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Decentralisation in Mozambique

Summary

This chapter traces the trajectory of decentralisation implementation in Mozambique. It covers the circumstances that led to the adoption of decentralisation; the type of decentralisation being pursued, the main area(s) of focus, achievements so far, the challenges and some suggestions for improvement. In writing the report, three data-collection methods were adopted: an analysis of the country report submitted by the Ministry of Public Services to the Commonwealth Secretariat, a two-week rapid field survey conducted by a consultant hired by the Commonwealth Secretariat to validate the country report, and a regional validation workshop organised in Gaborone during which comments were solicited from government institutions on the draft country report. The final draft report was further reviewed by the Ministry of Public Services.

This chapter, therefore, expresses the views of the government and of a number of stakeholders who contributed. The chapter is divided into six sections. The first section provides a short introduction to Mozambique and a detailed explanation of the methodology adopted to write the report. Section 2 provides the socio-cultural, political, economic and historical context in which decentralisation should be understood in Mozambique, while sections 3, 4 and 5 analyse devolution, deconcentration and market decentralisation respectively. In section 6, the report highlights the achievements of decentralisation, the challenges and lessons, and provides suggestions on ways to improve on the policy implementation in the country.

In 1998 Mozambique embarked upon the decentralisation of state administration using two parallel processes: the devolution of some central government functions, authority and finances to 43 municipal governments (mainly in urban areas), and administrative deconcentration by transferring specific duties and functions of the central government to 128 rural districts (called local bodies of the state) and providing them with legitimacy and instruments to execute their tasks. The importance of decentralisation to Mozambique is further emphasised in the state's strategic vision, 'Agenda 2025', and the government's 10-year 'Global Strategy for Public Sector Reform (2001–2011)'. These documents consider decentralisation as the most important pillar for modernisation of the state.

Decentralisation manifests in the political, fiscal, administrative and accountability reforms that have taken place in the country in terms of the relationship between

the centre, provinces, districts and municipalities. The development that has taken place since 1998 constitutes significant progress in Mozambique, given the country's historical, economic, socio-cultural, political and institutional background. In an effort to change the state–local relationship, the Government of Mozambique has enacted a series of laws that provide legal support for decentralisation implementation in the country.

An important achievement of decentralisation in Mozambique is the expansion of service delivery, although systematic data is patchy. Anecdotal evidence suggests that the provision of basic services has improved in rural areas as a result of a massive injection of government funds to district administrations (DAs). The proportion of the population with access to potable water has increased from 37.1 per cent (2001) to 48.5 per cent (2007). In terms of basic sanitation, in 2007 25,638 pit-hole latrines were built in rural areas all over the country, which represents 39 per cent coverage (GoM, 2008: 12). In the urban areas, there have been improvements in solid waste collection and land-use planning. The coverage for urban water supply has also risen from 31.2 per cent in 2000 to 40 per cent in 2007. The government's official report on the country's progress in meeting the Millennium Development Goals (MDGs) clearly shows that there is potential to halve the number of people without access to safe drinking water and sanitation. Primary school completion rates have increased significantly from 38.7 per cent in 2003 to 72.6 per cent in 2007. The construction of classrooms and recruitment of teachers were considered key issues for achieving this. There has been progress in these services partly because they have been decentralised to district administrations and provincial governments instead of being provided by the central government as in the past.

Another achievement of decentralisation in Mozambique is the gradual improvement of voter turnout at municipal elections. While voter turnout in national elections is falling steeply (from 87 per cent in 1994 to 44 per cent in 2009), turnout in local elections is rising substantially (from 15 per cent in 1998 to 46 per cent in 2008). This suggests that people are beginning to see the relevance of local democracy, while they feel indifferent at the national level. With a gradual increase in the number of municipalities, local democracy will improve further to cover wider Mozambican society and not only the few urban areas. In addition, Mozambique is among the few countries in Africa where mayors and councillors are directly elected by the people through universal adult suffrage. Mozambican municipal administration has a clear separation of powers between local legislative assembly and the executive.

Nevertheless, there are a number of challenges facing the implementation of decentralisation in the country. First, in the context of state reforms, a decentralisation policy document would typically precede the passage of a decentralisation law. While there are many decrees, ministerial plans and programmes, and national strategic plans that address some of the fundamental issues in decentralisation, no formal policy document on decentralisation has been adopted so far.

Second, while the principle of gradualism has been adopted, based on which devolution or ‘municipalisation’ would be extended slowly to all parts of the country, the central government has not clearly outlined the conditions/benchmarks under which this would happen in any policy document. In 2008, ten rural areas were promoted to municipalities but without clear parameters for gradualism. Critics argue that the government has been selective. Generally there is a deep misunderstanding on the part of intellectuals, civil society and the donor community about the gradualist approach of Mozambican government. There is, therefore, a need for the new decentralisation policy to clearly explain the gradualism process and further provide parameters/benchmarks and methods for assessment and promotion. The policy must also provide direction on sectoral decentralisation and ministerial re-alignment so as to discourage innovative but incoherent sectoral approaches to decentralisation in the country.

Third, the Government of Mozambique may be commended for implementing simultaneous decentralisation and capacity-building measures at the district level, but there is also the need for the central government to change the attitude and mindset of some central government and provincial government bureaucrats, who constantly use the excuse of inadequate capacity at the DA level to hold back the decentralisation process. While there is no doubt that the capacity of the majority of the districts to plan, budget and execute deconcentrated functions is low, the burden is on the central government to convince its own sectoral employees in Maputo and those in provincial capitals that capacity development at the DA level will be achieved through learning by doing and not only classroom work.

Fourth, poverty has decreased in Mozambique from 69 per cent in 1997 to 54 per cent in 2003. It is expected to drop further to 45 per cent and 40 per cent in 2008 and 2015 respectively (GoM, 2008: 10). While this reduction may not be attributed totally to decentralisation (given the massive injection of foreign aid and big projects into the economy), it is also not a coincidence that over the same period the proportion of expenditure allocated to social services that have had positive effects on poverty reduction has been remarkable. Expenditure on education (20.8 per cent), health (13.5 per cent) and infrastructure (16.4 per cent), totalling 50.7 per cent, far exceeds the target for the MDGs and demonstrates the government’s commitment to poverty reduction. The key challenge is for the government to ensure that funds earmarked for poverty reduction do not get stuck at the centre and line agencies but go to the districts, while at the same time ensuring that expenditure is monitored properly. In other words, the current decentralisation reform is benefiting provincial governments more than the districts and municipalities that are seen as closest to the people. About 95 per cent of recurrent sub-national resources are anchored within the provincial budget. The provincial level is where decisions are made and money spent, particularly with respect to the key sectoral services (education, health, agriculture, public works and water). With the introduction of elected provincial assemblies in 2009 the

challenge would be on the central government to prevent provincial lawmakers from creating laws that would make it harder to deconcentrate resources further downward to the district level.

Fifth, while a number of stakeholders (donors, civil society, academics, etc.) would want to see further strengthening of municipalities in the country, the central government has passed new laws which weaken their autonomy. This includes: a new law that reduces central government transfers (CGT) to municipalities from 3 per cent to 1.5 per cent. In actual practice CGT to municipalities has not gone beyond 1 per cent. The government's argument for reducing CGT is that the municipalities have sufficient revenue sources that they do not tap. While this may be true for urban municipalities like Maputo, the less endowed and rural ones may really suffer from this policy.) In addition, Law 11/2005 empowers provincial governors and the minister of state administration to supervise the work of municipalities. In other words, municipalities have dual subordination to the minister of state administration and the provincial governors with the latter having the power to overrule municipalities. Although supervision of municipal governments by a higher level government is needed for effective decentralisation, there is a need to guard against excessive controls by state bodies.

5.1 Introduction

Mozambique, with a population of about 20.3 million people, is in Southern Africa and occupies an area of 799,380 km². About 70 per cent of the population lives in rural areas and 5 per cent lives in the national capital, Maputo. The country adopted a centralised state approach after independence from Portugal in 1975, but soon went into a civil war that killed about 1 million people and nearly collapsed the state and her institutions. The first wind of change in the state's approach in 1987 was essentially economic, after which political changes followed in 1990. Since 1998, Mozambique has been embarking on a process to decentralise state administration using two parallel processes: (a) devolution of some central government functions, authority and finances to 43 municipal governments (mainly in urban areas, called municipalisation); and (b) administrative deconcentration by transferring specific duties and jurisdictions to 128 rural districts (called local bodies of the state) and providing them with the legitimacy and instruments to execute their tasks. The importance of decentralisation to Mozambique is emphasised in the state's strategic vision, 'Agenda 2025,' and the government's ten-year 'Global Strategy for Public Sector Reform (2001–2011)'. These documents consider decentralisation as the most important pillar for the modernisation of the state.

The developments that have taken place since 1998 constitute significant progress in Mozambique's state administration. However, decentralisation is a complex and time-consuming reform process. The policy design, strategies for implementation and

subsequent impacts are significantly influenced by a number of factors (historical, geographical, economic, social, cultural, political, and institutional context) of a country. In Mozambique, how have these factors influenced the choice of decentralisation policy and strategies? What are the consequences of these on equity, empowerment of local institutions and quality of local governance and services delivery? Who are the protagonists of decentralisation reforms in the country? What are their interests? How have they pushed through their interests? How have various actors and institutions (formal and informal, public, private, and civil society) reacted? What are the gaps between policy intentions (as stated in statutory books) and actual practice? How has the central government facilitated political, economic, financial and accountable decentralisation policies in favour of lower levels of government, semi-autonomous organisations and deconcentrated field administration?

5.1.1 Sources of data and data collection methods

The research collected data that illuminates the circumstances that led to the adoption of decentralisation; the type of decentralisation being pursued; the main area(s) of focus; achievements so far; the challenges and suggestions for improvement. The study adopted three types of data collection. The first was based on the country report that the Mozambique Ministry of Public Services submitted to the Commonwealth Secretariat for validation. The report was found to be inadequate in terms of providing the kind of information and analysis that would enable a proper assessment of some key issues in decentralisation (see section 1.3.3). The inadequacy of the report led to a second phase in the data-gathering process. This involved a two-week rapid field survey conducted by the author with the support of the Technical Unit of Public Sector Reforms (UTRESP) and Ministry of Public Service. During the field survey interviews were used to solicit information from key respondents. Among them were senior government officials in the sectoral ministries, central government and LG politicians, leaders of civil society organisations, donor agencies, and academics (see Table 1.1 in chapter 1).

Apart from the key people who were interviewed, the study also used document reviews, team discussions and direct observations. Given the time constraints, the team visited only two out of ten provinces: Manica Province in the centre and Maputo Province in the south of the country. There was also a regional validation workshop in Gaborone organised by the Commonwealth Secretariat.

The chapter is divided into six sections including this introduction. Section 2 provides the socio-cultural, political, economic and historical context in which decentralisation should be understood in Mozambique, while sections 3, 4 and 5 analyse devolution, deconcentration and market decentralisation respectively. In section 6, the report highlights the achievements of decentralisation, the challenges and lessons, and provides suggestions on ways to improve on the policy implementation in Mozambique.

5.2 Decentralisation in the Mozambique Context

5.2.1 Decentralisation during Portuguese rule

Many European nations granted independence to their colonies in the years following World War II, but Portugal maintained its rule over Mozambique for nearly three more decades. During colonial rule, Mozambique was considered a province of Portugal and was organised in a four-tiered administrative structure. Local administrative structure, which comprised districts (the current provincial level) and *circunscrição* (the current district level), were centrally administered from the capital, Maputo, while the country as a whole was directly controlled from Portugal. Only in the villages were the locals (led by traditional authorities) involved in administration. The Portuguese colonial administration increased their co-operation with 'traditional authorities', particularly in the rural areas, for whom they invented the term '*régulo*' (see Figure 5.1).

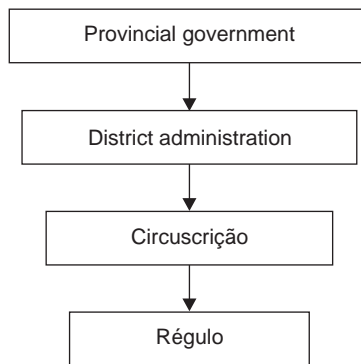


Figure 5.1. State administration before independence

In 1962, three anti-colonial political groups established the Frente da Libertação de Moçambique (Liberation Front of Mozambique, FRELIMO). An armed campaign against Portuguese rule began two years later and continued until 7 September 1974 with a peace agreement between the Portuguese and FRELIMO. On 25 June 1975, Mozambique finally got independence. At independence, Mozambique was left with a highly centralised and bureaucratised administrative structure.

5.2.2 Decentralisation after independence

Following independence, FRELIMO benefited from widespread support as the liberation party. FRELIMO official policy was to abandon all colonial political, economic and social institutions and structures. The first move was the establishment of a socialist state based on the principles of democratic centralism and state economic planning, and with a political decision-making process solely controlled by the centre under a one-party system. Given that the struggle for independence was supported by leftist countries such as Tanzania, the former Soviet Union and China, it was

logical that a centralised approach was adopted. One year after independence (24 July 1976) a ‘nationalisation day’ was organised where the state took over all social and economic services, be they state, private or missionary owned, and managed them as state enterprises. The rationale for state control of these services was to guarantee accessibility and rights to all citizens, a reversal of Portuguese policies. FRELIMO also sought to abandon the local administrative structures – the *régulos* – that the Portuguese had introduced and to severely punish those who had a proven record of co-operating with the Portuguese. FRELIMO punished the *régulos* for their complicity with the Portuguese colonial administration.

As a means of offering a functional alternative to colonial left-overs, FRELIMO established an elaborate political structure throughout the country from the centre to the village level. A ‘new’ five-tier state administrative structure was developed: central government, provincial government, district administration, administrative post and localities¹ (Decree 8/78, see Figure 5.2).

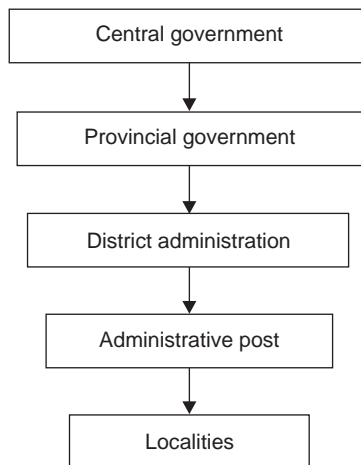


Figure 5.2. State administration after independence

In the centralist administrative structure, the sub-national structures were mere information providers to the next highest administrative level, while the provinces communicated the central decisions downwards (Roll, 2004). FRELIMO also created youth, women’s and worker’s organisations in all levels of government. During this period, there was little distinction between the people who worked in the state structures, the ‘party’, and the ‘government’. With an increasing use of force and violence in the implementation of government programmes and with deteriorating economic conditions and standards of living in rural areas, enthusiasm for FRELIMO rapidly declined.

The governments of Rhodesia and apartheid South Africa supported the creation of an armed resistance movement, Resistência Nacional Mocambicana (Mozambique

National Resistance, or RENAMO). Following Zimbabwean independence in 1980, South Africa became RENAMO's chief supporter, and the conflict intensified, with RENAMO becoming the main challenger to the government's authority. RENAMO became particularly active in the centre and north of Mozambique. They tried to form alliances with the 'traditional authorities' to recruit fighters and also waged war on the rural population as a way of fighting FRELIMO structures (Roll, 2004).

In 1983 President Samora Machel conceded during FRELIMO's Party Congress that socialist planning had failed and signalled the need for major political and economic reforms. Mozambique initiated negotiations with the World Bank and International Monetary Fund (IMF) for financial and technical assistance to rehabilitate the country's collapsed economy and social infrastructure. In 1987, the FRELIMO government adopted a Structural Adjustment Programme (SAP) and Economic Recovery Programme (ERP) under the aegis of the IMF and the World Bank (Wuyts, 1996). These reforms included the redirection of investment from state farms to rural co-operatives and family farms. Constitutional reforms took place in 1990 which provided for a multi-party political system, a market-based economy, and free elections – setting the stage for a major transformation of the state. In 1991, the government deregulated much of the public sector and allowed private participation in the social and economic sectors. The country's civil war ended in October 1992 with the Rome General Peace Accord.

The introduction of SAP and ERP opened the doors to a market-driven economy. Since then Mozambique's economy has seen steady growth, averaging about 7 per cent per annum (see Table 5.1). But Mozambique's economic growth has been driven mainly by massive inflows of foreign aid and mega projects.

International donor agencies have been strongly involved in 'developing' Mozambique and possibly even rebuilding a prototype of 'the new African state' (see Alden, 2001), making the country a donor darling in Africa (Awortwi, 2009). Official development assistance (ODA) has amounted to about US\$10.9 billion, about US\$1 billion a year

Table 5.1. Mozambique's economic performance since 2002

<i>Production</i>	2002	2003	2004	2005	2006	2007	<i>Average growth</i>
Agriculture, livestock and forestry	12.2	8.4	9.1	1.8	10.4	11.2	8.6
Mining	8.1	5.5	15.7	11.1	11.1	11	10
Manufacturing	10.4	-2.8	12.7	3.6	9.9	3.9	2.8
Utilities (electricity and water)	4.5	-5.3	5.7	12.8	23.6	9.0	8.4
Transport and communication	8.0	11.0	16.4	19.5	2.9	14.2	20.4
Financial services	3.2	12.7	0.9	2.9	2.9	2.4	2.7
Government services	3.8	4.0	5.6	2.1	4.5	9.1	4.9
Total GDP growth	9.5	7.0	4.6	8.4	9.2	7.2	7.8

Source: KPMG, 2009: 40

since 1999. In 2004, net ODA amounted to about US\$1.2 billion, corresponding to 23.6 per cent of national income, while in 2006 the country received approximately US\$1.5 billion. With about US\$65 in aid per person, Mozambique is one of Africa's largest recipients of aid, and receives more than double the regional average of about US\$26 per capita. For over 25 years, more than 50 per cent of the state budget has been financed by external aid, reaching 60.4 per cent in 2007. The largest donors are the World Bank, European Union and USA, each providing more than US\$100 million per year, followed by Denmark, the UK, Sweden, Norway and the Netherlands, each providing between US\$60–80 million per year (EURODAD/CAFOD/Trocaire, 2008: 7–13).

Mega projects financed by foreign direct investment have added to the capital inflows. For example, the MOZAL aluminium project, a partnership between BHP Billiton, Japan's Mitsubishi Co, South Africa's Industrial Development Corporation, and the Mozambican government, has invested US\$2.5 billion into the economy while the SASOL gas pipeline to South Africa is estimated to have invested US\$72 million. However, these projects have had weak linkages with the local economy. The agrarian sector, which offers opportunities for economic activities and employment for 80.5 per cent of the economically active population, receives only 6.8 per cent (2010 Government Budget) of public investment. As a result, productivity and income levels are low in the country. Even with consistently high economic growth rates over a decade, Mozambique remains one of the poorest countries in the world; 172 out of a total of 177 countries on the UNDP Human Development Index (2005), and the lowest in the Southern African Development Community (SADC). And this despite the fact that poverty has reduced from 69.4 per cent of the population in 1997 to 54.5 per cent in 2003 (República de Moçambique, 2006: 10). Rural poverty is very high and inequality in access to economic and social services and opportunities is highly skewed against rural areas (see Table 5.2).

Table 5.2. Rural–urban inequalities in development

<i>Selected MDG indicators</i>	1997			2003		
	<i>National</i>	<i>Urban</i>	<i>Rural</i>	<i>National</i>	<i>Urban</i>	<i>Rural</i>
Population living below the national poverty line (%)	69.4	62	71.3	54.4	51.5	55.3
Children with insufficient weigh (5yrs)	26	14.8	30.7	25.6	15.2	27.1
Under 5 mortality rate (per 1000 live births)	219	150	237	143	192	181
Children vaccinated against measles (1yr) (%)	57.5	93	47.1	76.7	90.8	70.8
Population with access to cleaned water (%)	37.1	66.8	26.1	35.7	57.7	26.4
Population with access to improved sanitation (%)	41.1	74.7	28.7	44.8	71.7	33.4
Deliveries assisted by qualified health staff (%)	44.2	81.4	33.9	47.7	80.7	34.2
Life expectancy at birth (years)	42.3	48.8	40.2	46.3	50.1	44.9
Adult literacy	39.5	67	27.8	46.4	69.7	34.3

Source: GoM, 2008: 10

The HIV/AIDS pandemic is still a major threat to development in the country, with the prevalence rate about 16 per cent in 2004.

5.2.3 Contemporary state administration

As a unitary state, Mozambique maintains its five-tier administrative structure: central government, provincial government, district administration, administrative post, and localities.

Central government

The central government is headed by an executive president who is elected by the people through a multi-party election. The president appoints a prime minister, to whom he delegates some of his responsibility, but the president remains head of government. In the absence of the president, the prime minister chairs the meetings of the Council of Ministers (Cabinet). The Office of the Prime Minister is made up of advisors, a secretary to the cabinet and a few clerical staff. There are 25 central government ministries and 3 state ministries in the Office of the President. There are 48 ministers and deputies responsible for the leadership and policy direction of the central government ministries. There is also no limit to the number of ministries and ministers that can be created and appointed by the president. In 2010, all heads of the technical staff of the ministries (permanent secretaries) were recruited through a process of public tender. In the ministries, there are consultants who provide technical advice to the sector ministers. Each ministry has technical and consultative councils. The technical council is chaired by the permanent secretary while the consultative council is chaired by the sector minister. Given that some of the permanent secretaries do not have technical qualifications in their sector, in most cases during the consultative council's meeting the permanent secretaries are replaced by national directors. There is no centralised employment of civil servants so each ministry employs and dismisses its own staff.

Legislative branch

Parliament is Mozambique's supreme legislative body. It is made up of 250 members elected through a party list in each province for a five-year term. Seats in the National Assembly are awarded based on the percentage of votes that the party receives in the provinces. Under the United Nations guidance and with the strong presence of international observers, Mozambique held its first general multi-party election in 1994 in which 250 MPs were elected. Joaquim Chissano of FRELIMO was elected president with 53 per cent of the votes and received 128 seats in the National Assembly, followed by RENAMO with 112, and 9 for the Democratic Union (UD). By 2004, the number of seats held by the opposition had shrunk to 90 (25 per cent), which got worse in 2009 election, when it managed only 59 seats (see Table 5.3).

Table 5.3. FRELIMO's political control of Mozambique National Assembly

Year	Ruling FRELIMO		Opposition		Voter turnout (%)
	% votes won	No. of seats in parliament	% votes won	No. of seats in parliament	
1994	53	128	45	121	87
1999	53.2	133	46.4	117	67
2004	75	160	25	90	43.6
2009	75	191	25	59	44.4

The Carter Centre (2004); 2009 Electoral Commission

A new provincial legislative assembly came into effect in 2009 with the election of members. The relationship between the provincial assembly and national parliament is still not clear.

Judiciary

The Supreme Court is the highest court and below it are provincial and district courts. A constitutional court created in 2003 is charged with determining the constitutionality of laws and decrees, supervising the electoral process and ruling on electoral disputes. There are also courts that exercise specialised jurisdiction, such as the administrative court, the customs court and the maritime court. The lowest judicial level are the community tribunals that operate in an informal manner (see Figure 5.3).

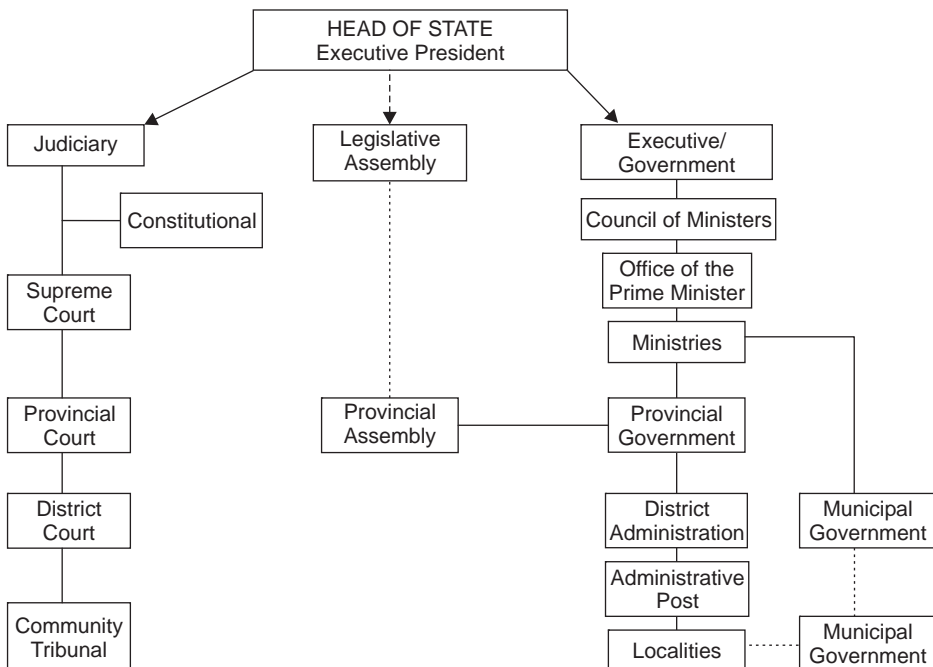


Figure 5.3. Structure of state administration

5.2.4 Sub-national administration

There are two types of sub-national governments: (a) provincial government administrations, and below them district administrations and administrative posts; and (b) municipal governments.

Provincial government

There are ten provincial and one city province government in Mozambique. Nampula and Zambezia are the most populated provinces. Niassa Province, despite being the largest province in terms of area, remains the least populated, while Maputo, the smallest province, is the most densely populated province (see Table 5.4). The province with the highest incidence of poverty is Inhambane in the south-east.

Table 5.4. Provinces in Mozambique

<i>Name of province</i>	<i>Name of capital</i>	<i>Area (km²)</i>	<i>Population 2009</i>	<i>Incidence of poverty (%)</i>
Sofala	Beira	68,018	1,796,668	36
Tete	Tete	100,724	1,679,470	60
Manica	Chimoio	61,661	1,483,574	44
Zambezia	Quelimane	105,008	4,055,430	45
Nampula	Nampula	81,606	4,055,878	53
Cabo Delgado	Pemba	82,625	1,751,499	63
Niassa	Lichinga	129,056	1,114,626	52
Inhambane	Inhambane	68, 615	1,509,680	81
Gaza	Xai-Xai	75,709	1,422,353	60
Maputo Province	Maputo	26, 058	1,150,985	69
City of Maputo	Maputo	300	1,325,845	54
Total	Mozambique	799,380	21,350,008	54

Source: Population figures from National Institute of Statistics; Incidence of poverty: GoM (2008: 13)

The governor is the head of the provincial government and is appointed by the head of state. The permanent secretary is appointed by the prime minister in consultation with the governor and the minister of state administration. Some sectoral ministries have directorates at the provincial level; others share the same directorate. The provincial directors of the ministries are appointed by central government sectoral ministers in consultation with the governor. The civil servants are, however, employed by the respective governors in consultation with the directors of the ministries. Provincial directors have dual allegiance: technically to their sectoral ministry in Maputo and administratively to the province in which they work.

District administration

Below the provincial government are 128 district administrations, 393 administrative posts and 1,042 localities. The heads of district administrations are appointed by the

minister of state administration in consultation with the governor of the provincial government. The head of the civil servants in the district (known as the district permanent secretary) is appointed by the governor of the provincial government. The administrative post consists of the head, a police officer and a few public servants all appointed by the governor of the province. The main function of the post is land management. Below the administrative post are *localidade* or a number of *aldeias* (villages) organised around a particular traditional or community authority.

Municipal government

There are 43 municipal governments. The executive head of a municipality (mayor) and the municipal legislators are elected directly by the citizens for a five-year term. The status of 'municipality' is given to urban areas. In the beginning of this process (1998), 33 municipalities were created. Ten years later (2008), 10 more were added.

5.2.5 Traditional authorities

After independence, traditional authorities were sidelined because they were seen as vestiges of colonial domination. In the discussions between government, donors and some 'traditional authorities', it was very much contested whether the latter should be recognised and integrated into the official administrative apparatus of the state (see West and Kloeck-Jenson, 1999; Weimer, 1999). FRELIMO was against traditional authorities being included in the new political and administrative set-up of Mozambique because they were considered to have been used by the colonial government to dominate the people. So to silence the traditional authorities, FRELIMO established a non-political system at the community level to operate in parallel with the traditional authority. It was only in 2000 that FRELIMO recognised traditional authorities with the passage of Decree 15/2000, 'channels of communication and forms of articulation between local state administration and community authorities (*autoridades comunitárias*)'. The law permits local authorities to collect some rural taxes, provide local conflict resolution, community policing and facilitation of community participation. As compensation, 'community authorities' are officially recognised and their leadership is formalised. They also receive a small salary and sometimes a share (10 per cent) of the local tax collected.

5.3 Devolution through Municipalisation Process

5.3.1 Quest for devolution

When the war ended in 1992, decentralisation was donors' preferred policy for developing countries. Like-minded donors in Mozambique (Denmark, Switzerland and the Netherlands) wanted a big bang democratic decentralisation to provide opportunities for the development of local governance. Together with the World Bank, they

provided financial assistance to the government of Mozambique to begin the process of democratic decentralisation. A series of national and district workshops and forums were organised. The government instituted a programme called Programme for the Reform of Local Bodies (PROL). The aim of PROL was to transform the system of local state administration into local government institutions with some degree of autonomy in administration and finance. It was to create a system of district-level elections across the entire nation. These donors succeeded in encouraging the FRELIMO Legislative Assembly to pass Law 3/94. If it had been implemented, it would have resulted in a sea change in Mozambique, from a highly centralised system of state administration to a highly decentralised system (devolution). The intention was to have all districts led by locally elected legislative and executive bodies with substantive service delivery functions, along with financial and administrative autonomy.

Immediately after the passage of the law, the first multi-party election was organised. The main opposition party, RENAMO, got about 40 per cent of the seats in Parliament. The majority of the seats that RENAMO won were in the rural areas. Law 3/94, which the government had passed without consultation, was deemed flawed and needed revocation. The new FRELIMO-led multi-party national assembly found some sections in the constitution that seemed to suggest that Law 3/94 was unconstitutional.² Having come out of a civil war and wanting to avoid a renewal of conflict, not many stakeholders, including the 'like-minded' donors, were prepared to contest the constitutional amendments, though there were serious disagreements among the donors, the few intellectuals involved, and RENAMO. Eventually the ruling FRELIMO Party amended the constitution (Law 9/96) and created dual decentralisation, with autonomous municipal councils and local organs of the central state (districts). A new LG law (Law 2/97) was passed to define the municipalities and the broader legal framework. During discussions on the number of municipalities to be created, FRELIMO wanted a limited number of autonomous LGs. The party proposed 23 while RENAMO wanted 50, ostensibly to cover many of the rural areas that it had won. In the end, a middle ground was reached where 33 municipalities (10 provincial capitals, two largest towns from each of the provinces, and ten rural areas) were selected to start the municipalisation process (*autarquias*). The rest of the country retained the state local bodies where the central government appointed district administrators and managed them. The intention was to give gradual autonomy to towns if they improved their capacity to handle the work of government. In other words, the rationale was to implement a gradual local autonomy system.

5.3.2 Municipal government elections

Mozambique municipalities have an executive mayor system where the mayor is directly elected by the people for a five-year term. The mayors have the power to appoint their own cabinet to run the municipality. Municipal elections are conducted through the multi-party system. In 1998, the promise of local democracy through the

organisation of elections in 33 newly created municipalities was overshadowed by a RENAMO boycott. The party withdrew from the elections because of disagreements over the implementation of Law 2/97, the selectivity of the municipalisation process, and unanswered complaints about flaws in the registration process. FRELIMO won in every municipality, but the turnout was very low, at about 15 per cent. In the 2003 elections, FRELIMO consolidated its hold by gaining a strong majority of municipalities, winning 28 municipal mayorships and holding absolute majorities in 29 municipal assemblies, with victories in many areas that RENAMO had won in previous national elections. RENAMO only managed to win five municipal mayorships and majorities in four municipal assemblies. In the third municipal election in 2009 FRELIMO won 42 out of 43 municipalities (see Table 5.5). Only one municipality went to an independent candidate. RENAMO did not win any municipal councils. Opposition political parties are weak at both the national and local level. As one senior municipal director put it: ‘as a political organisation, the FRELIMO party is stronger than the state. Once the party nominates you as their candidate you will surely win election. So the party has control over who becomes the mayor.’

With the implementation of LG Law 2/97, only about one-third of the national population living in the urban areas has the right to elect their local leaders. Voter turnout in the second municipal election in 2003 increased significantly to 28 per cent, but it was still only about one-third of the national assembly elections turnout. Government officials attributed low turnout in municipal elections to people’s disinterest in local politics and tried to cast doubt on municipalisation. Another reason for the low turnout at local elections is that people think their votes will not change anything since there is no credible opposition party to compete with FRELIMO. In 2008, overall turnout was 46 per cent, a highly significant increase of 18 per cent from 2003. Though voter turnout was generally low (below 50 per cent), for the first time turnout at municipal elections surpassed national assembly elections (compare voter turnout in Table 5.3 with Table 5.5). At the national level voter turnout has decreased from 87 per cent in 1994 to 44 per cent in 2009.

The previous analysis shows that while national voter turnout is decreasing, voter turnout for local elections is increasing (although the figure is still low). This shows that municipal politics is beginning to gain local relevance despite FRELIMO’s dominance.

Table 5.5. Share of vote and voter turnout at municipal elections

<i>Year</i>	<i>FRELIMO</i>	<i>Opposition</i>	<i>Voter turnout (%)</i>
1998	33/33	Boycotted	15
2003	28/33	5/33	28
2008	42/43	1/43	46

Source: Electoral Commission

5.3.3 Human resources in municipal government

During the transition to the municipalisation process, deconcentrated sectoral employees (with the exception of those working in education, health and tourism) were immediately absorbed by the municipalities. However, some employees of the three sectors remained with the provincial government. In other words, there arose two parallel staff systems: sectoral (field administration or deconcentrated) staff and municipal staff. The sectoral employees are paid by the central government and have no legal obligations to co-ordinate their work with the municipal government. Municipal governments have the power to hire, motivate and fire their own employees. Unlike central government, municipal governments have no fixed salary structure so they are able to negotiate flexible contractual terms with their employees and also attract better qualified people than district administrations. For instance, the Maputo municipality pays competitive salaries to the extent that a graduate with a Licenciatura degree gets about US\$800, while the central government only pays about US\$300, though this cannot be generalised to all municipalities.

5.3.4 Structure of municipal government and management

The municipal executive council and municipal assembly exist as two separate institutions with their own organisational structures. The executive council is headed by the mayor and is organised around four key service areas: urbanisation, land, water and sanitation; social services (education, health, women and children); economic services (agriculture, roads, electricity; and finance, trade and small businesses (see Figure 5.4). The mayor employs administrative staff to manage the municipality. The municipal assembly, which is the local legislature, approves the municipal plan and budget and authorises expenditure of the executive. In other words, the main function of the local assembly is to supervise the implementation of the executive council's work plans and budget. No member of the municipal assembly works in the executive so there is a clear separation of powers and functions. Since 2008, all local assembly members receive monthly salaries instead of seating allowances. The salary depends on how much a municipality is able to mobilise from its internally generated sources. LG finance law required municipalities to use only 30 per cent of their internally generated revenue to pay local politicians (councillors and mayor), but this was increased to 40 per cent in 2009.

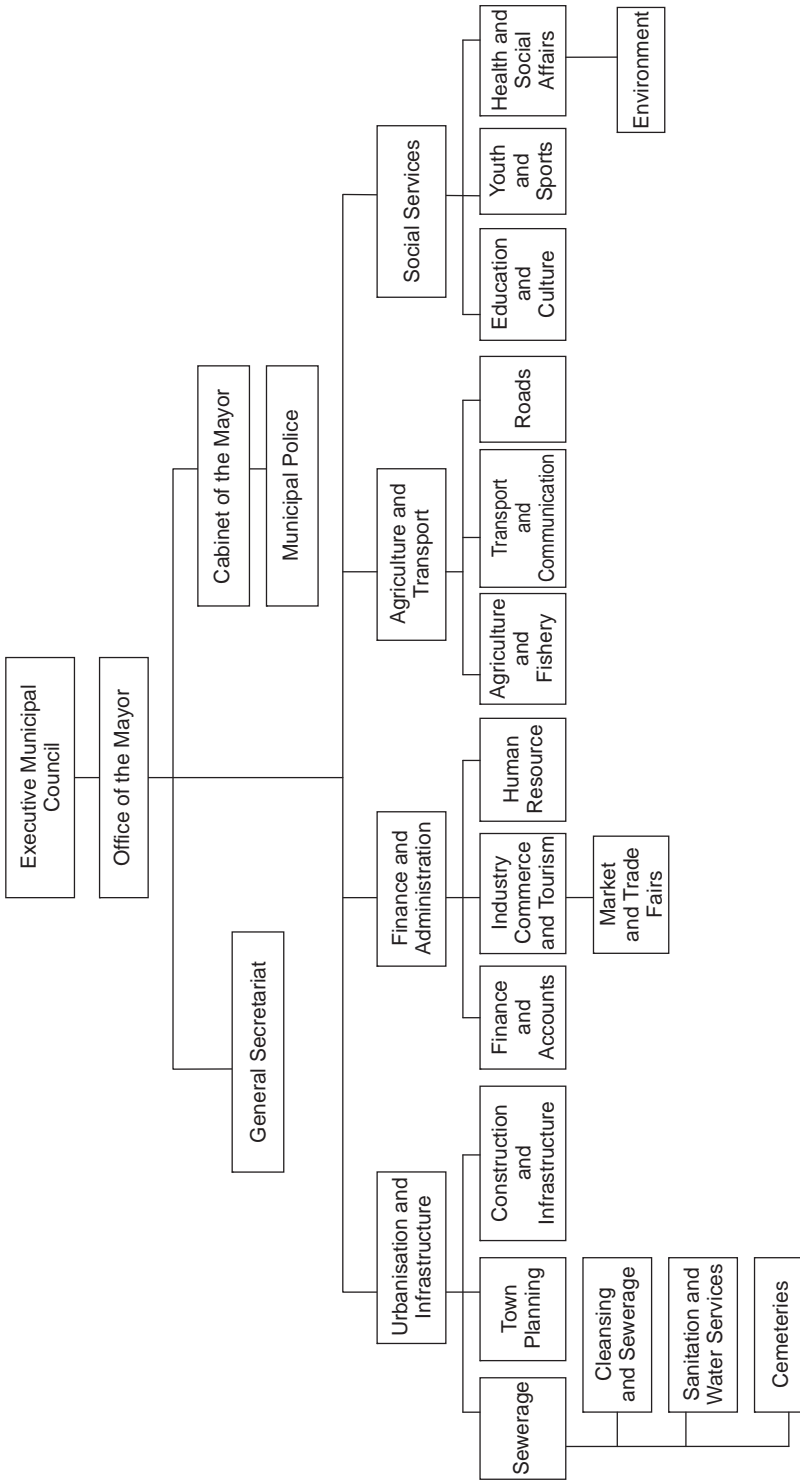


Figure 5.4. Organisational structure of municipal council

5.3.5 Municipal expenditure assignment

According to Law 2/1997, the functional responsibilities of municipalities include: local economic and social development; environment, basic sanitation and quality of life; public utilities; health; culture, recreation and sports; education; municipal police; and urban development, construction and housing. In addition, complementary legislation (Article 25 of Law 11/1997, now Article 27 of Law 1/2008) assigns several 'exclusive responsibilities' to municipalities. Article 26 of this law (now Article 29 of Law 1/2008) further stipulates that shared (concurrent) expenditure responsibilities in any other field may be carried out by municipalities under contractual relationships with relevant state administration units. In practice, municipalities deliver local economic services such as public utilities, local roads and basic municipal infrastructure, refuse collection and water supply (in some municipalities). While Law 1/2008 stipulates that municipalities may carry out expenditure responsibilities in the provision of social services such as public education and health care under a contractual relationship with relevant state administration units, it is unclear whether this would constitute a truly 'shared' responsibility or rather a 'delegated' responsibility.

Expenditure pattern

Slightly more than half of municipal expenditures are recurrent and the remaining share development expenditure. The development budget is spent on water, electricity and primary school infrastructure. The municipal government shares the cost of some service provision with state/provincial agencies. For example, in an electrification project a municipal council would buy the poles and the transformer while the national electricity company supplies the power. In Manica, the municipal government undertakes water supply services to poor communities that are outside the reach of the national supply line. The municipality also builds classrooms for primary schools and provides solid waste collection (SWC) services. Most of the development budget is spent on agriculture services because the municipality has both rural and urban features.

5.3.6 Municipal revenue assignments

Law 11/97 and revised Law 1/2008 give powers to municipalities to generate local revenue in order to finance expenditure and investment responsibilities that have been decentralised to them. Municipalities are given the authority to collect property tax, poll tax, market revenue and advertising revenue (bill boards). With the exception of Maputo, municipalities' internally generated revenue (IGR) is about 7–15 per cent of total municipal revenue. For example, the annual budget of Manica Municipality is about MT24.4m (US\$871,428), of which only 13 per cent is generated locally (see Table 5.6).

Table 5.6. Sources of municipal budget in Manica municipality, 2008

<i>Source of revenue</i>	<i>Amount (million MT)</i>	<i>%</i>
Central government grant for development	5.8	23.7
Central government grants for recurrent expenditure	5.8	23.7
Internally generated funds	3.2	13.1
Road Fund	2.6	10.8
Donor support project	7	28.7
Total budget	24.4	100

Source: Manica municipal government office

Mozambique's case is not an isolated one. Poor local revenue generation is typical of many African countries. In Mozambique there are two reasons for this: little attention is being paid to local revenue raising, and there is a low revenue base (many informal taxable economic activities). Much of the country's tax base is centralised for efficiency reasons, including income tax, resource tax, company tax, etc. In Manica, the municipality has not yet collected taxes on properties such as land and houses because the mayor claims they do not have the capacity to determine the best procedure to fix property rates as they do not have data on the value or size of private properties. This applies to almost all the municipalities.

5.3.7 Intergovernmental fiscal transfers

Central government fiscal transfers constitute a very significant part of total municipal revenue, without which municipalities would find it difficult to operate. In 1997, Financial Law 11/97 set 3 per cent of the national budget to be transferred to municipalities. This financial law was amended in 2008 (Law 1/2008) to reduce the transfer to 1.5 per cent, the reason being that the central government never sent 3 per cent, so why not make it official at 1.5 per cent to avoid any legal challenge? The fiscal transfers are basically disbursed in two forms, the Municipal Compensation Fund (FCA) and the Investment Fund for Municipal Initiatives (FIIA). The FCA is a non-earmarked grant that municipalities are able to use to finance recurrent expenditure with the exception of remuneration to councillors and members of the Municipal Assembly. FIIA can only be used to finance capital expenditure and the municipalities have full discretion to identify the initiatives to be funded with these resources. Additional transfers from central government are allowed by law in situations of *force majeure* which may threaten the ability of municipalities to supply essential public services, as in the case of natural disasters. Given that the central government is still responsible for delivering social services in the country, including primary education, primary health services, and certain public works, a variety of public services and infrastructure within the municipality are financed directly by the centre and therefore do not go

through the normal municipal financing system. In the near future, these services will be transferred to the municipalities.

If municipal expenditure is considered to be the only devolved sub-national expenditure, then Mozambique would be considered extremely centralised as only 1 per cent or less is devolved compared to other African countries like Ghana (7.5 per cent) and Uganda (30 per cent) (Awortwi, 2010). In fact, municipal spending as a percentage of total public-sector spending actually shows a slight decrease from 1.03 per cent in 2003 to 0.78 per cent in 2007, the lowest over the five year period.

Predictability of intergovernmental fiscal transfer

In 2008, a formula for distributing central government transfers to municipalities was introduced that takes into consideration population and physical size of the area, but there is no independent body that determines how the formula is factored into the calculation of the grant. Only the MoF is responsible for this. The formula for distributing recurrent expenditure is as below:

$$FCAa = NHa/NHT \times 75\% FCA + Ata/ATT \times 25\% FCA$$

FCA = Total fund
NHa = Population of the municipality
NHT = Total population of the municipalities in the country
Ata = Municipal area
ATT = Total municipal area

5.3.8 Other sources of municipal finance

Borrowing from banks

Municipal Finance Law 1/2008 allows municipalities to borrow money from commercial banks within the country, but sourcing commercial funds from outside Mozambique needs permission from the MoF.

External donations

Apart from intergovernmental revenue transfers, municipalities also benefit extensively from external funds, especially donations from foreign governments through their development agencies. In some municipalities foreign aid is substantial. For instance, the total budget of Maputo Municipality in 2009 was about US\$50m, of which about 52 per cent came from foreign aid, 28 per cent from internally generated revenue and 20 per cent from central government transfer.

5.3.9 Regulation of municipal financing

The relationship between the municipality and the central government is one of supervisory protection. The Ministry of State Administration and the Ministry of Finance are the official bodies assigned by law to perform this supervisory function, although they can delegate such authority. The supervision by the State of municipal finances is summarised in the supervision of the political-administrative acts of municipalities.

5.3.10 Municipal planning and budgeting

Municipal plans and budgets are approved by the municipal council. The Ministry of State Administration endorses them without any interference. In 2004, participatory budgeting was introduced in Dondo Municipality, but this planning approach has not been widely endorsed by other municipalities. At the moment only Dondo and Maputo Municipality use participatory budgeting. Though participatory budgeting is not required by municipal laws, the Association of Municipalities is encouraging more municipalities to adopt the process.

5.4 Deconcentration of Central Government Administration

5.4.1 Deconcentration of central government sectoral ministries

Sectoral deconcentration was part of the broader public sector reforms that started in 2001. Before deconcentration, all sector ministries had their own directorate and these directorates were duplicated in the provinces and sometimes in the districts. The planning, financing and implementation of projects were carried out directly by the ministries at the local level. Provincial governments only had functions through a multitude of projects that the ministries were implementing. Sectoral deconcentration became possible because donors pushed for it, and because they control much of the development budget, and central bureaucrats could not resist much. A director in the MoA put it this way, 'Money is power, so you cannot resist when you do not have money.' Donors pushed for the deconcentration of procurement and budgeting that the sector ministry had used to dominate provincial governments.

Agricultural sector deconcentration

The Ministry of Agriculture (MoA) is responsible for sectoral policy and regulation of agricultural land, forestry, crop production and livestock. Since 2003, planning and budgeting has been delegated to the Agriculture Directorate at provincial government level. The right to use land and exploit forest resources was also transferred to provincial and district governments. Employees of the Directorate of Agriculture at the provincial level are employed by the provincial government and not the MoA. There are about 6,300 civil/public servants in the agriculture sector, of whom about 80 per cent are employed at the provincial level (see Table 5.7). Nevertheless, because the

Table 5.7. Agriculture sector employees (2005–2008)

<i>Place of Work</i>	2005	2006	2007	2008
Ministry of Agriculture	672	658	580	606
Autonomous central institutions	1,143	1,097	628	628
Provincial level	4,540	4,383	5,267	5,049
Total	6,355	6,138	6,475	6,283

Source: Ministry of Agriculture

MoA controls the investment budget, the Directorate of Agriculture at the provincial government level is still subordinate to the ministry.

Health sector

Health services are divided into four levels: primary health care (PHC) in towns; rural and district clinics/hospitals; provincial hospitals; and the central hospital. The MoH is responsible for health policy, for the training and employment of health professionals, and for constructing health care centres. It is the responsibility of the municipalities to deliver PHC services, but at the moment they are still delivered through the central government deconcentrated system because, according to the MoH, the municipalities have not come forward to claim its implementation. The MoH is one line ministry that resists decentralisation of the health sector in any form. The MoH has totally replicated its organisational structure at the provincial level and instituted strict control over the provincial health directorate. The MoH has about 30,000 employees at national, provincial and district levels. Health sector policy and legislation have not changed to respond to the decentralisation laws. About 67 per cent of the total capital budget of the health sector is centralised at the MoH. Two main excuses that MoH makes in order not to deconcentrate are that the districts and provinces lack management and procurement skills, and that centralism takes advantage of economies of scale.

Education sector

Deconcentration of education started in 1994 with the decision to transfer some functions from the ministry to the provinces. Education policy involving strategic planning, curriculum development, and teacher training remained with the central government while infrastructure, hiring teachers, paying salaries, and other duties transferred to provinces. There are 133,000 employees on the payroll of the MoE, of whom 90,000 are teachers (excluding university lecturers) in 13,000 public schools. Provincial governments have authority and responsibility to plan, budget, hire, deploy, pay, promote and fire teachers in their jurisdiction. In terms of curricula, provinces are allowed to adapt the national curriculum to their circumstances. For example, in Niassa Province sex education has been introduced even though it is not

part of the national curriculum. At primary school level, provinces are allowed to use local languages if they so wish instead of Portuguese. There are public, private and church-based schools. Public schools are managed by the district administration and provincial governments. The MoE expects municipalities to take over responsibility for primary education, including infrastructure, teaching and payment of staff, but at the moment these services are delivered by provincial governments because, as the Permanent Secretary of the Ministry puts it, 'municipalities appear not ready to take over'. In 2006, the MoE instructed DAs to manage primary education instead of the provincial government. The DAs had only six months to take over the responsibility. At the community level, school management councils are the highest decision-making bodies for primary schools. Parents are involved in the management of the council.

'From the beginning of education deconcentration, central bureaucrats were sceptical about its success. They were not used to change. The mentality was that people at the provincial level did not have the capacity but we took the risk and implemented it. Our approach was to deconcentrate and build capacity at the same time. Of course there were challenges but we could not wait.' (Permanent Secretary, MoE)

There are ambiguities in the way many of the service delivery responsibilities of the DAs are stated. For instance, in the area of water supply, the functions assigned to the districts are clearly defined in the regulations as 'to construct stand pipes and to open boreholes and wells,' and 'to manage or to promote the management of the water supply systems'. In contrast, with regard to the district's role in the realm of education, the regulations are vaguely stated as 'to guarantee the good functioning of the educational establishments of the district', 'to promote the fight against illiteracy', and 'to promote linkages with the school community'. So, are districts assigned the responsibility to construct school facilities, and are districts assigned the responsibility to operate and maintain schools? Ambiguity in these areas leaves much room for misinterpretations and dereliction of responsibilities between the sectoral ministry and district administration.

5.4.2 Sectoral allocation of resources

The education sector is by far the dominant sector in sub-national recurrent spending, accounting for 46 per cent of total sub-national recurrent spending. In contrast, the health sector leads in sub-national capital spending, accounting for 24 per cent of the total (see Table 5.8).

About 35 per cent of recurrent expenditure occurs at the provincial level. However, there are distinct variations in the degree of expenditure decentralisation among sectors. For instance, in the education sector about 80 per cent of recurrent expenditure actually takes place at the provincial level, making education the most deconcentrated sector when considering recurrent spending. The degree of deconcentration of recurrent expenditure is much lower in the other 'deconcentrated sectors',

Table 5.8. Sub-national (recurrent and capital) spending by sector, 2007

	<i>Total</i> (millions of MT)			<i>Per capita</i> (million of MT)		
	<i>Recurrent</i>	<i>Capital</i>	<i>Total</i>	<i>Recurrent</i>	<i>Capital</i>	<i>Total</i>
Agriculture	230.38	292.55	522.92	11.31	14.36	25.68
Public works	162.20	59.68	221.88	7.96	2.93	10.89
Education	6,239.10	653.20	6,892.30	306.34	32.07	338.41
Health	1,673.53	984.69	2,658.23	82.17	48.35	130.52
Other	4,425.34	864.73	5,290.06	217.28	42.46	259.74
Provincial Total	12,730.55	2,854.85	15,585.39	625.06	140.17	765.24
District	719.19	1,218.73	1,937.92	35.31	59.84	95.15
Total	13,449.74	4,073.57	17,523.32	660.38	200.01	860.39

Source: Boex et al., 2008: 61

including agriculture, public works and health. In each of these sectors, only 40–50 per cent of recurrent expenditure is deconcentrated. In contrast, a large majority of spending in all remaining sectors is done through the central government level (see Table 5.9).

Table 5.9. Recurrent expenditure deconcentration by sector, 2007

	<i>Total</i> (millions of MT)			<i>Total</i> (%)		
	<i>Central</i>	<i>Provincial</i>	<i>Total</i>	<i>Central</i>	<i>Provincial</i>	<i>Total</i>
Agriculture	305.91	230.38	536.28	57.04	42.96	100.00
Public works	174.70	162.20	336.89	51.85	48.15	100.00
Education	1,478.03	6,125.92	7,603.95	19.44	80.56	100.00
Health	1,521.50	1,673.53	3,195.03	47.62	52.38	100.00
Other	20,230.55	4,538.52	24,769.07	81.68	18.32	100.00
Total	23,710.68	12,730.55	36,441.23	65.07	34.93	100.00

Source: Boex et al., 2008, p.61

With regards to capital expenditure in the different sectors, Table 5.10 shows that 80 per cent or more of capital expenditure takes place at the central level for *every sector*. Procurement of services is concentrated in the sectoral ministries. This is consistent with the trend in many centralised economies where central government officials in particular prefer to stay in control of capital investments in the country.

Table 5.10. Capital expenditure deconcentration by sector, 2007

	<i>Total</i> (millions of MT)			<i>Total</i> (%)		
	<i>Central</i>	<i>Provincial</i>	<i>Total</i>	<i>Central</i>	<i>Provincial</i>	<i>Total</i>
Agriculture	1,159.85	292.55	1,452.40	79.86	20.14	100.00
Public works	9,153.64	59.68	9,213.32	99.35	0.65	100.00
Education	4,427.27	653.20	5,080.47	87.14	12.86	100.00
Health	4,938.95	984.69	5,923.65	83.38	16.62	100.00
Other	9,471.56	864.73	10,336.29	91.63	8.37	100.00
Total	29,151.27	2,854.85	32,006.12	91.08	8.92	100.00

Source: Boex et al., 2008, p.58

The policy implications of this analysis are that any attempts to further strengthen decentralisation by shifting resources from the provincial level to the district level will be particularly opposed by provincial officials within the sectors as this will further undermine the little control of resources they have and make them less influential and redundant.

5.4.3 Deconcentration to district administration

In 2003, the central government initiated a second round of deconcentration with the emphasis on DAs. The most important ‘deconcentrated’ agents were the local representatives of national and provincial line ministries and the ‘district directors’ (mainly for agriculture, education and health). This whole bundle of different organisations and representatives was officially called the *órgãos locais do estado* (OLEs) the ‘local organs of the state’. A new institutional framework, ‘The Law of the Local Organs of the State’ (LOLE, Law 8/2003), along with its implementing regulations (Decree 11/2005) provides the legal framework for operationalising the DA system. These laws designate the district as the principal unit for the organisation and functioning of the local administration of the state and the basis for planning economic, social and cultural development.

Prior to the LOLE, central government ministries were ‘vertically deconcentrated’ by sector, so that district-level sectoral units were fully accountable to the sectoral directorate at the provincial level, which in turn reported to the central line ministry. Likewise, the budget of each district service delivery unit was vertically contained in the budget of the next highest level of sectoral organisation. In contrast to the previous practices, LOLE establishes a more integrated and ‘territorially deconcentrated’ (as opposed to sectorally deconcentrated) model of local administration. A minimum of four and maximum of six service functions are organised in a form of aggregated district directorates: education, sports and youth and technology; health, human and social affairs; economic activities (trade, tourism, agriculture and industry); and

planning and infrastructure. LOLE also introduced mechanisms of participation by local communities. Within the new institutional framework, the provinces and districts are not hierarchically integrated. Instead, LOLE assigns different functions to the province and district levels, and although the district is administratively and politically subordinate to the provincial level, each of them is supposed to have their own annual plan and budget. LOLE also made provision for integrated DA services. Before LOLE, DAs had district directors at all the line ministries (tourism, education, health, planning, agriculture, etc.). After LOLE, all services were put together into five integrated district service departments.

5.4.4 Functional assignment of district administration

Article 46 of LOLE assigns a number of service and administrative functions to the DA. These include emergency services, preservation of the environment, commerce and industry, water supply, education, health, natural resource management, energy resources, transportation and public transport, participative local development, public services (such as cemeteries), slaughter houses, markets and fairs, recreation, culture, and tourism. The general administrative functions include execution of the Programme of the Government and the Social and Economic Plan (PES), approval of development plans and the budget of the districts, approval and execution of the local development plans, the overseeing of the collection of tax revenues and non-fiscal revenues of the state in its area of ability, guaranteeing the defence and consolidation of the public domain of the state and the property of the state in the respective district; and determination of taxes and tariffs of non-fiscal revenue sources, as provided for by law and approval of their own internal regulations.

5.4.5 Citizen participation through consultative council

Citizen participation in deliberations and decision-making at the DA level is organised through the consultative council (CC). The CC is not only a matter of simple representation, discussion of local problems and looking for solutions, but a process of empowerment of the communities acting as clients of the state. The CCs participate in the construction and management of, for instance, school buildings, community drinking water (boreholes), road maintenance, and community resources. By involving the people in a deconcentrated system, the government not only recognises the mechanisms of local governance, but also develops the competence of local people in the hands-on planning and execution of budgets at local level while at the same time creates conditions for local accountability.

5.4.6 Deconcentration of human resource management

The general rule from Decree 14/1997 states that to enter into the Mozambique civil service a person needs to apply through public advertisement. Recruitment takes

place where the person would be employed. The National Director of Public Services was responsible for regulating the salaries and performance of civil servants. However, with the passage of Law 5/2006, 'human resource management' was decentralised to provincial and district administrations. The two sub-national organisations were given the authority to recruit, develop, promote, and dismiss their own employees. In 2007, the Ministry of Public Service was created with the mandate of ensuring that the public service was adequately resourced with human capacity and that civil servants who work in the various levels of state administration (central government, PG, DA and administrative-post levels) are properly regulated and managed (recruited, contracted, trained, promoted, dismissed, etc.). Decree 5/2006, which regulates the recruitment and retirement of civil servants, was subsequently repealed by Law 14/2009.

Human resources capacity

In 2008 there were 167,420 civil servants (66.7 per cent male and 33.3 per cent female) in Mozambique. By mid-2009, this figure had risen to 172,000, of whom only 15 per cent were in the central government ministries in Maputo while the rest worked in the provinces and districts as sectoral field officers. The number of municipal government employees is unknown as there is no centralised co-ordination of LG employees. Only 55.8 per cent of employees in public service are permanent staff, 18.6 per cent are on probation, and 25.6 per cent are on temporary contracts. Those on temporary contracts are mostly paid by donors through projects. About 70 per cent of the recurrent budget of the state is spent on salaries, with education and health taking up the most (80 per cent). There is an extremely low level of professional or academic qualification for civil servants, especially those that work at sub-provincial level. While in the mid-1990s less than 2 per cent of civil servants had a university degree, most of whom were concentrated in the capital, data from the Ministry of State Administration shows that only 0.1 per cent of those working at the provincial level had a university degree, while 37 per cent had no formal education at all (UNCDF/UNDP, 1998). In 2008, the Ministry of Public Service published a report on the educational qualifications of civil servants in Mozambique (see Table 5.11), but it is now estimated by the government that about 8.1 per cent of all civil servants have university degrees, 25.69 per cent have completed their high school education and 42.04 per cent have completed basic education. Amongst the civil servants with university degrees, 13.4 per cent are working in the districts (outside the provincial capitals).

The educational level of civil servants indicates the quality and competence of government machinery to develop and implement programmes. In Mozambique, Inhambane Province employs the least number of civil servants with higher education, and is also the province with the highest incidence of poverty at 81 per cent.

Table 5.11. Number of civil servants at national and sub-national level and their educational qualification

Location	No. of civil servants		Education			
	No.	(%)	Elementary ³ (%)	Basic (%)	Inter-mediate (%)	High school (%)
Central government	25,610	15.30	25	42	25	8
Sofala	14,105	8.42	23.8	41.2	28.9	6.1
Tete	10,773	6.43	21.3	49.9	26	2.8
Manica	10,119	6.04	19	48.4	28.9	3.6
Zambezia	18,138	10.83	24.6	53.4	18.5	3.5
Nampula	19,916	11.90	26.9	47.8	20	5.2
Cabo Delgado	10,067	6.01	22.5	59.1	14.9	3.5
Niassa	10115	6.04	27.5	47.3	22	3.2
Inhambane	12,684	7.58	25.5	47.2	24.5	2.8
Gaza	12,188	7.28	23	43.9	29.7	3.4
Maputo Province	12,301	7.35	22	36.1	34.2	7.6
City of Maputo	11,404	6.81	29	20.7	28.3	22

Source: Ministry of Public Service, 2008

Training of civil servants

Through the system of training in public administration (SIFAP), two types of professional training programmes are offered to civil servants. The first is the Higher Institute of Public Administration (ISAP) training programmes that are offered to central government employees and short courses for central, provincial and district administration employees. ISAP has offices in Maputo, Niassa and Sofala provinces to deliver the short courses. Every year about 450 civil servants from the central government ministries and agencies are trained in certificate programmes in public administration (CPSAP) at ISAP. The second professional training programme is provided by the Institute of Municipal and Public Administration (IFAPA) for sub-national and municipal employees. IFAPA has three training centres in the provinces of Maputo, Sofala and Niassa. There has not been any study to evaluate the effectiveness of these training programmes in terms of providing the kind of competence that municipal civil servants require in order to perform their functions effectively. The government is also considering organising distance learning to reach the many civil servants that need to be trained.

Remuneration of civil servants

Decree 14/2009 sets the recruitment and remuneration framework for civil servants in the 128 district administrations with the intention of setting up a unified staff

employment system under the management of the Ministry of Public Services. The basic salary is the same for all government employees with similar academic qualifications, but beginning in 2009 the government is providing a localised subsidy to employees who are transferred to remote districts. The monthly salary for new recruits with an elementary certificate is MT2,345 (US\$90.2) a basic certificate receives MT3,283 (US\$126.3), a medium general certificate MT3,752 (US\$144.3), a medium professional/technical certificate MT4,244 (US\$163.2); a bachelor's degree MT5,980 (US\$230) and a licenciatura⁴ MT7,715 (US\$296.7). The central government undertakes annual reviews of salaries in consultation with the Labour Consultative Council.

Promotion of civil servants

Every year, the government determines the number of employees who will be promoted and the budgetary implications. Until 2007, sector ministers undertook the promotion of civil servants. With the establishment of the Ministry of Public Service, the promotion of civil servants and their accountability has been transferred from the sectoral ministries to the Ministry of Public Service. The basic rule is that a civil servant is promoted every three years.

Dismissal of civil servants

No civil servant can be fired without permission from the administrative court, which has the power to establish or verify the reason for dismissal and rule whether it is justified and whether due process has been followed. The procedures for dismissing a civil servant involve formal accusation, a disciplinary committee hearing, and analysis of evidence. All these processes need to be completed within 15–20 days. The verification process makes it difficult to fire people. Given that there is a lot of work to be done to improve on the professionalism of the public service, this bureaucratic regulatory mechanism is needed to protect employees who can easily become victims. In 2009, the Ministry of Public Service passed a resolution (an administrative fiat) that permits the district administrator to hire and fire employees at the district level. Before the passage of that resolution provincial governors were responsible for hiring and firing civil servants. Given that this administrative fiat is not legally binding, DAs and PGs undertake dual hiring and firing at the sub-national level.

Planning, budgeting and financing of district administration

LOLE establishes the DA as the main territorial unit for the organisation and functioning of the local administration of the state and the basis for the economic, social and cultural development planning of the country. LOLE also establishes the district as a unified budgeting unit, with the district planning and budgeting process starting at the administrative post. In 2006, the central government initiated

a district-level development grant (or allocation) which provides financial resources to the districts to financing projects that are locally defined as priorities through the CC mechanism. In 2006 and 2007, each district was given MT7 million (approximately US\$300,000) for this purpose, while the amount was expected to increase slightly in 2008. There is no clear methodology for allocating these financial resources among districts, so each district roughly receives the same amount regardless of differences in size, population and needs. The districts are expected to use the funds to support income generation and job creation projects. Decisions on the use of the funds lies with the district's consultative councils. Other resources find their way indirectly to the districts from the central government budget through parallel ministerial mechanisms (which may or may not provide districts with some discretion over the use of these resources).

5.4.7 Central–sub-national fiscal relations

Vertical imbalance between state and LGs

The state administration (including the sub-national organs of the state) dominates expenditure in the public sector with 99 per cent of public expenditure taking place at this level. The recurrent budget is more decentralised than the capital budget, with almost 37 per cent of recurrent expenditure taking place sub-nationally, versus less than 13 per cent of capital expenditures (see Table 5.12).

Table 5.12. Degree of recurrent and capital expenditure decentralisation in Mozambique, 2007

MT '000	Recurrent spending	Capital spending	Total spending
Central government	23,710,682	29,151,274	52,861,957
Provinces	12,730,546	2,854,845	15,585,391
Districts	719,195	1,218,730	1,937,925
Municipalities	290,677	220,625	511,302
Total	37,451,100	33,445,474	70,896,574
<i>As % of total</i>			
Central government	63.31	87.16	74.56
Provinces	33.99	8.54	21.98
Districts	1.92	3.64	2.73
Municipalities	0.78	0.66	0.72
Total	100.00	100.00	100.00

Source: Boex et al., 2008, p.45

In most ways, these percentages compare reasonably to international standards, as shown in Table 5.13.

Table 5.13. Worldwide experience: expenditure and revenue decentralisation

	1980s			1990s				2000		
	Developing Countries	OECD Countries	SSA	Developing Countries	OECD Countries	Transition Countries	SSA	Developing Countries	OECD Countries	SSA
Share of Sub-national Government Tax to Total Government Tax	7.70	18.75	-	9.27	19.13	16.59	-	14.17	22.04	-
	(35)	(22)		(28)	(20)	(14)		(58)	(22)	
Share of Sub-national Government Expenditure to Total Government Expenditure	13.24	32.27	10.50	13.78	32.41	26.12	10.30	22.88	32.33	13.22
	(43)	(23)	(14)	(54)	(23)	(23)	(13)	(39)	(22)	(10)

Source: Bahl (2005); computations by authors in Boex et al., 2008: 26

For developed economies, on average, only 33 per cent of public expenditure is decentralised; for transition countries, it is 27 per cent, while for developing economies, the corresponding share is only 13.8 per cent. A substantial part of sub-national public spending in Mozambique takes place at the provincial level (rather than at the district or municipal level). The provincial level should be considered a jurisdiction that is 'too far away from the people' to be an effective decentralised unit for delivering public services. In addition, the provincial authorities have a high degree of budgetary autonomy over the districts in terms of planning and use of budgetary resources.

While LOLE declares districts to be the base of the delivery of public services and socio-economic planning in Mozambique, the degree of expenditure decentralisation to the districts is inconsistent with the expenditure assignment. About 36 per cent takes place at the provincial level, and only about 2 per cent at the district level (see Table 5.14).

Table 5.14. Degree of recurrent expenditure deconcentrated within the state administration in Mozambique, 2003–2007

MT '000	2003	2004	2005	2006	2007
Central	10,152,158	11,364,094	17,563,141	19,058,169	23,710,682
Provinces	6,146,341	7,588,133	9,457,040	11,070,366	12,730,546
Districts			540,511	677,058	719,195
Total	16,298,499	18,952,227	27,560,692	30,805,593	37,160,423
<i>As % of total</i>					
Central	62.29	59.96	63.73	61.87	63.81
Provinces	37.71	40.04	34.31	35.94	34.26
Districts	0.00	0.00	1.96	2.20	1.94
Total	100.00	100.00	100.00	100.00	100.00

Source: Boex et al., 2008, p.51

Horizontal inequality among provinces and districts

In comparing public expenditure at the sub-national level, it is always appropriate to consider expenditures per person rather than total public expenditure. The premise is that the individual (the citizen, taxpayer, voter and user of government services) is the ultimate recipient of government spending and government services so if the central government wishes to treat its citizens equally (or better still equitably) then public expenditure per person should be more or less equal. Of course, we do not expect public spending per person to be exactly equal across all sub-national jurisdictions for various reasons (for example, conditions are not equal in all jurisdictions and the fiscal policy intentions of governments may differ). The analysis shows significant variations in terms of expenditure per person across provincial and districts levels (see Table 5.15).

On average, a province spends MT700 (US\$22) per person on recurrent expenditure programmes, whereas districts spend about MT37 (US\$1.1) for recurrent purposes. Similarly, provincial capital spending averages MT154 (US\$4.9) per person compared to MT66 (US\$2) per person at the district level. Niassa Province has the highest per capita expenditure levels for both recurrent and capital spending

Table 5.15. Recurrent and capital expenditure by provinces and districts in 2007 (in MTn per person)

	<i>Recurrent spending</i>			<i>Capital spending</i>		
	<i>Province</i>	<i>District</i>	<i>Total</i>	<i>Province</i>	<i>District</i>	<i>Total</i>
Niassa	865.33	46.02	911.35	213.49	104.88	318.38
Cabo Delgado	794.70	50.12	844.82	197.98	72.21	270.19
Nampula	456.03	56.58	512.61	39.86	43.17	83.02
Zambézia	343.74	21.46	365.20	142.52	70.82	213.34
Tete	708.87	47.40	756.27	216.60	72.73	289.33
Manica	660.06	17.23	677.29	192.72	50.02	242.75
Sofala	859.58	37.89	897.47	167.52	73.63	241.15
Inhambane	596.58	24.83	621.41	227.42	64.74	292.17
Gaza	700.64	27.74	728.38	101.58	62.90	164.48
Maputo (Prov.)	850.23	42.03	892.26	147.84	48.74	196.58
Maputo (City)	869.62	0.00	869.62	45.28	0.00	45.28
Total	625.06	35.31	660.38	140.17	59.84	200.01
Average	700.49	37.13	734.24	153.89	66.38	214.24
Standard deviation	176.61	13.49	177.58	66.51	17.52	87.05
CV	0.25	0.36	0.24	2.31	3.79	2.46
Minimum	343.74	17.23	365.20	39.86	43.17	45.28
Maximum	869.62	56.58	911.35	227.42	104.88	318.38
Max/Min Ratio	2.53	3.28	2.50	5.71	2.43	7.03

Source: Boex et al., 2008: 55

categories (MT911 per person). Per capita provincial recurrent spending levels vary from a maximum of MT870 (in Maputo City) to a minimum of MT344 (in Zambézia), while capital spending per capita reached a maximum of MT227 (in Inhambane) and a minimum of MT39.86 (Nampula). These ranges reflect considerable horizontal fiscal disparities, since better off provinces have about three times more resources to spend in per capita terms than the worst-off (lowest spending) provinces spending. For instance, Sofala Province has the least poverty, about 45 per cent lower than Inhambane (81 per cent), yet Sofala receives more resources per resident to spend on development and recurrent costs than Inhambane. In contrast, anecdotal evidence suggests that these inter-provincial variations appear to have arisen over time as a result of historical inequities. These substantial variations in provincial resource allocation are not only a fiscal problem but also a problem as far as efforts to reduce poverty are concerned. Variations in resource allocations limit quality service delivery in the under-resourced areas.

Furthermore, while district-level spending is much smaller across the board than provincial spending, expenditure per capita also varies significantly across districts, ranging from MT57 (US\$1.8) in Nampula to MT17 (US\$0.53) in Manica for recurrent expenditure and MT105 (US\$3.3) in Niassa to MT43 (US\$1.35) in Nampula for capital expenditure. It seems that these variations are largely due to the application of the 'equal shares' principle in resource allocation, regardless of substantial differences in their population size. The horizontal fiscal imbalances are not limited to the provincial and district levels; municipal expenditure levels also vary significantly, both in nominal as well as per capita terms.

5.5 Decentralisation to Markets

Mozambique has not only decentralised state responsibilities to government institutions, but has also transferred some of the responsibilities to the market through privatisation and public-private partnerships.

5.5.1 Privatisation of state enterprises

The privatisation programme in Mozambique has been one of the largest (by number of transactions) in sub-Saharan Africa, and some claim it has been one of the most successful in Africa (Cramer, 2001). During the 1990s, all state farms (sugar plantations, cashew nut factories, cereal crop producers and forestry) were privatised while private individuals were encouraged to go into small-scale farming. There are currently about 3.5m small-scale farmers growing cotton or cashew nuts, and about 37,000 medium-scale farmers and 400 large-scale farmers. The sugar industry is dominated by private foreign capital. Privatisation was not limited to the production sector. It was also applied to banking. In the social services sector, private-sector participation has been poor. For instance, almost two decades after deregulating the health sector, private-

sector participation remains extremely low with only a few clinics in the cities. In Mozambique, public health care is 100 per cent free for both preventive, in-patient and out-patient treatment. There are no immediate plans (in terms of government policy) to reform health care financing. Nevertheless, privatisation mechanisms have been criticised by many commentators as having been hasty and careless. Critics argue that Mozambique failed to build an institutional regulatory framework for privatisation and market competition prior to the reforms, hence the process allowed elite capture. In the end, privatisation fuelled corruption and patrimonialism in Mozambique (see Cramer, 2001; Harrison, 1999; Pitcher, 1996). Donors are also accused of not really paying attention to increasing corruption in Mozambique in order not to endanger their image of Mozambique as a developmental model (Hanlon, 2004). Some authors even describe the political system that has emerged in Mozambique as ‘competitive clientelism’ (Macamo and Neubert, 2003) or ‘patrimonial–democratic’ (Braathen and Orre, 2001).

5.5.2 Public–private partnership in services delivery

The use of public–private partnerships in social-service delivery is not widespread in Mozambique. Only a few urban municipalities have attempted to contract out solid waste collection to private companies. For instance, since 2007 about 95 per cent of the municipal SWC in Maputo has been contracted out to private companies. The municipality keeps only a 5 per cent contingency capacity to deliver. The fee for SWC is added to households’ electricity bill. The management of municipal parks and gardens has also been given to private enterprises. In the provision of water, health, primary education and other basic infrastructure services, NGOs are prominent in rural areas, but they do not sign any partnership agreement with the DA that one can consider a legal partnership agreement. NGOs work at their own discretion as long as they satisfy the conditions of their donors and beneficiary communities.

5.6 Lessons Learned, Achievements, Challenges and Suggestions for Improvement

5.6.1 Lessons learned

Decentralisation design and its impacts

During the development of Mozambique’s decentralisation programme, the government could not spell out clearly the policy direction. As a result two parallel state–local reforms in the form of deconcentration and devolution evolved. While senior government politicians argue that the cautious approach to decentralisation was justified because of the technical constraints that the newly independent government faced, critics maintain that the choice of two parallel systems was purely political. Whichever way one looks at it, a number of lessons can be learned from the outcomes.

First, there has been a proliferation of decrees that are being added to and amended without one coherent and authoritative national policy on decentralisation. For instance, in terms of deconcentration there are documents and decrees that provide rules, discussions, and guidance on organisational structure, planning, and financing of provincial and district administrations. There is also political support for pushing resources down the state's administrative structure, but beyond that the government is not pursuing any clear, specific objectives with its decentralisation. Central government and parliament continue to 'make it up as they go along', while line ministries are developing their own decentralisation strategies.

Second, without a decentralisation policy framework, implementation has been left to individual ministries without there being any links between the broader decentralisation process and sectoral processes. For example, while the MPD (Ministry of Planning and Development) is establishing a decentralised planning and financing framework, the MAE (Ministry of State Administration) has re-structured the organisation of district administrations, and is preparing to do the same at the provincial level. Line ministries are developing decentralisation plans in their respective sectors. The MoF is preparing to roll out e-SISTAFE – an online electronic system that tracks expenditure at the district level – to the district level, hoping to shift sectoral resources embedded in provincial budgets into district-level budgets by 2009. These are all positive developments that support the decentralisation process, but they need to be properly co-ordinated by MAE, which is responsible for the overall decentralisation and implementation strategy in the country.

Third, there is no effective monitoring and evaluation of the decentralisation progress. Where does dual decentralisation go? Will deconcentration or local state administration and municipalisation integrate or converge in the future? With the arrival of the provincial assembly in 2009, what will be the relationship between the municipal assemblies and provincial assemblies? The government has established a task force to review the implementation of decentralisation policy and to advise the government on the way forward. Discussions with the lead consultant suggest that with time the two parallel decentralisation structures will converge not as a single LG system but as 'service-providing organisations'. What this means is unclear as discussions are still ongoing.

Fourth, while the central government may be commended for developing a legal framework for decentralisation, it has not been able to clearly explain its gradualist strategy of decentralisation to the people. There is a deep misunderstanding on the part of intellectuals, civil society, and the donor community about the government's gradualist approach. While critics thought the gradualist approach meant that DAs will grow, improve on their capacity, and finally become municipalities (or autonomous LG units), the central government understanding of gradualism or municipalisation simply means autonomous LGs for towns, so DAs will not necessarily grow to become municipalities. Municipalities and DAs will continue to

exist side by side. Again, the new decentralisation policy and strategy document that is being developed is expected to clarify the gradualist approach. The document is expected to be ready by June 2010.

Mozambique's decentralisation approach to services delivery

Water provision is one basic service for which Mozambique hopes it meet the MDGs. In the implementation of programmes and projects towards the provision of water, the government's strategy has gradually shifted to semi-autonomous state agencies Aqua de Mozambique (Mozambique Water Company) and the Mozambican government's Water Supply Investment and Assets Fund (FIPAG). Urban water delivery is delegated to Aqua de Mozambique while FIPAG finances rural and community water supply. For the provision of small water projects in the districts, provincial governments procure and manage contracts for the construction of wells and boreholes to take advantage of economies of scale, while district administrations have the responsibility for maintenance and rehabilitation. Water tariffs in urban areas are determined by CRAAL, a water regulation agency, while tariffs for small water management in the provinces, districts and villages are determined by the National Directorate of Water. This multiple institutional arrangement has ensured greater coverage.

The politics of decentralisation

In Mozambique, critics of the government argue that the design and choice of the dual decentralisation process has been shaped mainly by political consideration. They argue that until the peace agreement, RENAMO had substantial control of rural areas in Mozambique while FRELIMO was dominant in Maputo and a few urban areas. To prevent possible RENAMO control of LG structures in rural areas, the FRELIMO-dominated national legislative assembly revoked earlier laws that had permitted elected local councils in all parts of the country. The ruling FRELIMO party favours deconcentration rather than devolution because in the cities they already have absolute support so the party does not need to do much to retain their power base. Through deconcentration the party is able to use state apparatus to their advantage in the rural areas. If the government is able to transfer more resources to field administrators and fill all the structures with FRELIMO party members, then the support base of the opposition in the rural areas would be broken. The critics say that this explains both the demise of the opposition in recent municipal elections and also the massive transfers of money to DAs without proper monitoring of its use. Critics conclude that as far as decentralisation and state-local reform were concerned, the strategy of FRELIMO since independence and, in particular, after the civil war, has predominantly been shaped by strategic party power considerations. Decentralisation has been allowed where it does not hurt FRELIMO much (Roll, 2004: 52). The government disagrees with this assertion, saying that the explanation for opposition demise is poor leadership and lack of alternative ideas. The opposition

wants municipalisation only to accommodate their people, according to a leading FRELIMO party member (pers.comm.).

Clearly RENAMO also understands decentralisation as a chance to gradually challenge FRELIMO domination of national politics from outside the centre, but the party has been unsuccessful.

5.6.2 Achievements

Legal framework for decentralisation

After the national constitution, LG law is probably the most important law that deals with governance in any state, so it is worth spending time and resources to make it all-encompassing. Following the enactment of a constitutional amendment in 1996 (Law 9/96), legal frameworks for municipalities were established. They include the Municipal Government Act (Law 2/97), the Municipal Finance Act (Law 11/97), later replaced by Law 1/2008, and the Municipal Service Act (Law 33/2006). At deconcentrated government level, LOLE Law 8/2003 defines clearly the functions, jurisdictions and structure of state administration from provinces down to the localities while Decree 11/2005 further regulates them. Generally, the central government has provided an adequate legal framework for the operation and finance of municipalities and field administrators.

Reduction in administrative bureaucracy?

When asked about the major achievement of decentralisation policy in Mozambique, government officials at both the central and local levels were quick to say that it has reduced bureaucracy.

Before decentralisation all civil servants in the provinces and districts were appointed in Maputo and that took a long time before approval was given. Decentralisation of human resources to the provinces and districts has reduced the bureaucratic processes involved in recruiting people to fill administrative positions. 'You need not come to the ministry and ministers need not sign many letters.' (Director, Human Resource. Ministry of Public Service)

'We know the people; we are closer to them, able to identify their problems, and design solutions faster than the provincial and central governments. Decentralisation has improved monitoring of projects because councillors are around to check service delivery for their constituents.' (Mayor of Manica)

At the local level, it is easier to stimulate and monitor employees' performance.

The above quotations were repeated by most of the people the author interviewed.

Decentralised co-operation

Decentralisation has enabled municipalities to enter into direct solicitation for financial support/grants from donors without necessarily passing through the central government (as long as it is not a loan). For example, the municipality of Dondo in 2005 had a budget of about US\$680,000 out of which about 50 per cent came from donors in a form of 'hardware' support. Almost all capital expenditure in terms of infrastructure, such as the rehabilitation of roads, public sanitation, the water system, public electricity and administrative buildings of the municipal council are primarily donor funded (Nuvunga, 2007). In the city of Maputo, 52 per cent of the 2009 municipal budget was donor funded.

Promotion of citizen participation in local development

At the DA level, the government argues that people are more conscious about their local development because of the participatory process that the local consultative council offers. The consultative council, which is an apolitical body, offers opportunities and avenues for citizens to engage government field officers (DAs) in deliberations, planning, and the prioritisation of local development projects that are normally not found in deconcentration. Government officials argue that this apolitical mechanism has been more effective in encouraging community participation in local development than the democratic elections that municipalisation provides. In the latter system, citizens participate only once every five years through democratic elections and only hope that their councillors will represent their interests well in municipal council. In the CC system, ordinary citizens participate in community meetings that make decisions.

Gradual improvement in local democracy

While voter turnout in national elections is falling steeply (from 87 per cent in 1994 to 44 per cent in 2009), in local elections it is rising substantially (from 15 per cent in 1998 to 46 per cent in 2008). This means that people are beginning to see the relevance of local democracy. With a gradual increase in the number of municipalities, local democracy will improve further.

Improvement in provision of some basic services

One of the key objectives Mozambique sought to achieve using decentralisation is better service delivery. Although data is patchy, anecdotal evidence suggests that the provision of some basic services has improved in rural areas as a result of a massive injection of government funds to the DA. The proportion of the population with access to potable water has increased from 37.1 per cent (2001) to 48.5 per cent (2007). In terms of basic sanitation, in 2007 25,638 pit-hole latrines were built in rural areas all over the country, leading to 39 per cent coverage (GoM, 2008: 12). In urban areas

SWC has improved as has land-use planning in the municipalities. The coverage for urban water supply has also risen from 31.2 per cent in 2000 to 40 per cent in 2007. The government's official report on the assessment of the MDGs clearly points out that there is potential to halve the number of people without access to safe drinking water and sanitation. The primary school completion rate has significantly increased from 38.7 per cent in 2003 to 72.6 per cent in 2007. Construction of classrooms and recruitment of teachers were considered key issues for achieving this. These activities have been decentralised to the DAs and provincial governments, respectively.

5.6.3 Challenges and suggestions for improvement

Developing a comprehensive and strategic decentralisation policy framework

Mozambique has implemented the tenets of decentralisation for over a decade without a formal decentralisation policy framework to guide the direction of the process. In the context of state administration reforms, a decentralisation policy document would typically precede the passage of a decentralisation law. Unfortunately in Mozambique, while there are many documents (decrees, ministerial plan and programmes, national strategic plans, etc.) that address some of the fundamental issues in decentralisation, no formal policy statement on decentralisation has been adopted. As a result, there seems to be no specific overall reference document and designated institutional mechanism to push the process forward when it derails, or when important decentralisation issues fall between the cracks.

The government explanation for not having a written policy document is that it did not want to commit to any policy framework that would pin it down on an area that it was not sure about. As one senior FRELIMO party member indicated, 'The political will to implement decentralisation is there to a large extent but we do not want to be prescriptive. If you're not sure of what you're doing why should you be prescriptive? We wanted a gradual approach so we could learn lessons [as we go along].'

The criticism for not having any policy framework seems to have sunk deeply into the government. As a result, they have started two initiatives. First, the Ministry of State Administration has engaged two consultants to analyse decentralisation practices in the country with the aim of developing a National Decentralisation Strategic Document. Second, the National Directorate of Planning (DNP) at the Ministry of Planning and Development (MPD) is studying various policy options for decentralisation in addition to preparing a National Program for Decentralised Planning and Finance.

A comprehensive decentralisation policy document would provide guidance on the envisioned political, fiscal and administrative reforms between the centre and sub-national governments. It would also provide a series of programmes and timelines

for the implementation of reforms, along with major milestones and benchmarks to be met along the way, as well as identifying instruments to orchestrate progress. A proper policy document would set forth the government's vision on a variety of decentralisation issues. Such a policy needs cabinet approval to become authoritative against any narrow interest by any individual ministry. Following the design of a new decentralisation policy and strategic framework, there is a need for Mozambique to set-up an inter-ministerial committee to be chaired by a high-level person (perhaps the prime minister) or a senior minister with political clout to lead its implementation. Such a body can be located within the presidency so as to get political leverage over the ministries and also to take away the inter-ministerial conflict that is normally associated with decentralisation implementation.

Conditions/parameters for gradualism

While the policy principle of gradualism has been adopted, based on which devolution or 'municipalisation' would be extended gradually over the coming years, the central government has not set any framework to outline the conditions under which this would happen. As a result, the district administrative system continues to operate in a form of deconcentration without any future plan or programmes to provide them with some degree of autonomy. In 2008, ten villages formerly managed through the deconcentrated field administration system were promoted to municipalities. Without clear parameters for gradualism, critics argue that the government has been selective. There is, therefore, a need for the new decentralisation policy to clearly provide the parameters for gradualism.

Simultaneous implementation of decentralisation, capacity building and attitudinal change

While there is no apparent opposition to decentralisation in Mozambique, some central and provincial government bureaucrats who live in the cities believe that decentralisation cannot work in the rural areas. They have a mindset that decentralisation is not possible in places where people are not educated. They argue that decentralisation is happening too quickly while people have not been trained to function: 'Until young university graduates move to the districts the capacity there will remain low, so decentralising a lot of responsibilities and resources to them would not be the right approach to take', argues one senior central government bureaucrat.

There are also spots of resistance by central government line ministries to transfer duties and jurisdictions to DAs. For example, the state agency responsible for the distribution of road funds uses a bureaucratic approach to frustrate DAs. It subjects DAs to many unachievable preconditions before releasing funds. Another example is the disbursement of the water fund. A government report on the MDGs shows that of the total central government budget allocated to priority sectors (education,

health and infrastructure) to reduce poverty (the Action Plan for the Reduction of Absolute Poverty – PARPA), about 20–25 per cent is not used (GoM, 2008). Central and provincial governments still hold the funds and will not decentralise its use. Some provincial governors and ministers believe that since they are answerable to parliament in the performance of services, there is no justifiable reason to devolve powers to lower authorities. So while there is a need for the simultaneous implementation of decentralisation and capacity building at the lower levels, there is also a need for the central government to change the attitude and mindset of some central government bureaucrats who use the inadequate capacity of the DA to hold back efforts to decentralise to DAs. While the capacity of the district level to plan, budget and financially execute all the sectoral functions and activities that LOLE assigns to the DAs may not be there at present in many DAs, the burden is on the central government to build this capacity, but this capacity cannot be built without the government first building its own capacity to explain to the citizens and other stakeholders the policy choice of pursuing devolution side-by-side with deconcentration. Second, the government needs to change the attitude of its own sectoral employees in Maputo and the provincial capitals that work against decentralisation. They need to be made to understand that capacity development at the DA level will be achieved through learning by doing. While IFAPA training programmes aim to target the capacity of employees at municipal and local levels, the magnitude of the problem requires not only financial and institutional support, but also an attitudinal change in central government bureaucrats. Management is much better when actually practiced than when simply studied in the classroom.

Improving mechanisms for poverty reduction

Poverty levels have gone down slightly in Mozambique from 69 per cent in 1997 to 54 per cent in 2003. They are expected to drop further, to 45 per cent and 40 per cent in 2008 and 2015 respectively (GoM, 2008: 10). While this reduction may not be attributed totally to decentralisation (given the massive injection of foreign aid and big projects into the economy), it is also not a coincidence that over the same period the proportion of expenditure allocated to social services that have had positive effects on poverty reduction has been remarkable. Expenditure on education (20.8 per cent), health (13.5 per cent), and infrastructure (16.4 per cent) is 50.7 per cent overall, and far exceeds the target for the MDG and indicates the government's commitment to poverty reduction. The key challenge is for the government to ensure that funds earmarked for poverty reduction do not get stuck at the centre and line agencies, but go to the districts and are properly used and accounted for.

Furthermore, decentralisation reforms seem to have benefited the provincial governments more than the districts and municipalities, even though the latter are closer to the people. About 95 per cent of recurrent sub-national resources are anchored within the provincial budget. The provincial level is where decisions

are made and money is spent, particularly with respect to the key sectoral services (education, health, agriculture and public works and water).

Guarding against recentralisation and further weakening the autonomy of municipal governments

While like-minded donors are pushing for the further strengthening of the municipalisation system, central government has passed new laws that weaken instead of strengthen the autonomy of municipalities. This includes a new law to reduce central government transfer (CGT) to municipalities from 3 per cent to 1.5 per cent. In actual practice, CGT to municipalities is less than 1 per cent. The argument by the government for reducing CGT is that the municipalities have sufficient revenue sources that they do not tap. While this may be true for urban municipalities like Maputo, the rural ones may really suffer from this policy. In addition, Law 11/2005 empowers provincial governors and the Minister of State Administration to supervise the work of municipalities. In other words, municipalities have dual subordination to the Minister of State Administration and provincial governors, with the latter having the power to overrule municipalities. Although supervision of municipal governments by a higher level of government is needed for effective decentralisation, there is a need to guard against excessive controls by state bodies.

Moving away from disjointed sectoral planning to an integrated decentralised planning

The current institutional framework for guiding the decentralised planning process is weak on providing mechanisms for integrated planning. The MAE, though, has responsibility for co-ordinating the devolution of sectoral plans. It has not been able to discourage line ministries from formulating their deconcentration plans. Also, without clear targets on when sectoral deconcentration should end, the sector ministries have no plans to discontinue the practice. The decentralised planning and financial framework needs to eliminate the hierarchical review and revision of LG budgets. Under a proper district planning and budgeting process, districts are given firm budget ceilings at the beginning of the budget formulation cycle. As long as the district budget conforms to these ceilings and the associated (centrally issued) planning and budget guidelines, there should be no space for central officials to modify the district's budget and alter the district's priorities in a discretionary manner. Furthermore, currently some municipalities undertake participatory municipal planning and budgeting while others do not. There is a need for the government to undertake an assessment of the participatory planning and budgeting initiatives and, if found effective, make it a uniform framework for decentralised planning and finance.

Local resource mobilisation

Aid flows are decreasing in real terms and this tendency is expected to continue. In order to face up to this decline, a redoubling of efforts to increase the tax base is required in the coming years. While urban municipal governments have enormous potential for increasing internal revenue collection, they have not put in the necessary effort. For instance, Maputo municipality can generate huge revenues from parking but has failed to collect them. In Manica, the municipality does not collect property rates. There is a need to support urban municipalities to mobilise their potential revenue.

Local-level (sub-municipal) structures for effective citizen participation

Many district capitals have weak physical infrastructure. The situation is more pronounced at the level of administrative posts. In the case of the localities and villages, such infrastructure is virtually non-existent so there is no presence of state institutions there. In the urban municipalities, apart from voting once every five years, there are no institutionalised structures to encourage citizens' direct participation in municipal affairs. As one central government official puts it, 'Municipalisation only brought local elections, nothing else'. Municipal governments do not have sub-urban or lower level structures (ward, zonal, area council) that would enable citizens to interact with municipal apparatus. As a result, participatory budgeting that requires citizens' involvement is not widespread in the municipalities because there aren't structures to support its implementation. If decentralisation is to work better, then physical and institutional infrastructure for local-level structures should be improved.

Inequality between urban and rural areas

While there is data to show that basic services provision is improving in Mozambique, disaggregated figures between rural and urban communities still provide worrying challenges for the government's decentralised programmes. For instance, the newborn mortality rate has decreased from 59 deaths per 1,000 live births to 48 per 1,000. This reduction has been more significant in urban areas (55 in 1997 to 35/1,000 in 2003) than in rural areas (57 in 1997 to 53/1,000 in 2003), with the Nampula, Cabo Delgado and Niassa provinces showing the highest rates in the country. Also, the infant mortality rate (IMR) has diminished from 137 to 124 per 1,000 live births whereas the mortality rate for five-year-olds has decreased between 1997 and 2003, from 219 to 178 per 1,000 live births. Beyond these general statistics lie geographical differences. The government report on MDGs shows that a child in Cabo Delgado Province is three times more likely to die before the age of 5 than one born in Maputo City (GoM, 2008: 30). Furthermore, health information records at the MoH show a rising trend in pregnant women seeking institutional assistance in deliveries (from 44.2 per cent in 1997 to 47.7 per cent in 2003), but again the difference between urban and rural

areas is striking at 71.4 per cent and 28.6 per cent respectively. Some of these inequalities are inadvertently caused by poor analysis and application of the government's fiscal decentralisation programme. Government public expenditures per capita have not targeted this inequality but have actually exacerbated it. Horizontal inequality is not only prevalent in financial resources and public infrastructure provision, but also in political rights among citizens living in different localities. Since 1998, only 25 per cent of the national population (those living in urban municipalities) have been given the right to elect their leaders (mayors and councillors). Again rural citizens have been deprived of this privilege.

Accountability in the use of central government transfers

Law 2003 gives the DAs a lot of money to enable them to provide employment, local roads, water, etc. Since 2006, the central government has provided discretionary funds (US\$300,000 in 2007 and US\$450,000 in 2008); however, many stakeholders, including donors, think they have not been transparent and accountable in the use of these funds. Accountability in the use of the money is provided through e-SISTAFE, an online electronic system that tracks expenditure at the district level, but it is only available in 50 out of the 128 districts. The rolling out of e-SISTAFE to the rest of the districts is delayed because of the absence of electricity, telephones and banking services. Lack of opportunities for a proper accountability system necessitates corruption at the local level. The recent case where the Angoche District Administrator in Nampula Province established a construction company in the name of his son and awarded it state building contracts, including rehabilitation of Angoche district administration offices, at a ridiculous price, is a test case for accountability systems in Mozambique. The government is responding to such corrupt practices by bringing offenders before the courts. In 2009 alone, 463 corrupt cases were submitted to the Attorney General's Office for investigation and prosecution.

Quality of service delivery survey

There is a need for Mozambique to introduce an annual assessment of the quality of services that citizens receive from service providers. At the moment service providers, be they central, provincial or government, district administrations or the private sector, undertake assessment as and when they want without clear guidance. A report card system to assess the quality of services that citizens receive in solid waste collection, sanitation, urban transport, education, health, water, etc. would provide useful information not only for planning purposes but also to enable the government to assess how far it has been able to meet citizens' expectations. The decentralisation policy framework and strategy document should consider incorporating a quality assessment survey of local services provision. Also, the work currently being undertaken by the Ministry of Public Service to institutionalise performance management across the public services should take this into consideration.

Notes

1. Later on all the ten provincial capital cities, including Matola and districts centres, were transformed into executive councils.
2. The main argument was that the national constitution prescribes centralisation of the state so there cannot be autonomy of the LGs.
3. Elementary education consists of seven years of schooling; basic education, ten years; middle education, twelve years; and higher education twelve years or more.
4. The licenciatura is a four-year degree course (higher than BA degree but lower than MA).