced that they no longer recognised CNDD president Leonard Nyangoma as head of the organisation. Mr Nyangoma has since insisted that he remains CNDD president and has continued to act as such at successive rounds of Arusha talks. However, Mr Nyangoma appears to have lost control of the FDD, (which now calls itself the CNDD-FDD), whose commanders say they will not come to Arusha until Mr Nyerere recognises them as the true leaders of the CNDD.

From April to mid-May 1998, just before the expiry of Frodebu's 1993 electoral mandate, party members living in Burundi negotiated a power-sharing deal with Mr Buyoya and his government, resulting in Mr Buyoya's being sworn in as constitutional head of state on June 11. Under the new agreements, the post of prime minister was scrapped and two vice-presidents were appointed, of whom the most senior is from Frodebu. Among other key government posts awarded to Frodebu was that of foreign minister, but the ministers in charge of defence and internal security remained unchanged.

Under the June agreements, referred to in Burundi as the *partneriat*, the National Assembly was enlarged to include 40 new deputies, most from small parties and civil society groupings, and the constitutional court was re-established. The *partneriat* dedicated itself to ensuring that government and parliament work together for peace in the country, and to progressively transforming the local administration, judicial system and eventually the armed forces so that they reflect more closely the ethnic make-up of the country. There has since been modest progress in recruiting Hutus to the local administration and judiciary.

There was a fresh round of Arusha talks on June 16, despite continued Burundi government complaints that sanctions had not been lifted. All participants signed an agreement promising to „suspend hostilities“ before July 20, but the CNDD-FDD immediately distanced itself from the decision, as did the Burundi government, which said its armed forces had a constitutional obligation to keep the peace. To complete the picture, commanders of the Front National pour Liberation (FNL) the armed wing of the Parti pour la liberation des peuples Hutu (Palipehutu) also distanced themselves from their Arusha representatives who had signed the



ceasefire agreement, and also vowed to fight on until their legitimacy was recognised.

The next round of Arusha talks in late July were dominated by procedural debate and long-winded presentations at the plenary sessions. After the talks, statements from Belgium, Britain, the USA and the EU called for a review of the region's sanctions policy to encourage further progress at successive rounds.

Between July and the next Arusha round in October, Burundian government ministers, including those from Frodebu, spent much of their time calling for sanctions to be lifted, but to no avail. Charles Mukasi, who has consistently opposed talks with those he terms *genocidaires* was ousted as head of the predominantly Tutsi opposition Union pour le progres national (Uprona) on October 8 by Luc Rukingama, who is minister of information and firmly aligned with Mr Buyoya.

Arusha III took place from October 14-22, when talks were aborted due to lack of funds. Three of five planned commissions were established and there were again long discussions in the plenary debates. On November 9, the UN Security Council called for sanctions to be lifted, but avoided issuing a formal statement on the issue, and continued to endorse the Arusha peace process.

On November 29, Mr Nyerere told EU ministers that he would recommend to regional heads of state that the sanctions be lifted, probably at the next full session of the Arusha talks in January 1999.

## **1.2 Key political developments, December 1998-April 1999**

Burundi's National Assembly closed on December 3 with most delegates expressing

satisfaction about the achievements of the last session. Their main accomplishment had been to approve the 1999 budget, after three weeks of vigorous debate.

The Arusha commissions on the nature of the Burundian conflict, democracy and good governance, and peace and security worked from December 14-18 in preparation for Arusha IV. Meanwhile, the CNDD-FDD and other militia groups stepped up their attacks inside the country, particularly on camps for the internally displaced, with the bulk of reported incidents taking place in Bujumbura Rurale province.

Despite repeated official denials, the Burundian security forces increased their involvement in Congo's conflict, and by April 1999 up to 1,500 troops were thought to be deployed there. The troops do not appear to have ventured far inland but are attempting to destroy CNDD-FDD camps in eastern Congo.

A UNDP report released in mid-December was highly critical of the sanctions policy and the OAU's conflict resolution committee called on December 18 for the policy to be abandoned.

On December 24, a Frodebu member named Gerard Ngendabanka was appointed Burundi's new public prosecutor, in another indication that the *partneriat* was capable of delivering key posts to Frodebu. Burundi's main international donors held a meeting in New York from January 11-12, 1999, and several significant pledges confirmed donor determination to resume assistance to Burundi whether sanctions were lifted or not.

Arusha IV began on January 18, with the CNDD-FDD once again „in the corridors“ despite earlier talk that ways might be found to include it more formally. Discussions about economic reconstruction

dominated the talks, which concluded on January 31. Meanwhile, there was a sharp increase in the number of rebel attacks in Makamba province, with many apparently originating from inside Tanzania.

Regional heads of state met from January 21-23, and, as expected, agreed to suspend sanctions in order, they said, to strengthen the Arusha process. The leaders said they intended to review the progress made at Arusha and make the embargo's suspension conditional on continued progress at Arusha. The decision was widely welcomed within Burundi and abroad, though the CNDD-FDD denounced it as premature.

Mr Mukasi attempted to mobilise Uprona against future participation in the Arusha process, but the state's willingness to bolster Mr Rukingama's grip on the party was indicated in early February when police broke up a political meeting chaired by Mr Mukasi.

Burundi's foreign minister Severin Ntahomvukiye visited Tanzania in mid-February and agreed with his Tanzanian counter-part Jack Kikwete to improve relations between the two countries. Another meeting of the tripartite commission, which consists of the two countries and the UNHCR, was scheduled for late March, but was later cancelled by the Tanzanian government.

Alarmed by the worsening drought gripping the country, the FAO and WFP launched a much larger seed and food distribution programme in mid-February then they had originally planned for. The distribution programme ended on March 28. Meanwhile, in a by now familiar pattern of pre-Arusha talks events, fighting between

On April 13, Mr Buyoya launched a week of festivities in Bujumbura, to celebrate the end of sanctions.

militia and the security forces increased, particularly in Bujumbura-Rurale and Makamba. The fighting displaced yet more people, further adding to Burundi's food security problems.

Arusha V took place from March 10-16. Observers reported that the commissions on democracy and good governance, and reconstruction made some progress but that those on the nature of the conflict, and peace and security made virtually none. The committee on the nature of the conflict resumed work on April 12, in an attempt to catch up before the next round of Arusha talks, scheduled for May. During Arusha V, Mr Nyerere urged delegates to show a greater urgency in solving the country's problems, but the whole Arusha process continued to receive criticism from the Burundi government and the internal wing of Frodebu for being cumbersome and inconducive to agreement. The Burundi government later called for the venue for talks to be moved to Bujumbura, but this was rejected by Mr Nyerere.

On March 18, former Burundian president Sylvestre Ntibantunganya was suspended from Frodebu's executive committee along with two other senior members, accused of ethnicism, ill discipline, and setting up clandestine parallel structures within the party. In apparent retaliation, party president Jean Minani ordered the expulsion of Frodebu secretary-general Augustin Nzojibwami. However, Mr Nzojibwami ignored the expulsion, claiming that Mr Minani, who lives in Tanzania and declines to return to Burundi, was out of touch.



# Chapter – 2

## The political impact of sanctions

### 2.1 The political impact before the *partneriat*

The sanctions' political objectives were to pressure the government to:

- end the illegality of the regime and restore constitutional order
- to restore the National Assembly
- to un-ban political parties
- to hold unconditional negotiations with all parties to the conflict, including parties and armed groups both inside and outside the country.

Judgement of the political impact of sanctions until June 1998 depends on one's view of the Burundi government's contention that from the moment Mr Buyoya returned to power in July 1996 he was committed to bringing about the ends sanctions were intended to secure, and thus did not need outside pressure to do so. The Burundian government's further contention is that sanctions actually delayed the process, by making it harder for Mr Buyoya to convince sceptical members of the armed forces and the Tutsi community in general that compromise, negotiation and power-sharing were worth pursuing. From this point of view, the sanctions within this period were a political failure, causing immense hardships for negative political results.

The contrasting view, held by Frodebu, is that sanctions were essential for convincing the Burundian military that it had no choice but to pursue compromise, negotiation and power-sharing, thus making possible the June 1998 *partneriat*. From this point of view, sanctions were

politically successful until June 1998, justifying their negative economic consequences.

*Who is right?* The fact that political parties and the national assembly were restored on 12 September 1997, relatively soon after the imposition of sanctions and against the better judgement of many of those in government suggests that these actions were taken because of sanctions. However, the fact that the government kept talks between itself and the CNDD in Rome secret for three months suggests that it was acting on its own initiative and probably not because of outside pressure. Interestingly, it was opposition from the newly legalised parties that contributed to the termination of the talks, as well as the fact that the talks had failed to have any impact on the levels of fighting within Burundi.

It is possible that sanctions brought the government to Arusha, though it was no doubt partly also because of its prior desire to negotiate with the CNDD. The evidence since then has suggested that sanctions gave the Burundian government an excuse not to take the Arusha process as seriously as it might have otherwise, though the Tanzanian government habitually turned the argument around, saying that the Burundian government would have liked to ignore Arusha altogether, and that only sanctions kept it there at all. However since mid-1998 Arusha has ceased to be a forum where representatives of the armed groups can talk, unconditionally or not, because representatives of the militia actually doing the fighting inside Burundi have not been present.

Sanctions probably did play a constructive role in bringing about the June 1998

*partneriat*. It has become increasingly obvious that what has most frustrated the Burundian government and Mr Buyoya in particular about sanctions, apart from their economic effect, is that they have denied them legitimacy. Sanctions marked out Burundi and its government as a regional pariah, to the extent for example that even Belgium, the former colonial power, declined to send an ambassador, preferring instead to stick with a charge d'affaires until the embargo is finished.

The *partneriat* was a way to restore government legitimacy by securing the recognition and co-operation of Frodebu, the party that won the 1993 elections, and it has been fairly successful in this. Most Western and African governments recognise the *partneriat* as genuine, and the Tanzanian government became, before the suspension of sanctions at least, increasingly isolated in viewing it as a sham, or, as one government official put it, "a partnership between jailer and prisoner". The internal wing of Frodebu has rejected this analysis with contempt, arguing instead that the party is being realistic, constructive and tactical. The party claims that the *partneriat* offers it the chance of a peaceful route back to power, while at the same time minimising the suffering of its constituents.

While Frodebu acknowledges the role sanctions played in making the *partneriat* possible, the *partneriat* marked the moment when the internal Frodebu began calling for the sanctions to end. This was on the grounds that the sanctions had achieved their main political purpose of restarting constitutional politics but now that this was achieved were no longer of any use. Participation in the *partneriat* also signals internal Frodebu's frustration with not only the lack of progress at, but also the very modalities of the Arusha process, a frustration which has started recently to become public.

## 2.2 The political impact from the *partneriat* to the suspension of sanctions

The 1996 coup removed power from a party legitimately elected in 1993, however badly things had degenerated since then. The sanctions were essentially designed to punish and reverse the coup. The *partneriat* heralded if not the end of the coup, than at least a new mutual accommodation between its instigators and those they removed from power. Its appearance is a step forward towards a new constitutional settlement in Burundi, and this was a good reason for sanctions to be lifted.

This was certainly the view that the internal wing of Frodebu and most African and Western countries took, with only the Tanzanian government, to a lesser extent the Ugandan government, the CNDD, the external wing of Frodebu and Mr Nyerere (until November 29) publicly disagreeing and insisting that sanctions remain. With the suspension of sanctions in January 1999, only the CNDD publicly calls for their return, though the external wing of Frodebu appears to share this view.

The main political impact of the sanctions after the *partneriat* was to marginalise those who still supported sanctions, and to cause opponents of sanctions to question their motives for doing so. The CNDD and CNDD-FDD's position surprises no-one, since they will never support a lessening of economic pressure on its military opponent in the absence of bilateral talks. The external wing of Frodebu, and Mr Minani in particular, have been increasingly viewed both by the internal Frodebu and the international community as out of touch, particularly in the light of its refusal to return to Burundi despite assurances from internal Frodebu that it is safe to do so.

This left Uganda, Tanzania and Mr Nyerere. These three apparently refused to recognise that the *partneriat* altered the Burundian political scene in important ways which required adapting to. This enticed the outside world into considering seriously the Burundian government's view that the three stuck with sanctions as part of strategies of regional domination, which is a development that would have been unthinkable when sanctions were imposed in 1996.

Uganda, Tanzania and Mr Nyerere's actual motives for supporting sanctions are considered in the next section. It suffices to say here that by acting so inflexibly, Mr Nyerere in particular gave Mr Buyoya an astonishing propaganda victory by allowing so many external actors and observers to conclude that it was Mr Nyerere, and not Mr Buyoya or the Burundian military who were the main obstacle to progress towards a durable political settlement in Burundi.

The prospect of sanctions being lifted was apparently the inspiration for the wave of attacks by armed militia on camps for displaced people in late 1998, often close to the capital in Bujumbura Rurale. The attacks were designed to provoke a backlash from the military in which civilians get killed, with luck resulting in international condemnation that could provide a reason for regional heads of state to delay the lifting of sanctions. The military carried out one such retaliatory massacre in Bujumbura Rurale in early November and the government moved quickly to appoint an independent-looking commission of inquiry to dampen mounting international displeasure at the killings. The commission's report found a few officers at fault, though it appears that commissioners were prevented from visiting several areas relevant to the investigation for „security“ reasons.

### **2.3 What regional political actors**

#### **wanted from sanctions**

The following discussion of the motivations of regional actors regarding sanctions is limited to those still officially playing an active role just prior to their suspension in January 1999. The motivations of the Kenyan, Eritrean, Ethiopian and Zambian governments are thus not considered despite their original involvement in the sanctions regime, and nor are the motivations of the Congolese government, which has never sought to impose sanctions.

#### **The Tanzanian government**

Paranoia that the Tanzanian government secretly wants to annex Burundi is surprisingly widespread among the Burundian Tutsi political class and its international supporters. However, though there has been the odd exasperated comment from Tanzanian parliamentarians in times of crisis that doing so would make life easier, the Tanzanian government is aware of how difficult and risky it would be in practice to try. Even were such an effort to succeed, an annexed Burundi would be a full-time and expensive nightmare for Tanzania, which its eminently pragmatic government would be more likely to go to considerable lengths to avoid.

Instead, the Tanzanian government's prime motivation with sanctions and the Arusha peace process was to end the long standing tendency of Burundian Hutus, inevitably including some militiamen, to periodically flee as refugees to Tanzania escaping violence at home. Tanzanian officials reckon the country has hosted an average of 200,000 Burundian refugees a year since the 1960s and according to the UNHCR currently has about 260,000. These refugees have caused immense problems to the regions they have settled in over the years, which has started to matter to the Tanzanian government since the introduction of multi-party politics.

There are five approaches to refugee repatriation in the Great Lakes region today. The first is voluntary repatriation, as favoured by the UN High Commission for Refugees (UNHCR), but this does not in the Tanzanian view do enough to address the underlying reasons that keep the refugees coming back. Second there is for troops from the refugees' country of origin to invade and chase the refugees home, as happened to Rwandan refugees in Congo in late 1996. While some in Burundi might be keen to try, the Tanzanian government is repelled by the idea as it means allowing foreign troops to run riot on Tanzanian soil. Third, there is invasion by the host country, as Tanzania did at great cost against Uganda to end president Idi Amin's regime, but as I have already argued, the Tanzanian government rejects this as impractical and too dangerous in the Burundian case.

The fourth is sponsoring a militia to help bring about a change in power in the refugees' country of origin. The Tanzanian government denies doing this and has not been caught doing so by any international body. Furthermore, some Burundian rebel fighters were according to local sources arrested in Kigoma in late 1998, suggesting official hostility to them. Nonetheless, Burundian rebel militia usually appear to have little trouble in mounting attacks from within Tanzanian territory.

Fifth and finally, there is the difficult option of securing a negotiated settlement in the refugees' country of origin that addresses the problem generating the violence, thus enabling refugees to go home. This has more or less happened for the Zimbabwean, Mozambican and South African refugees who used to live in Tanzania, and the government has sought to repeat the model in Burundi.

The model involves among other things staying loyal to those identified as the "old stalwarts" of the struggle in exile in preference to younger politicians in the home country. In Burundi's case, this means Frodebu president Jean Minani and CNDD president Leonard Nyangoma, who both supported sanctions.

The trouble is that both Frodebu and the CNDD-FDD within Burundi have moved on from Mr Minani and Mr Nyangoma, admittedly in two completely different directions, and that Tanzania had, until the suspension of sanctions and the subsequent resumption of relations with the Burundian government, shown itself unable to adjust to this new reality. If the Tanzanian government had moved fast to recognise and applaud the *parteneriat* soon after its announcement in June, lifting sanctions and facilitating renewed direct talks in Arusha between the new Buyoya-Frodebu government and the CNDD-FDD it would have been lauded by everyone and would have retained a significant stake in the emergent political deal. Instead, because of its inflexibility it was stuck, albeit a little unfairly, with looking like an obstacle to peace. However, changes have been set in motion by the suspension of sanctions, and there are signs that Tanzania is now able to cast itself once again as part of the solution in Burundi.

### **Mwalimu Julius Nyerere**

Mr Nyerere was appointed mediator in the Burundian conflict in November 1995, with the appointment securing widespread endorsement around the world. Mr Nyerere's first efforts were directed towards securing Burundian government approval for a regional peace keeping force in Burundi, but this plan was scuppered by the July 1996 coup. Mr Nyerere was particularly keen for this coup to be reversed, if only as a lesson to other countries in Africa that the days of the coup were over, and firmly endorsed the

idea of regional sanctions. He has since pursued the long, difficult and not very successful process of facilitating all party talks in Arusha.

A commonly heard complaint about Mr Nyerere from Burundians and international observers is that he is not neutral. This is odd, because it is hard to believe that Mr Nyerere was appointed to be neutral. Mr Nyerere was appointed in the full knowledge of the position he had come to take on Burundi during his time as Tanzanian president, which was that Tutsi minority rule through the military was at the heart of the country's problems. Thus presumably he was chosen in order to help end the dominance of the Tutsi military, and not to mediate in neutral fashion between the military and their opponents as if they were equals.

Mr Nyerere has faithfully attempted to carry out this mandate, and used sanctions as part of his approach. However, losing the support of the internal Frodebu and the commanders of the CNDD-FDD in 1998 proved immensely damaging to Mr Nyerere, because it has enabled Western backers to disassociate themselves from him and force him into his recent reluctant climb-down. This climb-down has however been disguised by Mr Nyerere and the Tanzanian government introducing a few months ago the completely new notion that sanctions would only be lifted once progress at Arusha became "irreversible". They then ruled that the indications from Arusha III were that this had somehow happened, providing a handy justification for a reversal in their stance on sanctions.

### **The Ugandan government**

The Ugandan government, unlike the Tanzanian government, does not have to worry about Burundian refugees, and currently is much more concerned with events in Congo than those in Burundi. Although in practice Ugandan border

officials let in a steady flow of goods into Rwanda that they knew were heading to Burundi, at a political level the government nonetheless remained hard line on the need for sanctions to stay in place.

A significant part of the reason for this appears to have concerned relations between Ugandan president Yoweri Museveni and Mr Buyoya. Mr Museveni is reported to have strongly disapproved of Mr Buyoya's multiparty approach in 1993 and to have warned Mr Buyoya at the time that it would not end well. Events from 1993-1996 appeared to Mr Museveni to endorse his reservations, so he was ill-inclined to recognise and co-operate with another attempt at power by the man who had so fatally ignored his advice the first time. Furthermore, Mr Buyoya's 1980s predecessor as president, Jean-Baptiste Bagaza, supplied Mr Museveni's National Resistance Movement (NRM) with military supplies during its bush war against Milton Obote, which left Mr Museveni somewhat resentful when Mr Bagaza was toppled by Mr Buyoya in 1986.

Still, Uganda's adventures in Congo are causing previously loyal donors to wonder about Mr Museveni's regional ambitions. Showing himself to be accommodating over Burundi was one way of reassuring them, so once asked to lift sanctions by Mr Nyerere, Mr Museveni speedily agreed to do so.

### **The Rwandan government**

When Mr Buyoya re-took power in 1996, the Rwandan government seemed embarrassed. Though the Rwandan government itself came to power in 1994 on the back of a military take-over by primarily Tutsi soldiers, it has been at pains since to show the world that it is not a Tutsi dictatorship but instead part of a new wave of competent, technocratic African governments that can claim to be part of what South African deputy president Thabo



Mbeki calls "the African renaissance". Mr Buyoya's re-emergence after an "old-style" and internationally condemned military coup, and widespread international expectations of a renewed ethnically-motivated alliance between Rwanda and Burundi as a consequence threatened this "renaissance" image. So the Rwandan government took the opportunity presented by the regional sanctions initiative to reaffirm the renaissance image and to disprove the ethnic alliance thesis.

However, most traders reported that Rwanda was the least committed of all the countries in the region to enforcing the sanctions in practice, and the country played a particularly important role in ensuring Burundi's continued access to oil. The Rwandan government appeared to have welcomed the political leverage this gave it in Burundi. For example, Rwanda tightened border controls for a few weeks in September 1998, causing a temporary fuel crisis in Burundi, in a successful attempt to ensure Burundi's support for its campaign in Congo. The borders were apparently re-opened once the necessary guarantees had been supplied by Burundi.

High-placed Rwandans appear to have been particularly successful in profiting from sanctions and there are strong suspicions that part of the income generated from regulated sanctions-busting was used to finance the Congo war.

Politically, the Rwandan government made it plain several months before sanctions were suspended that it no longer thought they served a useful purpose and that it was ready to lift them as soon as it was asked to do so.

## **2.4 The political impact of suspending sanctions**

The main political impact of the suspension of sanctions has been to strengthen the

political position of those who have long advocated the move - Mr Buyoya, the Burundian government and the internal wing of Frodebu.

With the ending of the embargo, Mr Buyoya has at last delivered what those who ushered him into power in 1996 and his main constituency (the armed forces, most Bujumbura residents and the Tutsi community in general, in that order) hoped he would deliver. They wanted him to end the embargo and the isolation of Burundi engendered by the coup. Mr Buyoya has now delivered both, and is thus no longer vulnerable to accusations that he has made concessions and received nothing in return, but can instead argue that his approach has been vindicated. This should improve Mr Buyoya's chances of pursuing his political agenda, which appears to consist of making enough moves in the direction of majority rule to satisfy the Hutu political class while at the same time ensuring that enough remains the same to reassure the military and Tutsi political class that their fate is secure, in Mr Buyoya's hands at least.

The suspension of sanctions has enabled the Burundian government to pursue the programme of the *partnariat* with renewed confidence, and to act more forcefully against its political opponents, as evidenced for example by the recent police harassment of Mr Mukasi, the former Uprona leader. The government correctly views the suspension as a political victory for itself over the Tanzanian government. However, any temptation the Burundian government may have had to crow about this has been tempered by the many more benefits to be gained in repairing relations with Tanzania. The Burundian government is currently attempting this, and is wisely deploying Frodebu ministers to do the bulk of the job.

The government would like now to formally assert the primacy of the internal peace process over the one unfolding in

Arusha, which both Frodebu members and Mr Buyoya's appointees regard as inherently flawed. The government's view was demonstrated recently by its proposal that the site of negotiations be moved to Bujumbura. However, the suspension of sanctions, and more critically the resumption of substantial levels of donor aid, are tied to the success of the Arusha process. This has enabled Mr Nyerere to dismiss the suggestion of moving the talks and means that he and the Arusha process remain too important for the government to ignore.

Thus the government has continued, and will continue, to participate in the successive rounds. However, the painstakingly slow progress of the talks, mounting donor impatience and the continued absence of the CNDD-FDD may yet serve to diminish Arusha's *de facto* significance. This seems to be clearly appreciated by Mr Nyerere, who has implored participants to try to speed up their work, though there is little indication that they have paid this much attention.

The end of the embargo has heightened the split between the internal and external wings of Frodebu, and seems to be working in the former's favour.

The external wing favoured the retention of sanctions and relied on the Tanzanian government to champion this cause, but has now apparently been abandoned. The internal wing is moving fast to expel those within the party opposed to its position, including former president Sylvestre Ntibantunganya, and there seems little the external wing can do about it. The orders of "exiled" party president Jean Minani are being ignored by the internal wing and it is only a matter of time before his position too is challenged.

If Mr Minani is deposed, this could well herald the end of the external wing as a

significant political force. This will underscore the political risk Frodebu's internal wing has taken with the *partneriat* — should anything go wrong, it will be completely discredited and the only viable alternative for the Hutu political class will be the CNDD-FDD or the other militia. Mr Buyoya is of course aware of this, and it increases the incentive for him to make sure that things do not go too badly wrong with the *partneriat*.

The suspension of sanctions, and particularly the manner in which they were suspended, was a defeat for the CNDD and CNDD-FDD, Mr Nyerere, the Tanzanian government, who were the main opponents of suspension, and for the whole concept of "African solutions to African problems". Despite the efforts of regional heads of state to insist on the contrary, the suspension was clearly in large part due to the donors ultimatum that they would resume funding whatever the heads of state decided to do, and not because of the political progress within Burundi brought about by the sanctions regime. The opportunity for this latter result was lost when regional heads of state failed to respond to Burundi's *partneriat* in June 1998. As a result, the suspension of sanctions, when it finally came, appeared more like a product of old-fashioned neo-imperialism than the proud achievement of African diplomacy, a deeply regrettable outcome which no-one wanted.

If ways can be found to inject fresh relevance to the Arusha process, and particularly if some kind of significant and durable political development can result from it, Mr Nyerere and the Tanzanian government will be able to turn their defeat into victory, as they will be credited for having played a major role in the resolution of Burundi's long enduring political crisis.

More importantly, Tanzania will benefit from the reduction of instability on its

eastern borders, and with luck, from the return of Burundi's refugees. For the Arusha process to achieve this, at the very least the militia will have to be brought back to it. This will be very hard to achieve without Mr Nyerere and the Tanzanian government abandoning old allies, like CNDD leader Leonce Ngendekumana, and perhaps Frodebu president Jean Minani too. This will require a flexibility and lack of loyalty neither Mr Nyerere nor the Tanzanian government have shown much sign of to date, but we shall see.

The impact of the suspension of sanctions on the CNDD-FDD is considerably less than that of the unfolding events in Congo. Through its tactical alliance with Mr Kabila and his allies, the CNDD-FDD and other Burundian militia have new access to weapons and munitions within Congo, and the opportunity to re-train unfettered by the monitoring of independent observers. This, and their continued exclusion from the Arusha talks, appears to be encouraging the militia to pursue a military approach and it is likely now to require exceptional incentives for them to rejoin the negotiating process.

## Chapter - 3

# The economic and social impact of sanctions

This chapter comes in four parts. The first examines the economic and social effect of sanctions. The second considers the effect of humanitarian exemptions, and the third shows the main ways in which embargoed imports reached Burundi and embargoed exports left it. Finally, the fourth looks at the initial impact on the Burundian economy of the sanctions' suspension.

### 3.1 The economic and social effect of sanctions

This section looks at the effect of sanctions on:

#### i) price increases, incomes and poverty levels

| Product      | Qty | July96 | 72.97 | 27.11.98 | % change |
|--------------|-----|--------|-------|----------|----------|
| Rice         | Kg  | 180    | 380   | 320      | 77.7     |
| Maize powder | Kg  | 130    | 250   | 350      | 169.2    |
| wheat flour  | Kg  | 200    | 350   | 600      | 200.0    |
| sorghum      | Kg  | 150    | 150   | 180      | 20.0     |
| yellow beans | Kg  | 160    | 350   | 450      | 181.3    |
| other beans  | Kg  | 120    | 240   | 320      | 166.7    |
| manioc       | Kg  | 100    | 110   | 120      | 20.0     |
| sweet potato | Kg  | 90     | 100   | 150      | 66.7     |
| Irish potato | Kg  | 80     | 120   | 220      | 175.0    |

Source: FAO

This table indicates the steep price increases in urban markets of basic agricultural commodities. The lowest increases were for sorghum and manioc but

for the other commodities, price increases ranged from 66-200%.

All products listed except rice increased in price since February 1997 and November 1998, though generally not by as much as between July 1996 and February 1997. The main reason for the price increases was production difficulties, which is more to do with the civil war, insecurity and displacement than the embargo. However, also significant are distribution difficulties, resulting from reduced numbers of traders buying from the peasantry and increased costs for traders because of fuel price increases. These are consequences of the embargo.

the cash requirements of the peasantry selling their agricultural produce risen because of the rise in price of manufactured goods and medicines, which also because of the war. However, according to the FAO, Burundi's peasants receive less in real terms for their agricultural surplus than they did before the war, and are being forced to sell greater and greater proportions of their produce in order to meet their fixed costs. A survey conducted by Vincent Ngedakumana of UNICEF in late 1997 found that rural poverty levels have risen from 53% in 1995 to 58% in 1997.

Although the embargo impacted on poverty levels in rural areas, it had had a far greater effect on poverty levels in urban areas, where most people are more dependent on purchased goods to meet their basic needs. In urban areas, salaries have generally remained stagnant

and unemployment has increased. According to the same UNICEF survey, urban poverty levels rose from 51% in 1995 to 66% in 1997.

supplies are almost always regular and reliable, fuel prices are low in Burundi for two reasons. The first is that government taxes are relatively low compared to elsewhere in the region. The second is that fuel is imported with foreign exchange allocated by the central bank at official exchange rates, which overvalue the Burundian franc by 50% (see below). This means that the central bank is in effect subsidising the cost of importing fuel.

This table indicates the trend in prices for some imported and manufactured goods. Prices increased greatly with the embargo, but have mostly either come down since February 1997 or increased at a more modest rate, reflecting improved and regularised supply lines. However, given the stagnant nature of the purchasing power of most Burundians, the continued increases have served to make these commodities that much less affordable.

| Product     | Qty | July96 | 7.2.97 | 27.11.98 | % change |
|-------------|-----|--------|--------|----------|----------|
| \$ official | 1   | 317    | 333    | 511      | 62       |
| \$ Parallel | 1   | 350    | 495    | 730      | 108.6    |

Source:FAO

The sharp fall in the official value of the Burundian franc and the even sharper fall in its street value was largely because of the embargo, which decreased the supply of foreign exchange and encouraged the government to print Burundian money to pay its expenses. The increased circulation of Burundian currency and the decline in circulation of foreign exchange resulted in devaluation. The central bank attempted to back this *de facto* devaluation with periodic, staggered devaluations in the official value of the currency, but was afraid that if it were to liberalise the exchange rate, it would very quickly run out of foreign exchange.

The main effect of all this to most Burundians is that although there was some price stability in real terms between 1997 and 1998, as appreciated by visiting Rwandans who found Burundi far cheaper for most things than their own country, there were considerable price increases in local currency. Coupled with stagnant or falling incomes for most people, this led to a significant deterioration in their standards of living.

| Product      | Qty  | July96 | 7.2.97 | 27.11.98 | % change |
|--------------|------|--------|--------|----------|----------|
| Powder milk  | Kg   | 1600   | 6220   | 5500     | 243.8    |
| Imported oil | litr | 485    | 950    | 1050     | 116.5    |
| Salt         | Kg   | 150    | 300    | 300      | 100.0    |
| Sugar        | Kg   | 530    | 400    | 350      | 30.4     |
| Primus       | btl  | 200    | 220    | 350      | 75.0     |

| Product | Qty | July96 | 7.2.97 | 27.11.98 | % change |
|---------|-----|--------|--------|----------|----------|
| Diesel  | ltr | 150    | 500    | 350      | 133.3    |
| Petrol  | Ltr | 165    | 600    | 350      | 112.1    |

Source: FAO

September 1998. As will be seen in a later section, the price of fuel in Burundi compares favourably with the price in Rwanda, and is not much more than the price in Kenya or Tanzania. It is currently less than half the price of fuel in Uvira, Congo. Apart from the obvious fact that

## ii) Health and education

The effects of sanctions on the health sector are hard to disentangle from the effects of many years of civil war and the preference of successive Burundian governments for military over social expenditure. The sanctions' negative effect on internal transport, as well as security problems, increased the percentage of medicines which never left the Bujumbura central pharmaceutical depot, thus reducing access to medicines in most parts of the country.

Lack of resources also weakened the Burundian state's capacity to buy medicines and medical equipment, particularly given its preference for military expenditure, and there was thus less generally to go round. Private pharmacies, which are hardly to be found outside Bujumbura, had sufficient access to stocks, but prices in most cases doubled or tripled during the embargo. Maintenance of public health centres nationwide also deteriorated with the embargo, with state expenditure covering only about 20% of the costs of their essential needs.

Some of the vacuum left by the retreat of the state from health provision was met by international NGOs, but the World Health Organisation (WHO) reported that many increasingly focussed their efforts on food and seed provision, leaving the health sector increasingly exposed.

Vaccination levels, which used to be good in Burundi, have been hit badly by insecurity in some areas and by constraints imposed by fuel shortages. However, the WHO reported significant improvements in the latter part of 1997 and in 1998, as security returned to many areas, and fuel availability improved.

Education has been far more affected by civil war than it was by the embargo. The embargo's main effect was to make education less affordable because of the increasing inability of people to satisfy their basic needs with their incomes, which has left less remaining to go on school fees. Uniforms, books and writing materials also become progressively less affordable.

## iii) Agricultural production

### Food production

The main impact of the embargo on food production was to reduce the availability of agricultural inputs, despite their being exempted from sanctions in April 1997. This was partly because fuel shortages limited their distribution, and partly because foreign exchange shortages limited the government's ability to purchase them, though note must be made that military purchases did not encounter similar difficulties. UN agencies and international NGOs registered considerable achievements in making good the shortfalls of agricultural inputs. This, together with improvements in security and reductions in the number of displaced this year, and, most importantly, the great efforts of Burundian subsistence farmers, helped increase agricultural production an estimated 15% year-on-year in 1998. However, the first harvest of 1999 suffered greatly because of inadequate rain.

### Commercial agricultural production

Although there were some complications in the supply of insecticides for coffee trees due to the embargo, the primary reason for

| Coffee production 1996-1998 ('000 metric tonnes) |                                 | Production levels of selected industrial goods |          |
|--|---------------------------------|--|----------|
| Year   | Production ('000 metric tonnes) | Product  | Quantity |
| 1995/6   | 25,19                           | Primus beer (H1)                               | 1,14     |
| 1996/7   | 26,09                           | Milk (1)                                       | 710,     |
| 1997/8   | 19,98                           | Insecticides (t)                               | 2,40     |
| 1998/9   | 16,50                           | Washing soap (kg)                              | 5,26     |
|  |                                 | Cloth (m2)                                     | 3,99     |

the collapse in coffee production in 1997/8 was

insecurity in the country, which caused many people to abandon their fields and coffee trees. The next season was worse even though security improved because of bad weather.

Another important factor was the poor price paid to producers, which is determined by Burundi's coffee parastatal OCIBU. This encourages farmers either not to bother with coffee or to smuggle it to Rwanda, where prices to producers are higher. Smuggled coffee does not appear in Burundi's production figures.

| <b>Tea production 1996-1998</b><br>( <b>'000 metric tonnes</b> ) |                     |                |
|--|---------------------|----------------|
|  | <b>Green leaves</b> | <b>Dry tea</b> |
| 1996   | 28,100              | 5,648          |
| 1997   | 20,718              | 4,169          |
| 1998   | 26,600<br>(est)     | 6,500          |

Source: OTB

Unlike coffee, tea in Burundi is grown in large plantations. The Teza plantation was attacked in 1997 and put out of action for a while, accounting for most of the loss in production that year.

The sanctions main impact on the commercial agricultural sector was on its export rather than production, and this is considered below.

#### iv) Industrial production

Burundian industrial production is dependent on access to raw, intermediate and finished goods from abroad. These require foreign exchange, whose supply was diminished by the embargo and rationed by the Burundian central bank. Partly as a consequence of this, industrial production fell with the introduction of sanctions.

Production increases for a number of industrial goods, but by no means all, took place in 1998. However, at the end of

September 1998, the central bank estimated production to have improved 9% year-on-year, due primarily to improvements in foreign exchange availability, mainly because of improved export receipts.

#### **State revenues and expenditure 1995-1998 (Bufr m)**

|                             | <b>Receipt</b> | <b>Gifts</b> | <b>Total spending budget</b> | <b>Deficit</b> |
|-----------------------------|----------------|--------------|------------------------------|----------------|
| 1995                        | 43,329         | 14,669       | 63,415                       | -5,417         |
| 1996                        | 37,682         | 9,333        | 66,776                       | -19,762        |
| 1997                        | 42,447         | 10,271       | 69,495                       | -16,777        |
| 1998<br>(1 <sup>st</sup> ½) | 32,793         | 5,250        | 39,755                       | -1,712         |

Source: BRB

The figures show that state revenues remained fairly consistent throughout the sanctions period in Burundian franc terms, which meant a decline in real terms, particularly in 1998. Rising expenditure and falling international donor support combined to increase the budget deficit.

Sectoral allocation of state expenditure remained similar to that recorded in my February 1997 report, namely that military expenditure was the largest single item at approaching 40%, with combined health and education spending just over half this level.

|               |
|---------------|
| <b>Intern</b> |
|               |
| Inter         |
| Exter         |
|               |

#### vi) **GDP, foreign trade, payments and debt**

Putting a figure on the embargo's impact on Burundi's GDP growth is not possible, but it is clear that it had a significant impact, at least until 1998. The embargo affected foreign trade levels both in its restrictions of imports to and exports from Burundi,

| <b>Foreign trade, 1995-1998 (Bufr m)</b> |                |                |                |
|--|----------------|----------------|----------------|
|  | <b>Imports</b> | <b>Exports</b> | <b>Balance</b> |
| 1995                                     | 58,186         | 25,982         | -32,204        |
| 1996                                     | 37,332         | 11,293         | -26,039        |
| 1997                                     | 43,249         | 30,767         | -12,482        |
| 1998 <sup>1</sup>                        | 52,546         | 19,762         | -33,084        |

Source: BRB

and by its role in reducing GDP growth and thus generally reducing trade levels within the country.

|                      | 1995    | 1996    | 1997    | 1998 <sup>1</sup> |
|----------------------|---------|---------|---------|-------------------|
| Good&services        | -18,769 | -32,379 | -24,411 | -33,556           |
| Unilateral Transfers | 21,065  | 15,133  | 18,427  | 16,892            |
| Capital Movements    | 39      | -52     | -1,838  | -3,004            |

Source: BRB

balance of payments, dropped significantly because of sanctions.

|      |           |
|------|-----------|
| 1995 | -7.3      |
| 1996 | -8.4      |
| 1997 | 0.4 (est) |
| 1998 | 4.5       |

Source: BRB and IMF

external debt rose instead because of increases in arrears, as the government, while servicing its debts to the World Bank and African Development Bank, was forced to neglect its servicing of debts from other sources. In general terms, the bulk of Burundi's increase in indebtedness during the embargo can be attributed to sanctions.

### 3.2 Humanitarian exemptions and worsening social indicators

#### i) A short history of the exemptions

The first humanitarian exemptions to sanctions against Burundi were granted by the Regional Sanctions Co-ordinating Committee (RSCC) on 6 September 1996, when UN agencies were allowed to bring in emergency relief items, personnel and fuel to enable them to address 'genuine

humanitarian concerns'. At the time the UN welcomed the concession but pressed for permission to bring in food and other items such as blankets, plastic sheeting, and supplies for water purification and sanitation.

Within two weeks, the World Food Programme (WFP) had organised flights to and from Nairobi, UN agencies had come to an arrangement with NGOs whereby they would import fuel on everyone's behalf, and arrangements were being made to bring the fuel in.

The RSCC granted the UN's requests on October 24, 1996, when a number of items were exempted,<sup>1</sup> including food and seeds. The food allowance later became fixed at around 2,600mt a month, but the RSCC ruled that it must be distributed exclusively to displaced people and refugees.

By the end of the year, most humanitarian agencies had become extremely frustrated by the way the exemptions were working out in practice. They reported long bureaucratic delays at every stage and most were only then starting to receive goods that had in many cases been sitting in Kigoma, which is tantalisingly close to Bujumbura across Lake Tanganyika, since September.

Shortages and difficulties continued into the new year, by which time it had become obvious that the humanitarian convoys into Burundi were having a harder time of it than many commercial operations. Some humanitarian workers grumbled that they

<sup>1</sup> i. Food  
 ii. Bean Seeds  
 iii. Water purification agents  
 iv. Blankets  
 v. Plastic sheeting  
 vi. Jerry cans and buckets  
 vii. Cooking materials (pots and utensils)  
 viii. Sanitary facilities  
 ix. Mats.



were not allowed to pay people off at the border, which was why it was all taking so long. However, an exemption to sanctions is an inherently bureaucratic idea that positively invites customs-inspired cross-checking and delay, with the prospect of a small payment not to do so just acting as an added incentive.

There were also a number of indications of politically inspired delays, particularly regarding the importation of adequate fuel supplies, which only began arriving in April 1997, despite exemptions being granted in September 1996.

On 16 April 1997, further important exemptions were granted. From then on anyone, including the Burundian government and commercial operators, were permitted to bring in food products, educational and construction materials, and medicines. Furthermore clearance was only needed from the regional country of origin or transit, and not with the RSCC. That was the last exemption granted to the sanctions.

Since that point, the exemptions began to function more smoothly, particularly since most international agencies could then contract out many of their import requirements to private operators, and could leave the problem of how to hasten procedures at the border up to them. However, the WHO was still reporting "differences of interpretation" with the Tanzanian authorities in November 1998. In addition, some within the UN food agencies commented that few of the private contractors they work with have any stocks inside the country, and only start procuring goods once orders are placed, which means that in many cases, delays continued.

The heavy rain of late 1997 and early 1998 throughout East Africa, associated with the *El Nino* weather phenomenon, greatly impeded the delivery of humanitarian and indeed any goods to Burundi. Rain

destroyed vast amounts of transport infrastructure, rendering many roads impassable for weeks, disabling railway networks for even longer, and necessitating the increased use of flights to bring in supplies by UN agencies until the situation began returning to normal.

## ii) **Worsening social indicators**

Rural poverty levels, according to UNICEF, increased 5% to 58% between 1995 and 1997. In the same period, according to the same source, urban poverty levels rose 15% to 66%. Primary school attendance rates remained constant in the same period at around 44%, compared to a level in 1992 of 70%. BCG vaccination cover fell from 77% in 1995 to 64% in 1996, recovering to 71% in 1997. Rates improved in 1998, but were nowhere near 96% of the 1990s. There were similar trends for the vaccination cover for other illnesses too. More generally, the price increases detailed in section (a) combined with the fact of declining or stagnant income levels for most Burundians, tell their own story of worsening quality of life for almost the entire population.

Section (a) outlined the factors behind these worsening social indicators, and showed that some of them were due to sanctions. Perhaps the most important effect of sanctions on social indicators was their important role in restricting Burundi's access to foreign currency and credit. This led to high prices, reduced consumer buying power even for essential goods, and the state's inability to afford to buy or distribute vital items like medicines and agricultural inputs.

## iii) **Why humanitarian exemptions were not able to stem the deterioration of Burundi's social indicators**

The combined effect on Burundi's social indicators of continued civil war, population displacement, a government that persistently spends up to half its budget on its security forces<sup>2</sup>, poor weather and the general negative economic impact of sanctions was profound, and it would have been unreasonable to expect the humanitarian exemptions of the sanctions regime to reverse it.

So the question here would seem to be whether humanitarian exemptions made much difference to the effect sanctions have had on social indicators. The answer is that the exemptions helped make goods *available* in Burundi by legalising their exportation from regional countries. However, *access* to these goods via the free market was greatly *diminished* by their rising price to consumers and their reduced circulation within the country (most medicines, for example, never make it out of Bujumbura).

Items customarily paid for by the state, like medicines and agricultural inputs, were in short supply despite the exemptions because the government was unable to allocate sufficient funds for them. The impact of this was reduced by the preparedness and ability of humanitarian agencies to fill the breach caused by this failure of state capacity, but not reversed.

International humanitarian agencies were hampered in their ability to make the most of the exemptions by bureaucratic delays, some of which were undoubtedly political and deliberate. The agencies nonetheless

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<sup>2</sup> The Burundian government can and does argue that its spending on the military is currently the most effective investment it can make in increasing Burundi's gross domestic product and improving its social indicators, as economic revival and improved access to the country by humanitarian agencies can only take place in a secure environment.

managed to have a considerable impact on many Burundians' lives, greatly contributing to their well-being. That there is little starvation in Burundi today, for example, is in no small measure due to their efforts, in combination by the tireless labourings of Burundi's subsistence farmers.

However, even if the humanitarian agencies and other importers had experienced no difficulties at all with regional bureaucrats, they would still have been unable to neutralise the general impact of sanctions on social indicators. The economic and social consequences of reduced foreign reserves, a depreciating currency, inflation, falling wage levels in real terms, and negative or minimal GDP growth cannot be corrected by exempting bans on the importation of anything.

### 3.3 How the embargo was beaten

The main trade targeted since sanctions began, and the only trade after the exemptions of 16 April 1997, was Burundi's import of fuel and its export of tea and coffee.

#### Fuel imports

Before sanctions, the quickest and cheapest way to get fuel to Burundi was from Dar es Salaam by railway to the Lake Tanganyika port of Kigoma, and then by barge to Bujumbura. The alternative road route from Dar es Salaam to Kigoma was slower and more expensive. Another slightly cheaper option was by road from the oil storage facilities in Eldoret, Kenya, through Uganda and Rwanda. Most expensive of all, according to traders, was the land route from Mombasa to Bujumbura via Uganda and Rwanda.

Sanctions immediately closed the first option. The road route to Kigoma was also closed, though there were instances where fuel was marked as going from Kigoma to

Uvira but in fact detoured to Bujumbura. There was also a good supply of fuel, almost certainly sanctioned by high authorities in Tanzania, that took the road route from Dar es Salaam and then detoured north, either entering Burundi near Muyinga, or via Rwanda and the northern Burundian town of Kirundo. Such convoys frequently made use of blacked out number plates to conceal Tanzanian origin. Rwandan number plates were less often concealed.

Traders reported however that the Kenya-Uganda-Rwanda route proved more reliable and less subject to bureaucracy than the Tanzanian route, though equally subject to high bribing requirements, and good political connections in the conduiting states. Often the fuel imports were marked for transit to Rwanda when leaving Kenya and passing through Uganda, but had their paperwork altered in Kigali before continuing south to Bujumbura.

Particularly since the accession to power of Mr Kabila in Congo, the Congolese-Burundian border became completely porous, enabling many fuel transporters to leave Rwanda at Cyangugu or Bugarama in the west, and then pass through Bukavu and Uvira before finally arriving at Bujumbura. This route was disrupted in August and September 1998 because of fighting in the area, but was subsequently restored.

The route from Durban, South Africa to Mpulungu, Zambia, and then by barge to Bujumbura was explored, but traders found that storage and unloading facilities at Mpulungu were too rudimentary for their needs and little fuel arrived in Burundi this way.

Fuel was very scarce in Burundi in the first few months of the embargo, when supply lines were still being established, and again in August and September 1998, when the Congo supply line was broken, and the one

directly through Rwanda was interrupted for political reasons. Apart from these times, fuel was fairly readily available in Burundi, at a price which was regionally competitive.

The awarding of contracts from February to June 1997 was particularly suspect. A council of ministers chaired by then prime minister Pascal Ndimira decided many of them, supposedly for strategic reasons but apparently also for corrupt ones. Many were with inexperienced or fraudulent traders, some of whom still have not paid in full for the coffee they purchased in this period.

### Tea and coffee exports

At the time I researched my last report, tea and coffee exporters were busy trying to work out satisfactory ways of exporting their crops, and were reluctant to provide much information for fear of disrupting their plans.

Once supply routes were reliably established, traders were happier to talk. It transpires that between July and December 1996, almost no tea and coffee were exported. In early 1997, exporters started using the land route to Mombasa via Rwanda but encountered significant problems. One was the unpredictable response of the Rwandan authorities and the high bribery charges. The other was that when Burundian coffee was exported as if it was Rwandan, as happened particularly in January 1997, Burundi received a very low price for it, at a time when world prices were starting to climb.

Between February and June 1997, Burundians experimented with exporting tea and coffee by plane. Figures for the period reveal the punitively high freight charges incurred by this method and also the generally low prices for the contracts. This was particularly unfortunate as the international price for coffee in this period was higher than it has been for years, peaking at over US300c/lb in June, yet Burundi managed to make almost no profit at all from its exports of the commodity in this period.

Export of tea and coffee across Lake Tanganyika to the Zambian lake port of Mpulungu, and then by truck or sometimes rail to Durban began in April 1997. This then became by far the main export route, and the alternatives were rarely used. Freight costs were US20c/lb from Bujumbura to Durban, compared to US9c/lb from Bujumbura to Dar es Salaam. The route was also very slow, with journeys taking at least one month and sometimes two, compared to the often under two weeks they used to take to Dar es Salaam. This meant Burundian traders being forced to sell tea and coffee at forward rather than spot prices. For example, coffee sales in November 1998 were done on the basis of the March 1999 price. This tended to reduce export earnings for coffee, as the market price has been in decline since mid-1997, but had less impact on earnings from tea, where prices have remained relatively stable in 1998.

### 3.4 The economic impact of suspending sanctions

The Burundian government hoped that with the suspension of sanctions, international aid to Burundi would increase dramatically. So far, aid has increased, but not yet dramatically. In New York on January 11, donors agreed to provide "enlarged humanitarian assistance" to Burundi, and to this end, the European Union pledged E92.8m (\$111m), France E6.4m (\$7.7m), Belgium Bfr180m (\$5m), Switzerland \$1m, Norway \$5m, and the UNDP \$11.8m.

#### Regional comparison of the price of 1 litre of fuel, November 1998

|          |     |             |
|----------|-----|-------------|
| Kenya    | Ksh | 39(\$0.63)  |
| Tanzania | Tsh | 290(\$0.43) |

Other donors, including the World Bank, promised that they too would soon assist.

The Burundian minister of planning Leon Nimbona commented in early April that donors have stuck to their humanitarian brief and that there has been little development assistance promised and no balance of payments support to date. He reported that delegations from the World Bank, Japan, Italy, Austria and the United States had sent missions to Burundi to advise on future aid projects. On April 12, first vice-president Frederic Bamvuginyumvira departed for Europe, partly to drum up new funds, particularly in France and Britain.

Another pledging conference is scheduled for June, but until then, and probably for some time after that too, Burundi's foreign exchange reserves will remain critically low.

This means that the central bank, the Banque de la Republique du Burundi (BRB) will continue with the practice it began during sanctions of allocating foreign exchange towards imports it considers to be strategically important. Inevitably, this leads to shortages of imported goods. For example, flour ran out in Bujumbura in mid-March because importers were not allocated enough foreign exchange to import it. This keeps the prices of imported goods high, and out of the reach of most Burundians, which helps explain why, at the end of March, the director of customs reported that customs receipts from imports have been falling since the end of the embargo. The director said that receipts for January 1999 were Bufr3bn, but only Bufr2.6bn in February. He anticipated even worse figures for March.

The foreign exchange shortage is harming industrial production, as most industries are heavily dependent on externally sourced inputs. The shortage keeps up the pressure

on the Burundian franc, which is still devaluing. In mid-April, the official exchange rate between the Burundian franc to the US dollar was Bufr535:\$1, which represents a 5% devaluation from the end of November 1998. This devaluation too has a negative impact on prices, though it is interesting to note that the parallel exchange rate has fallen from Bufr730:\$1 in late November to Bufr710:\$1.

The devaluation of the Burundian franc is also diminishing the real value of government revenues, despite their increase in local currency terms. At the end of March, the ministry of finance said that although revenue for January-February, at Bufr9.3bn, was Bufr1.8bn higher than for the corresponding period in 1998, it was actually lower in real terms.

The sustained pressure on government revenues has meant continued unsustainable domestic borrowing by government as well as punitive tax rates on existing businesses. Brarudi, the country's brewery and major source of government revenue, reported in early April that it was in serious trouble. The company complained that although the ex-factory price of a bottle of Primus beer was Bufr137.5, by the time government taxes and distributor margins had been added, its retail price was Bufr320, making it unaffordable to most Burundians. The company reports that it will be laying off 104 of its 211 employees in Gitega because of declining revenues.

The end of sanctions has not had much impact on tea production (which is going well) or coffee production (which is going terribly), but does make it easier and cheaper for exporters to get the commodities out of the country. Exporters have now switched back to the Mombasa and Dar es Salaam routes, which has eased their profit margins and enabled them to

compete more effectively with other countries in the region.

As argued above, food production in Burundi is more sensitive to civil war and weather than sanctions. The main problem is currently the continued drought, which severely curtailed the first harvest of 1999 and looks set to cause problems for the next one too. Still, prices of some food stuffs have come down, particularly those where Burundian production is supplemented by regional imports. Thus for example, potatoes and onions have halved in price in Bujumbura since the end of sanctions, and the price of rice has fallen 20%.

Burundi will not experience much economic benefit from the end of sanctions

that is noticeable to the bulk of the population until international assistance eases the foreign exchange shortage. This, and this alone, can slow the Burundi franc's depreciation, and price increases in the local currency. However, this move will not do much to increase ordinary people's purchasing power, which requires a more general economic recovery. At the very least, this will involve drastic improvements in coffee production, which probably requires special assistance from donors. In the medium-term, it may be that the planned exploitation of the country's substantial nickel deposits will diversify its export base and greatly enhance its export earnings.

## Chapter - 4

### Were there alternatives to sanctions?

When sanctions were imposed against Burundi in August 1996, they were seen by the regional heads of state who did so as a practical alternative to another option that they had been working on for some time — military intervention. The Frodebu leadership had been calling for an independent outside military force for Burundi, either to observe or to keep the peace, since 1994 but the idea had always been resisted by the Burundian army, who correctly perceived that the real intention was to curb its power.

On 25 June 1996 Mr Nyerere brought president Sylvestre Ntibantunganya and prime minister Antoine Nduwayo to Arusha for what was then called the Mwanza process, where both were persuaded or forced to ask regional heads of state to "assist Burundi in providing security". This was taken to mean providing troops.

The apparent new Burundian political consensus for outside intervention was heralded by Mr Nyerere and other regional leaders as a breakthrough at the time, but the consensus shattered as soon as Mr Nduwayo returned to Burundi, where he said he had been tricked into agreeing to it. Mr Nduwayo was angrily branded a liar for saying this by Mr Nyerere. The idea of regional military intervention was dealt its fatal blow by Mr Buyoya's July 25 coup. The imposition of sanctions by the region so soon afterwards should be seen for what it was - an alternative to military intervention necessitated by the shift in power relations in Bujumbura, but still with the intention of curbing the power of the Burundian military.

After the coup, the regional heads of state had the option to recognise the coup and accept at face value Mr Buyoya's claim that he intended to work towards a new political compromise in Burundi. However, the fact was that neither they nor Frodebu believed him. I have considered the question of whether or not the Burundian government would have pursued a new political compromise with or without sanctions in Chapter 2. However, it remains the case that regional disbelief in the new government's intentions was not unreasonable in the immediate aftermath of the coup.

So, given that the regional heads of state judged that the new Burundian government required external pressure for it to work towards a new political compromise, what else could they have done? As I have already observed, the coup removed the necessary Burundian consensus for military intervention, and made it too dangerous. So-called "smart" sanctions, such as freezing of bank accounts and restrictions on visas and air travel for members of the new government were not available to the regional heads of state, because such sanctions would have need to be applied globally and not just regionally to be effective.

Should then the regional heads of state have lobbied for an OAU or even UN-led sanctions regime? Possibly, but it is pretty unlikely that the region's lobbying to either body would have succeeded. Even given the remote possibility that the region's lobbying did succeed, it would have taken a long time, and would have involved the region surrendering the political cohesion and initiative that the world at the time was

so impressed with, for an uncertain and unreliable alternative.

It is clear that one of the problems with the sanctions since the beginning was the lack of international support for them. Humanitarian agencies were among the most vocal opponents, as they found that the sanctions made their already difficult job even harder, and because they were able to witness the wide scale abuse of sanctions at close range.

UN Security Council and EU member states were never enthusiastic about sanctions, but their freezing of development and balance of payments assistance to Burundi was one of the most effective features of the sanctions regime. Much as they might have liked to resume assistance, they were aware that to do so would have been to publicly undermine the regional sanctions initiative and the linked Arusha peace process, which they are paying for.

Since the regional initiative was a rare example of "African solutions to African problems" which donors had previously decided was the way to reduce their expenditure on African conflict-resolution, donors were not for a long time prepared to publicly undermine it in this way. However, donors' control of the purse strings to the Arusha peace process gave them leverage which they decided in 1998 to exercise conclusively to pressure Mr Nyerere to recommend the lifting of sanctions.

With sanctions now suspended, the way is now clear for donors to legitimately resume development assistance to Burundi, though they have linked this to progress at Arusha and are for the moment sticking with humanitarian aid only.

It seems then that given the regional heads of state did not believe Mr Buyoya's reformist intentions when he took power in 1996 and were committed to forcing such

intentions upon him, the course they took was about the only practical one open to them. So the question then becomes, could they have handled the sanctions better?

The answer to this is an unqualified yes. Burundian politics are notoriously volatile and the political thinking behind the sanctions needed to be very flexible in order to respond to this volatility adequately. This flexibility was absent, and caused the sanctions to go on for too long, resulting in the complete erosion of their effectiveness.

Flexible political thinking about sanctions by regional heads of state would have required as a pre-condition at least some kind of monitoring of the economic and political impact and effectiveness of the sanctions. However, despite regular promises that this would happen at some point, it never did. This lack of monitoring was a serious, and perhaps fatal, problem with the sanctions against Burundi.

A basic requirement of sanctions is surely that they require the political support of a significant internal political grouping in the country to which they are being directed. For example, in South Africa in the 1980s, as well as the African National Congress, whose leadership was largely in exile at the time, the United Democratic Front and Mass Democratic Movement, which were the most active anti-apartheid organisations inside the country at the time, fully supported sanctions and the isolation of the Pretoria regime.

Until the *partneriat* of June 1998, the internal wing of Frodebu and the FDD militia both supported the sanctions regime. However, internal Frodebu withdrew its support for sanctions with the arrival of the *partneriat*.

The regional heads of state should have listened to this reduction in internal support



for their policy, and adapted accordingly, by accepting the internal Frodebu's position, lifting the sanctions and breathing new life into the Arusha peace process. This could have been done first by Mr Nyerere dispensing with all the minor and irrelevant political parties who consume so much of the process's time and money, which is particularly unnecessary when the *partneriat* has given them representation and air time in the national assembly back home. Then Mr Nyerere could have been much more pro-active in addressing the split in CNDD, perhaps forcing Mr Nyangoma to drop out if necessary, but having as a central objective bringing the genuine representatives of the militia back to the negotiation table, to talk directly with the Burundian army and the new coalition government.

Had this been done, it would have been plausible for the region and indeed the world to endorse the internal Frodebu's position that sanctions were successful in forcing Mr Buyoya's government into a new political compromise that held out the prospect of a peaceful transition, particularly if it was accompanied by direct talks with the rebel militia currently fighting the Burundian security forces.

Non-Frodebu Burundi government ministers and no doubt Mr Buyoya himself would have continued to insist that sanctions had not been necessary to establish the *partneriat* and the direct talks with rebels, but such a difference of opinion would not really have mattered. The important points would have been that a victory of sorts could be plausibly attributed to an African regional initiative and that Burundi would have been closer to a new transitional settlement and an end to its terrible civil war.

As I have argued above, the suspension of sanctions in January 1999 can only be plausibly attributed to donor pressure, in

spite of opposition from some regional political actors, despite regional claims that it was because of progress at the Arusha talks. This was a highly unsatisfactory way for the sanctions to end, as the sanctions cannot now be unquestionably credited with any political achievement. This makes future similar African initiatives that seek to avoid military intervention in countries undergoing internal turmoil, and substitute that intervention with alternative forms of pressure, that much less likely to materialise or to succeed.

## Chapter – 5

# Conclusions and recommendations

### 5.1 Conclusions

#### a) The *partneriat* was a turning point in the history of sanctions

Before the *partneriat* was put in place in June 1998 between Frodebu and the government of President Pierre Buyoya, it was genuinely debatable whether sanctions were proving politically effective or not. **After the *partneriat*, when Frodebu joined Mr Buyoya's calls for the sanctions to end, the sanctions ceased to be politically effective.** The region's failure to realise this led to the unnecessary discrediting of the Tanzanian government, which was seen as the main regional force behind the sanctions, and the Burundi peace process facilitator Mwalimu Julius Nyerere.

#### b) Sanctions hurt nearly everyone in Burundi

Although urban dwellers, because of their greater reliance on purchased goods to meet their needs, suffered proportionately more than rural dwellers, rural living standards also declined because of sanctions. This was mainly because sanctions increased prices and reduced consumer buying power. The sanctions also reduced state revenues and access to foreign exchange, thus weakening its ability to procure vital goods like medicines and agricultural inputs. This weakening was exacerbated by the tendency of the government to devote disproportionate amounts of its spending to the military.

#### c) Reduced access to international funds has had more impact on Burundi's economy than the regional embargo itself

The embargo decreased Burundi's export earnings, primarily because of increased freight costs. However, the main economic effect of the embargo was to make it difficult for donors and creditors to provide fresh credit, development assistance and balance of payments support to Burundi. Burundi has been heavily reliant on such assistance for years and was only able to cope without it during the embargo by increasing both internal debt and external debt arrears. This situation is continuing, as donors have yet to resume development assistance or balance of payments support.

#### d) Humanitarian exemptions cannot reverse a decline in social indicators on their own

Humanitarian exemptions made exempted goods more available in Burundi than they would have been without the exemptions. However, they did not make these goods more accessible or affordable on the open market. International agencies did impressive work ensuring their accessibility via their own distribution networks. However, this was not enough to reverse a decline in negative social indicators in the face of continued civil war, massive population displacement, excessive military budgets, poor weather and the general negative impact on the economy of sanctions themselves.

Humanitarian exemptions were not capable of reversing the influence on social indicators of the embargo either. This is because the economic and social consequences of reduced foreign reserves, a depreciating currency, inflation, falling wage levels in real terms, and negative or minimal GDP growth cannot be corrected by exempting the importation of anything.

**e) Because of missed opportunities, sanctions were suspended for the wrong reasons, which has damaged Africa's capacity to resolve its own problems.**

The choice of sanctions was a reasonable one by regional heads of state in July 1996, given their understandable mistrust of Mr Buyoya's intentions. However, sanctions require the support of significant internal political actors in the country on which they have been imposed and in Burundi's case this internal political support came to an end with the *partneriat*. Regional heads of state and Mr Nyerere should have recognised this and lifted the sanctions soon after June 1998. However, they missed their opportunity and failed to do so. When sanctions were suspended in January 1999, they were suspended primarily because of donor pressure. This was the wrong reason to end a regional initiative designed to provide an effective and home-grown alternative to military intervention, and has severely damaged the principle to which both Africa and the West subscribes, namely African solutions for African problems.

**f) The Arusha peace process needs revitalising**

The value of the Arusha peace process, particularly since the signing of the *partneriat*, has been its potential as a forum where the coalition government could negotiate directly with representatives of armed militia currently active in Burundi. The presence of minor political parties who already have a place in the enlarged Burundian National Assembly is an irrelevance and a distraction.

Mr Nyerere's insistence on sticking with militia-representatives who manifestly do not command the loyalty of their troops, like Mr Nyangoma, is a mistake and represents a wasted opportunity for the Arusha process. The real commanders of the militia should be recognised and brought to Arusha immediately, so that with the smaller parties sent home, substantial negotiations with the government could at last begin. However, the continued war in Congo has made this more difficult as the militia have been able to use the war to strengthen their military capacity, making them less interested in negotiated solutions.

## **5.2 Recommendations**

**a) The militia leaders must be brought into the Arusha process**

It should still be possible to bring the real leaders of Burundi's militia to Arusha, sending home in the process all the representatives of minor parties, and, if necessary, the president of the CNDD Leonce Ngendekumana and the Frodebu president Jean Minani, neither of whom appear capable of commanding much political support inside Burundi. Doing so would restore much of Mr Nyerere's battered credibility and could be a major contribution towards the search for peace in Burundi.

**b) Sanctions should only be imposed if there is significant**

### **internal political support for them**

States pondering the implementation of sanctions should know before they do so that significant internal political actors support the sanctions, as was the case for example in South Africa in the 1980s. Identifying and attempting to cultivate such actors after the imposition of sanctions is not an effective alternative.

### **c) Monitor sanctions carefully**

States imposing sanctions can only react appropriately to changing circumstances if they know what is going on in the affected country and are constantly monitoring the political and economic effects of their policy. The failure to do this was marked in the case of Burundi. Reports by outsiders (such as this one) may be a useful component in the monitoring process of states imposing sanctions, but there is no substitute for states doing the work themselves.

### **d) Lift sanctions for the right reasons**

The opportunity for regional leaders to lift sanctions against Burundi for the right reasons was lost when they failed to respond to the June 1998 *partneriat*. The result of their inaction was that when sanctions were lifted their lifting appeared to entrench the principle of donor control over African foreign policy rather than African solutions to African problems. The lesson seems to be here that if those imposing sanctions have the support of significant internal political actors, and those actors later judge for plausible reasons connected to the unfolding political process in the country that the time has come to lift the sanctions, this presents a *prima facie* case for those imposing sanctions to do so. Failure to respond at this point means that those imposing

sanctions run the risk of alienating themselves from these significant internal political actors, of losing the political initiative, and of having to abandon the policy at a later date with either nothing or even considerable political damage to show for it.

### **e) Do not expect humanitarian exemptions to reverse negative social indicators on their own**

Humanitarian exemptions are better than nothing at all, but should not be expected to reverse negative social indicators on their own. This is not just because the combined weight of all the various factors causing the indicators to decline is greater than anything humanitarian exemptions can hope to achieve, though this has been true in Burundi. It is also because sanctions hurt the whole of an economy, and the effects of this cannot be reversed merely by ensuring that essential goods are available inside the country.