Integration of Mozambique Local Authorities in the European Cooperation Programming Process
2021-2027

COMPRENDIUM
Of Key Reference Documents

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December 2020
## Abbreviations and Acronyms

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<th>Abbreviation</th>
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<tr>
<td>ANAMM</td>
<td>National Association of Local Government of Mozambique</td>
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<td>ANE</td>
<td>National Administration of Roads</td>
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<td>APRM</td>
<td>African Peer Review Mechanism</td>
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<td>CIRAP</td>
<td>Comissão Interministerial da Reforma da Administração Pública</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>DPS</td>
<td>Provincial Directorate of Health</td>
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<td>EDM</td>
<td>Electricidade de Moçambique</td>
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<td>ENASAU</td>
<td>Education Sector Strategic Plan</td>
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<td>END</td>
<td>National Development Strategy</td>
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<td>ESSP</td>
<td>National Strategy of the Urban Water and Sanitation</td>
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<td>EU</td>
<td>European Union</td>
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<td>FCA</td>
<td>Municipal Compensation Fund</td>
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<td>FIIA</td>
<td>Municipal Initiative Investment Fund</td>
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<td>FIPAG</td>
<td>Water Supply Investment and Heritage Fund</td>
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<td>Frelimo</td>
<td>Liberation Front of Mozambique</td>
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<td>GoM</td>
<td>Government of Mozambique</td>
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<td>GoM</td>
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<td>IFTS</td>
<td>Inter-governmental Fiscal Transfer System</td>
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<td>INE</td>
<td>National Institute of Statistics</td>
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<td>LAs</td>
<td>Local Authorities</td>
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<td>MAEFP</td>
<td>Ministry of State Administration and Public Service</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MEF</td>
<td>Ministry of Economy and Finance</td>
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<td>MICOA</td>
<td>Ministry for Coordination of Environmental Action</td>
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<td>MINCTETP</td>
<td>Ministry of Science and Technology, Professional, and Higher Education</td>
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<td>MINEDH</td>
<td>Ministry of Education and Human Development</td>
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<td>NPD</td>
<td>National Program of Decentralisation</td>
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<td>Acronym</td>
<td>Description</td>
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<td>NRG</td>
<td>National Reference Group</td>
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<td>PARP</td>
<td>Poverty Reduction Program</td>
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<td>PEDSA</td>
<td>Strategy Plan for the Development of Agriculture Sector</td>
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<td>PEE</td>
<td>Education Strategic Plan</td>
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<td>PEND</td>
<td>Decentralisation Policy and Strategy</td>
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<td>PERPU</td>
<td>Strategic Program for Reduction of Urban Poverty</td>
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<td>Health Sector Strategic Plan</td>
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<td>PFM</td>
<td>Public Finance Management</td>
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<td>PQG</td>
<td>Five-Year Government Program</td>
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<td>PROL</td>
<td>Local Government Reform Program</td>
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<td>Renamo</td>
<td>National Resistance of Mozambique</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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<td>SGA</td>
<td>Municipal Management System</td>
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<td>SUSTENTA</td>
<td>Integrated Management of Agriculture and Natural Resources</td>
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1. **INTRODUCTION**

1.1. **Context of Mission**

This compendium of references provides an overview of the main documents, including policies, strategies, international instruments, as well as some literature on local authorities and decentralisation. This serves as a background of references in support to the National Association of Municipalities of Mozambique (ANAMM) for the preparation of the process of integration in the European Union (EU) Cooperation Programme 2021-2027. The compendium is accompanied by a brief analysis of the key thematic issue in each section followed by a list of references that are not necessarily been all discussed and cited in the text, but, they are integrated in the references as an indicative signal of their relevance for a deeper understanding of the thematic issue. The report is organized into five sections. The first section includes a country context analysis with a focus on decentralisation, which is followed in the second section by a rapid overview of the national development policies and strategies that are somehow related to the local authorities’ role in development. The third section provides a rapid overview on the national decentralisation policy; the fourth section focuses on the EU cooperation in the country and the process of domestication of the Sustainable Development Goals (SDG), and the last section provides ideas on the potential sector/areas of future cooperation between ANAMM and the European Union.

1.2. **The country context of decentralised governance**

Mozambique became independent in 1975 from Portuguese colonialism. The official language is Portuguese. The country is located in the southern region of Africa, with a population of about 29.5 million, 52% of the population are women, and about 45% of the total population is under 15 years (INE, *Censo da População 2017*).¹ The country occupies an area of 799.380 km² and a coastal line of about 2.800 km along the Indian Ocean. Mozambique is divided into 11 provinces, 161 districts, 408 administrative posts, 1.132 localities, and 53 local authorities (also known as municipalities). The system of government is presidential. The president is entitled to significant power. For many years one important political debate lies in the issue regarding the massive power in the hand of the president which to some extent undermines the functionality of the democratic system of governance. The national assembly is composed of 250 members of parliament, and one of the key roles of the national assembly apart from the legislative role is the government oversight.

Between the mid-1990s, Mozambique registered one of the fastest economic growths in the sub-Saharan region, with an average of 7 per cent a year, at least until 2015. Credible macroeconomic policies and structural reforms, donor’s support and favourable external environment that facilitated foreign investments to flow into the country have played a role in the positive economic growth trend (Ross, 2014). Despite the impressive growth, in part also influenced by relative political stability until 2013, these determinants have been built under weaker foundations. The necessary infrastructure and capacity to manage the economy and future windfall from natural resources remained fragile and the institutions of democratic governance continued to be volatile. These factors have driven the country to a deeper fiscal crisis resulting from the debt scandal that hit the country since 2013 but only made public in 2016 (MAP, 2017; Tvedten and Orre, 2016).

Transparency and accountability are central issues in the agenda of economic governance. The country has largely received concerns about corruption and the consolidation of public financial

management (PFM) system. Donors have consistently paid attention to the PFM capacity (IMF, 2016; IMF, 2015; ITAD, 2014), and the effort in strengthening governance has interchangeably included PFM, anti-corruption, and decentralisation (Tvedten and Orre, 2016). The poverty rate has stagnated from 2003 to 2009 with around 54 per cent of the population living in poverty. The poverty rate reduced to 46.1 per cent in 2015, even though this decline did not reflect a reduction in the absolute number of people in poverty, instead, it increased to about 11.8 million people, almost the same level as in 1997 when the poverty rate was about 69% of the population. \(^2\)

Reform of decentralisation in Mozambique is a politically driven process of the state formation emerging from episodes of contestation and violence. In the 1980s the ruling party, Frelimo, initiated an internal discussion about decentralisation, which took place during its fourth Congress in 1983 (Ames et al, 2010: 3). No signs of progress were witnessed in the 1980s. Instead, a tangible step further toward decentralisation happened few years after the approval in 1990 of the first multiparty Constitution, a process conducted during the one party-system that ruled the country for almost 20 years. In 1992 the government approved the first and relatively comprehensive document of the local government reform programme, commonly called PROL (Portuguese acronym). \(^3\) In 1994, the parliament approved the law 3/93 of September 13, pretending to municipalize the whole country’s districts (do Rosário, 2015).

The intention of establishing local authorities or municipalities in all districts revealed to be a progressive idea influenced by relatively moderate elite groups. This idea was then abandoned early after the first multiparty elections, held in 1994. The review was approved under the Constitutional amendment (Law 9/96 of November 22) through which a model of cohabitation of power between devolution and decentralisation introduced by the first time, and a new arrangement for the decentralised local authorities (municipalities) was set to rely on the principle of gradualism (Ames et al, 2010; Do Rosário, 2015, MAP Consultoria 2017).

The first municipal election in Mozambique was held in 1998, involving only in 33 urban and rural (cities and villages) decentralised local authorities. The country accounts currently with 53 municipalities, an increase in 20 municipalities added to the previous 33 in two different phases (in 2008 and 2013) composed of 10 new proposed municipalities. A gradual introduction of decentralised local authorities and transfer of functions might have been a well-tailored option, as the country is challenged with limited capacity to generate rents to finance services, apart from strongly limited human capacity and resources. However, the government incentive to halt the municipalisation of the whole country’s districts was instead related to the idea of secure control of power and resources from the state, in the name of preservation of national unity.

The will for decentralized local governance in the early 80s changed significantly with the emergence of the multiparty system. Therefore, the emerging reforms of decentralisation in the mid-90s, was in part a consequence of political pressure from the main opposition party, Renamo, and the need for control of violence. While the establishment of the local authorities would represent a way of accommodating the opposition, even though Renamo boycotted the adoption of the legislative

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\(^3\) PROL - Programa de Reforma dos Órgãos Locais
framework in the parliament, arguing that the government maintained a disproportionate level of power and resources at the central level, and as a consequence of this refused to field candidates in the inaugural municipal elections (do Rosario, 2015). The total of five municipal elections to date, Renamo has only participated in three, with modest victory in few municipalities.

The opposition control of municipalities has tended to be frustrated by excessive bureaucracy and oversight and delays in fiscal transfers by the central government (Weimer, 2012a).

In 2003 were introduced the legislation for local state organs (Law 8/2003 of 19 May). A complex system of cohabitation between deconcentrated administrative units of the central government in rural areas (Provincial and District Governments) and the devolved municipal governments were established, somehow with overlapping jurisdictions in the same territory between provincial and district governments and local authorities. This system has been maintained even in the context of the new decentralisation reforms. Indeed, the experience of cohabitation has since been seen as a way of consolidating the central government’s hold over rural areas, their resources, and electorate.

Recently, a profound revision of the Constitution was introduced through Law 1/2018 of June 12, which approved a new configuration of the state and the local government restructuring which includes provinces, districts, and municipalities. With these reforms, it was created a space for a deeper transformation of the state although yet hesitant as a result of a process of re-centralisation of resource control via representatives of the state at the provincial level and weak resource allocation to decentralized governments. The new model of decentralized governments is still observing realignments and changes after intense debate in contestation. Some argue that the current reforms of decentralisation have taken place only because of the need for control of violence through, but ensuring limited power-sharing. Under the new decentralised governance, the provincial governor is elected and he forms the provincial government. This is a new arrangement in the Mozambican political organization and structure. The local authorities are integrated into the new reforms of decentralisation but with small changes concerning the previous arrangements, which include among others, the election of the mayor via a list of the party, parties coalition, or a group of citizens.

1.3. Methodology

This report relies on a qualitative approach, based on a review of documents, including national and sectoral policies and strategies, reports, legislation, and the literature on decentralised governance and local authorities. Key documents from international institutions, such as the United Nations, the European Union have also been reviewed. This process of review was complemented by a few selected interviews with relevant informants at the central government and local authorities, including the use of information assessed under previous assignments on the decentralisation. The process of elaboration of this report suffered from the barriers and constraints caused by the COVID 19 pandemic, concerning access to some key information and informants.

2. National development policies and strategies

2.1. National development plan

The government of Mozambique (GoM) has approved in recent years the National Development Strategy (END – acronym in Portuguese) for the period 2015-2035. The main objective of the END is the improvement of the living conditions of the population through the structural transformation of the economy, and the expansion and diversification of national production (República de Mozambique, 2014). The national development strategy claims an integrated social and economic
development based on a structural transformation toward a competitive and diversified economy. The development process under the national strategy relies on industrialization as a means for achieving prosperity and competitiveness. Although the END was approved in 2014 the outcomes of its implementation are unknown. It’s worth mentioning the fact that as an important strategic document for the country’s development goals, it should have been the main guiding document for planning in all tiers of the government including local authorities. Instead, the strategy is not being used to inform the government’s annual planning and budgeting, nor is it known among the government institutions at central and local levels.

The new reforms of decentralisation influenced the Ministry of Economics and Finance (MEF) to review the END, as the emerging challenges on local development will impose demands for alignments of planning and budgeting of integrated development, due to an increase of the local government’s tiers gaining autonomy in conducting their own trajectory of development under the new reforms of decentralisation.

To ensure a holistic and coordinated process of intervention in the development, the planning process must be aligned with the national development strategy 2015-2035, as well as other national policies and strategies. This process of review of END represents an opportunity to engage other ministries, local governments, local authorities, as well as civil society organisations in the process.

2.2. National sectoral plans

The GoM is committed to the development of sectoral specific strategic plans. In general, these strategic plans are elaborated in line with the priorities in the Five-Year Government Program (PQG). The PQG is the government program setting out the priorities of each sector which are approved by parliament in each electoral cycle. Until recently, the sectoral strategic plans were also elaborated in line with the poverty reduction action plan (PARP 2011 – 2014), which is not clear why it has not been extended after it has ended in 2014. Some key sectors to mention includes among others the following sectors:

**Agriculture:** the agriculture sector is implementing the Strategic Plan for the Development of Agriculture Sector (PEDSA 2011 – 2020). Under this strategic plan, the agricultural sector has approved several other strategies and plans focusing on different areas and priorities for agriculture. To implement the objectives of PEDSA 21 programs and 65 sub-programs were elaborated and approved (Care and Action Aid, 2017: 14). The perspective on the agricultural sector plan is to contribute to food security, income, and profitability for agricultural producers and increase market-oriented agricultural production (MINAG, 2011; 2013). Despite considerable good conditions for agriculture, only 14 per cent of the arable land is being utilized and 2 per cent of its irrigation potential is in use (IFAD, 2018). And the country struggles with persistent malnutrition, which affects 43 per cent of children under 5 years (IFAD, 2018; Care and Action Aid, 2017).

Recently the government launched “Sustenta – Integrated Management of Agriculture and Natural Resources” as a national programme for rural agriculture development, aiming to boost agriculture productivity and integrate small farmers into agricultural production value chains. This programme is not replacing any existing agricultural programme. The programme was launched in its piloting phase in February 2017 by President Filipe Nyusi, covering ten districts of two provinces, Zambezia and

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4 Interview with senior technical officers at the Ministry of Economy and Finance, CEDSIF.
Nampula. The programme is funded by the World Bank and by the International Union for the Conservation of Nature through UK aid.

Health: the Mozambican Health Sector Strategic Plan (PESS 2014-2019) has been developed by the Ministry of Health in coordination with the Provincial Directorate of Health (DPS), and indirect support from civil society organizations (CSOs). The strategy is built on two pillars. The first focusing on service provision increasing and improvement; and the second, focusing on the implementation of reforms related to decentralisation. Regarding the decentralisation program, the PESS does not indicate how it will be implemented (Weimer et al, 2017).

Education: since 1999, Mozambique’s education sector is guided by sector-wide strategic plans as per decision from the GoM following the General Peace Agreement (GPA) and Jomtien World Declaration on “Education for All” (UNESCO, 2019; ITAD, 2019). In total 5 strategic plans have since been approved and implemented. The Education Strategic Plan (PEE 2020-2029) was preceded by the Education Sector Strategic Plan (ESSP 2012 – 2016/19). Two distinct ministries govern the education sector. The general education system is governed by the Ministry of Education and Human Development (MINEDH), while the higher and technical education is governed by the Ministry of Science and Technology, Professional, and Higher Education (MINCTETP) (ITAD, 2019). The illiteracy rate among individuals above 15 years of age is around 44 per cent. The PPE 2020-2029, recognize the need for decentralisation of the primary education services to subnational governments. In general, the perspective underpinning the idea of decentralisation in the strategy is focused on the decentralised governance at the provincial and district level and does not mention the local authorities.

Water and sanitation: The National Strategy of the Urban Water and Sanitation (ENASU 2011-2025) was designed both in line with the PQG (2010-2014), and Millennium Development Goal (MDG 2015). The strategy defined the medium-term for water and sanitation. Concerning water the target (2015) was defined in line with the MDG, 70% coverage to serve around 6.6 million people; and in the long run (2025), achieve universal coverage and ensure sustainability. Concerning Sanitation, the targeted objective was to coverage around 67% of the population in urban areas in 2015, representing about 6.3 million people, and approach universal around 2025 (MOPH, 2011).

Climate change: the government approved the National Strategy of Adaptation and Mitigation of Climate Change. This Strategy establishes the guidelines for action to build resilience, including the reduction of climate risks in the economy and in communities and to promote low-carbon development and the green economy, through integration within the sectoral and local planning process. The Strategy is oriented to two main pillars, first is the adaptation and management of climate risks, and the second is the mitigation and development of low carbon. Additionally, a set of key cross-cutting actions is indicated in the Strategy which includes the following, (i) Institutional and legal reform; (ii) Systematic research and observation, and (iii) training and technology transfer.

Gender: The government approved in 2018 a new policy and strategy of gender. It is a result of a process of review of the previous policy approved in 2006. An evaluation on the progress of the implementation of the policy found that the country progresses substantially in the increasing of women in the policy decision organs, in reforming the legislation on rights to woman, and increase in the number school enrolment and retentions of girls, improvement of access to health and care for victims of gender-based violence (Republica de Moçambique, 2018). However, gaps in the

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implementation of legislation and participation of women in decision-making bodies including in the local authorities have been weak. The emerging boon on natural resource investments has risen concerns and threats to women’s rights, but also some potential opportunities. The new policy and strategy of gender main objective are to guide in an integrated manner the main lines of action for the promotion of equality of gender and respect for human rights.

**Infrastructure:** Mozambique faces critical infrastructure challenges in various dimensions. The starkest is the transport sector infrastructure. While the existing transport corridors may facilitate regional connectivity and with the key regional ports in the country, the same is not verified among urban and economic clusters which significantly limited. The poor infrastructure development is imposing costs on the whole process of the country’s development. It is impacting negatively the potential for meeting the basic needs in areas like access to networks electricity, roads, clean water, sanitation, telecommunication, and Internet service (Ross, 2014). The network of roads remains critical and heavily affected by climate change (Tvedten and Orre, 2016; Ross, 2014). The authority of construction and maintenance of the road network is the National Administration of Roads (ANE), institutions that coordinate also with the local authorities in the area of road construction and maintenance. MAP Consultoria (2017) argues that ANE is allocating 10% of resources for road maintenance to local authorities. The railway’s network demands modernization although in the last few years there were private driven investments in railway connecting coal mining sites in Moatize district, province of Tete to the port of Beira and Nacala-Porto.

**Municipality and urban development:** The Ministry of State Administration and Public Officials (MAEFP) approved in 2017 the strategy for local authorities and urban development, intending to build a decentralised public administration, promoting sustainable development and good quality of services.

### 2.3. The long-term vision for development

Mozambique’s long-term vision for development was defined under the Agenda 2025, launched in 2003 after a long period of consultation to the society on the options regarding the priority areas and the paths the country would have to embrace in response to the challenges for development and peace-building. Various groups of the society endorsed the Agenda 2025, including political parties, religious organizations, civil society organizations, academia, and many others. The implementation of the Agenda 2025 remained invisible in the sector development plans as well as in the government’s 5 Year Program. While this important and consensual document was dropped in drawers, it seems that the government replaced it with the National Development Strategy (2015-2035) presented earlier in this compendium but yet under review to accommodate emerging challenges imposed by decentralisation reforms and territorial approach of development that will potentially demand a holistic and coordinated process of planning the country and the sub-national development agenda in line with the national vision of development that requires to be redefined.

### 1. References


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3. National decentralisation policy

3.1. Brief Historical Background

For many years since the introduction of the multiparty system in the 1990s, the government attempted to introduce reforms of decentralisation. The parliament approved the law 3/94, of 13 September, the first Law on local authorities deeming with the idea of creating local authorities in all districts of the country. Under this law, the country's political organization structure was circumscribed on the municipal district. Interestingly, following the multiparty election of 1994, the willingness for decentralised governance started to be challenged by resistance. The hesitation in adopting a national policy and strategy for decentralisation has just been one of the signals of resistance. The public sector reform, implemented during 2001 and 2011 has remarkably adopted decentralisation as a priority within the framework of governance reform, a program endorsed by donors with massive funding from the World Bank. Only in almost half a decade since the early 2000s under the public sector reform program, three or more attempts for approval of a decentralisation policy and strategy failed in getting approved. A comprehensive and objective policy framework on decentralisation was part of the agenda of the reform. But for more than a decade, the government argued that the Constitution provides enough provisions on decentralisation, and therefore, a national policy and strategy were considered unnecessary.

This perception changed during the second term of President Guebuza, 2010 – 2014. A policy and strategy proposal for decentralisation drafted in 2008 and 2009 under the public sector reform program was resumed, publicly debated, and finally approved in 2012, which remains currently the country yet first decentralisation policy and strategy (PEND acronym in Portuguese). The PEND covers

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6 Decentralisation Policy and Strategy (- Política e Estratégia Nacional de Descentralização - PEND), approved under the Resolution No. 40/2012, of 20 December.
different dimensions of decentralisation, and provides guidelines on the way forward toward reforms, but yet it seems to have been conservative as it doesn’t consolidate the fiscal dimension which is fundamental for building strong decentralised tiers of government. Apart from local governance, the PEND provides a clear road map on the consolidation of local authorities. Thus, it defines three components to focus the intervention, which includes, (i) to extend local authorities to new territorial entities; (ii) to promote the transfer of functions from the state to local authorities; and (iii) to promote the consolidation of local authorities’ capacities.

The government produced in 2019 the basic document for the National Program of Decentralisation (MAEFP, 2019). This document provides de roadmap for the elaboration of the National Program of Decentralisation (NPD). The expectation was that the NPD would immediately be developed to accommodate the new wave of reforms of decentralisation under implementation. However, this process has been significantly delayed and until the period this compendium was elaborated the government did not have approved the NPD.

3.2. Legal framework governing decentralisation

The Constitution of Mozambique established the foundational pillars of decentralisation. The recent Constitutional review, approved under the Law 1/2018, of 12 June, is a result of the landmark agreement made between the President, Filipe Nyusi, and the (then) Renamo’s opposition leader Afonso Dhlakama in September of 2017, aiming to broaden decentralisation as a pre-condition for peace building. These reforms represented a profound change in the configuration of the state. The reforms of decentralisation introduced under the Constitutional review, comprise three different territorial levels, including provincial and district decentralized governance bodies (these two layers of government have traditionally been the extension of the central government at the local level), and the local authorities. Both the decentralised bodies (except district government as the implementation of decentralisation is planned for 2004/5), and the local authorities hold some level of administrative, financial and patrimonial autonomy. But, as part of the effort of maintaining the unity of the state, as part of the idea strongly promoted by the ruling party on the national unity, the government pushed for the creation of the state representation at the decentralised entities, which embodies the exercise of sovereignty and the execution of the activities considered being of exclusive functions of the state. The President holds the power to nominate a ‘representative of the (central) State’ at sub-national tiers of government.

The Constitution review introduced the following elements for decentralised government:

a) Subsidiarity: the principles of exclusive functions (political, administrative, financial) and autonomy for provincial, district and local authorities (Legislative, executive and an elected senior representative of the government in each tier);

b) The election of the members of the assemblies in all three tiers of sub-national governments with responsibility for approving and monitoring subnational government plans and budgets;

c) The indirect election of the head representative of the province, district, and local authority, i.e. the provincial Governor, district Administrator, and the Mayor, selected as the figure heading the electoral list of the political party (or groups of citizens / electoral coalitions) that won most seats in the respective territorial level. Before these decentralisation reforms, these positions were formally nominated by the President (nominating the Governors), Ministry of State Administration (District Administrator) and the Mayor came out of direct election;

d) The power of the respective Assembly to institute procedures for the dismissal of the senior representative, following legal precepts and involving the Constitutional Council. These
powers are also vested in the President in the case of Provincial Governor and the District Administrator;

e) The power of Central Government to define, through legislation the decentralized functions of the provincial and district governments;

f) The nomination, by the President, of Provincial Secretaries of State with the function of guaranteeing and supervising the execution of sovereign, exclusive functions and services of the State at the subnational level. Central Government (the Council of Ministers) has powers of administrative tutelage over the functions of provincial, district, and local authorities’ governments.

g) A provision for other, non-state forms of public administration bodies, based on citizen participation.

A systematic devolution of specific functions is fixed to focus on the new decentralized governance bodies, including province and district. The local authorities (municipalities), which represent the first form of decentralized governance in Mozambique, although it is covered by the new reforms, its mandate, functions, and governance structure remained untouched. Currently, the municipalities remain the unique decentralized government body with the most stable institutional arrangements.

The Law 2/1997, of 18 February, approved the local authorities’ framework which defines the organization, functioning, and forms of relations with the state. Recently, this Law was replaced by the Law 6/2018, of 3 August, approved under the review of the Constitution and the new reforms of decentralisation, republished by Law 13/2018 of 17 December. The government approved Decree 33/2006, of 18 August, which among other things determines the transfer of primary health and education services to local authorities. This Decree was approved in the spirit of efficiency characterizing the decentralised governments in the provision of services. However, it’s more than acknowledged that decentralisation without creating capacity and allocate resources necessary to implement activities and provide services remains a panacea. On the other hand, the transfer of resources and functions represents a loss of power.

This feature demonstrates an existing contradiction, which outcome is a blockage of transfers of resources and functions that diminishes or breaks the power and access of resources by the central government ministries. This may explain why after 14 years since the approval of Decree 33/2006, the local authorities continued to face barriers to see the transfer of primary health and education services management (MAP Consultoria, 2017; Ames et. al, 2010), except for the case of the

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7 These include i) territorial administration and its organization, ii) defence and police, iii) border control, iv) central bank functions (emitting currency), v) foreign policy and diplomacy, vi) natural, land and maritime resources in the exclusive maritime management zone of the continental shelf, and viii) tributary functions and taxation, these being defined as functions of the State and at the provincial level the Secretary of State. The reality currently is that the state representatives at the local bodies have been assigned more power and functions those falling only on sovereignty issues but also developmental sectors, which created some fracture in the society due to the emerging understanding that the effort for decentralisation was undermined by the emergence of powerful representatives of the state.

8 of the approval of Decree 33/2006 (replaced by Decree 46/2011, of 21 September) progress was significantly poor.

9 The government approved the Plan for Implementation of the Decentralisation Policy and Strategy (PIPEP 2015 – 2019). Under the PIPEP the government defined the activities to implement and several indicators were established including the number of primary health and education services to be transferred to local authorities until 2019.
municipality of Maputo City. Until 2015 the municipality of Maputo City was managing a total of 104 primary schools and 5,790 public servants, and 26 health centers and a total of 856 public servants.\textsuperscript{10}

Mozambique has three types of sub-national governments. These include decentralized provincial governments, with an elected governor. The functions of provincial decentralized government have significantly been reduced, and consequently also the resource to be allocated. This emerged amidst new reforms of decentralisation and the increase in the role and functions assigned to the representative of the state at the provincial level. The representative of state was created by the Constitutional review to tackle with the issues related to sovereignty. But, during the course of decentralisation process of establishing the legislation, additional competences and functions were assigned to this organ, in general the key economic sectors, as well as education and healthy secondary services, just to mention some. Recently, the education secondary services have been under a closed debate to return to provincial decentralized governments and a review of the legislation was underway. The second sub-national government refers to the district government. The current reform of decentralisation established that for the district level of government the decentralisation process would only be implemented from 2024/2025, with direct election of the main organs of the district government. Third, the sub-national government is the local authorities. The local authorities in Mozambique are composed of two types. The first type is constituted of municipalities, and the second are those of villages. The municipalities correspond to the territorial circumscriptions of cities and towns, while the local authorities of villages correspond to the territorial circumscription of settlement – normally is the headquarters of the administrative post.

3.3. Institutional Framework, Role of Local Authorities and Resource Allocation

Local authorities' roles are assigned by law with the power to create municipal public services to carry out its duties, result to some extent from their regime of financial, administrative, and patrimonial autonomy in the provision of services for its citizen (Cistac, 2012). The local authorities can make investments for local development. One critical issue is that the majority of local authorities in Mozambique do not have enough land for investments for example in agriculture. It’s worth mentioning that agriculture is not an area covered by municipalities mandate. Among the role of the local authorities, includes the following:

- Elaborate, approve, change and execute plans and budget;
- To have their own revenues and collect any others;
- Order and process budgetary expenses;
- Make public investments;
- Prepare and approve management accounts;
- To manage the municipal heritage.

Local authorities are mostly dependent on fiscal transfer by the central government. There are two main transfers mechanisms to local authorities, the first is the Municipal Compensation Fund (FCA), and the second is the Municipal Initiative Investment Fund (FIIA). The first one is the most important source of resources of the local authorities. The second is not so huge and it is generally allocated to

finance investments only. The transfers of resources from the central government to local authorities represent the highest volume of resources of the local authorities, it covers more than 50% of the total resource. The allocation of these resources is made through the intergovernmental fiscal transfer system (IFTS).\(^{11}\)

The local authorities also benefit from other allocations outside the IFTS, in general not directly managed by the local authorities government but by the central government-related public enterprises investing in specific projects in the territory of the local authorities, such as ANE, on roads; Public Utility – Electricidade de Moçambique (EDM), on electricity; and Water Supply Investment and Heritage Fund (FIPAG), on water supply (CIP). Other resources include those collected locally through taxes and license fees, but also resources from donations, and specific government allocations for urban development initiatives integrated into the Strategic Program for Reduction of Urban Poverty (PERPU). The table below illustrates the percentage of revenues from different categories of sources.

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</thead>
<tbody>
<tr>
<td>Transfers</td>
<td>53.0%</td>
<td>50.4%</td>
<td>55.7%</td>
<td>59.8%</td>
<td>61.4%</td>
<td>55.9%</td>
<td>47.5%</td>
</tr>
<tr>
<td>Own revenue</td>
<td>34.8%</td>
<td>34.9%</td>
<td>32.7%</td>
<td>31.9%</td>
<td>31.9%</td>
<td>29.4%</td>
<td>30.1%</td>
</tr>
<tr>
<td>Donations</td>
<td>11.9%</td>
<td>13.9%</td>
<td>10.8%</td>
<td>7.8%</td>
<td>6.3%</td>
<td>4.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Other revenues</td>
<td>0.2%</td>
<td>0.9%</td>
<td>0.8%</td>
<td>0.5%</td>
<td>0.4%</td>
<td>10.5%</td>
<td>20.6%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: MAP Consultoria (2017).

The relation between the local authorities and the central government is institutionalized. The central government, through the ministries overseeing the areas of public administration and local governments (The Ministry of State Administration and Public Service – MAEFP), as well as the area of finance (the Ministry of Economics and Finance - MEF), plays the supervisory role over local authorities.

### 3.4. The status of the territorial development approach in Mozambique

The concept of territorial development is new in the discourse of development as it is also in the new decentralisation reforms agenda. Although in recent years the government has been promoting territorial planning aligned to land management (World Bank, 2019) this is yet a fragmented process lacking the coherent perspective of territorial development. International trends on decentralisation and development are echoing the discussion over territorial development. For more than 20 years of experience in implementing reforms of decentralisation worldwide the link with development has remained problematic (Romeo 2015). Romeo argues that decentralisation will not provide a relevant contribution to development if the state is not committed to development, if the national policy underpinning the essential on the territorial development is lacking, and if the role of local authorities is undermined by weak autonomy and biased mechanisms of accountability (Romeo, 2015: 15-17). Therefore, territorial development will rely on three main challenges. The first, is the existence of an improved local development management system; second, is the existence of a national-level policy (enhancing the autonomy and accountability of local authorities, and a national rural and urban policy

\(^{11}\) Law 1/2008, of 16 January. About the local authorities' finances.
agenda supportive to local authorities); and third, sub-national level institutions and capacity (effective institutions of inter-governmental cooperation, local leadership and administrative capacity development and active citizenship and public-private partnership).

In Mozambique, the local government’s role in development is not clear whether it represents their general mandate or not. The Constitution and the specific legislation on local governments, including the basic document informing the design of the national program of decentralisation defines as the main role of local governments to promote local development and to solve the local problems by engaging the participation of the local populations. The execution of the mandate of local governments observes the principle of subsidiarity. Although local development is somehow confused with the concept of territorial development, the nature of local development and decentralized reforms in place requires alignment with national policy and strategy for development and an effective autonomy and resource allocation to local governments.

3.5. The National Association of Municipalities of Mozambique (ANAMM)

In 2004 was created the ANAMM as the representative of the whole municipalities. The general objectives of its creation include promoting cooperation and solidarity among local authorities, dignifying and representing local government, and advocating the interests and rights of its members before the government, development partners, and others. The corporate governance of the association is made by a complex structure, which includes the following bodies:12

- The Congress;
- The National Council;
- The Supervisory Board;
- The Management Board

The Congress is the highest representative body with deliberative power. The National Council is the organ with deliberative power between sessions of the Congress. The Supervisory Board is the body with the mandate of supervising the activities of ANAMM. The Management Board is the executive body, which ensures the effective functioning of the association, which is supported also by an internal audit body. The Secretary-General, who holds both the management and executive role, ensures the functions of the Management Board on a daily basis. This executive board is currently composed of three sectors, namely (i) Advocacy and Knowledge Management; (ii) Municipal Strengthening and Research; and (iii) Administration and Finance. Recently two new areas were approved, namely Technical Assistance, and People Management.13

The statutes of ANAMM were recently approved. However, the association has not a legal existence. This seems to have been neglected by its memberships. However, despite this, the association is widely and strongly recognised as the sole representative and interlocutor of the municipalities in the dialogue with the government and other partners of development. ANNAM has a privileged relationship with the government of Mozambique and with the various Ministries overseeing different sectors with services and projects implemented within the boundaries of municipal territories. As the

12 Estatutos da Associação Nacional dos Municípios de Moçambique – ANAMM.

key partner of the government, the association is a key vehicle of dialogue over local authorities' common agenda of development.

The association is challenged by the lack of staff with the skills and knowledge required to fulfil its mandate and providing support to its memberships. Currently, the secretariat is composed of 12 officials, 91% are graduated of university education, and among them, 80% are concentrated in two areas, and 50% are new officials with less than three years at ANAMM, including the Secretary-General. The association requires massive capacity building and resources.

2. References


UCLG (sd). Decentralised cooperation to democratise cities: Project to improve the institutional capacities of local authorities in Brasil and Mozambique as actors of decentralised cooperation. https://www.uclg.org/sites/default/files/decentralized_cooperation_to_democratize_the_city_1.pdf.


4. Cooperation with the European Union (EU)

4.1. Mozambique’s EU National Indicative Programme (NIP)

The EU 2014-2020 NIP for Mozambique identifies two focus sectors: Sector Good Governance and development, and Rural Development. Under the good governance and development component, the EU provides overall support to the national public policy and its priorities and complementary measures aimed at, on one hand, capacity building support to strengthen core government systems (including public financial management and statistics), control mechanisms, domestic accountability and macroeconomic management; and, on the other hand, promotion of a conducive environment regarding various relevant aspects of the political and economic governance. Concerning capacity building, the EU's approach is to strengthen institutions that promote effective participation in policy and planning and strengthen checks and balances, as well as creating a more vocal demand for transparency, good governance, and respect for human rights, to enhance democratic accountability. The rural development, component adopts a two-pronged approach to the support of inclusive growth and poverty reduction in rural areas, as well as vulnerability against climate change impacts. The program includes support to civil society and support measures. The overall financial package was EUR 734 million, of which EUR 367 million for the Good Governance and Development sector, and EUR 325 million for Rural Development. It was not possible to access an existing evaluation of the implementation of NIP to date.

4.2. Local governance and local development

The European Union's 2013 Communication "Empowering Local Authorities in Partner Countries for Enhanced Governance and More Effective Development Outcomes" recognises that a commitment to decentralisation in many developing countries and the attribution of greater responsibilities to local authorities has not always been accompanied by an adequate level of autonomy, capacity development, and financial resources leaving the empowerment of local government incomplete. Moreover, in many EU partner countries, funding directly channeled through Local Authorities represents a marginal part of national public sector expenditure and international development aid. Therefore, the EU recognises that good governance and the participation of citizens in decision-making processes and access to accountability mechanisms are fundamental for sustainable development and poverty reduction. Good governance, the EU argues, greatly improves the conditions for inclusive, responsive, and effective development. Local Authorities hold responsibility

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in mobilising local societies' opinions while acting as catalysts for change. But the quality of local governance is related to the way Local Authorities manage and implement public policies and services based on local policy-making processes and interactions with other public institutions, citizens, and private sector and through the allocation of available resources. Local Authorities also have a key role to play in safeguarding vulnerable populations and communities: In disaster-prone areas, they can be crucial in prevention, mitigation and preparedness, in addition to managing early responses and delivering basic services to populations. Moreover, they often play an important part in early warning and thus contribute to de-escalating the first stages of violence, through local and traditional dispute resolution mechanisms.

4.3. A territorial approach to local development

The principles and priorities of the 2013 Communication and indeed the territorial approach to local development, first suggested therein, is developed in more detail in the 2016 Tools and Methods Series "Supporting Decentralisation, Local Governance, and Local Development Through a Territorial Approach". This document sets out the EU’s new vision more clearly, arguing that support to decentralisation should not simply be reduced or limited to the central-local transfer of resources, but rather understand decentralisation as a political process of empowering citizens in their relationship with the public sector through the empowering their local authorities to play a more proactive and catalytic role in promoting local/territorial development to unleash their development potential. This approach allows a connection to be made between decentralisation, local authorities, and local development.

The Territorial approach to local development has three main constituent elements or building blocks:

(i) Support for local development management systems (planning, financial management and implementation systems);
(ii) Support to institutions and capacities at the sub-national level (leadership, intergovernmental cooperation and coordination, participation, active citizenship, and public-private partnerships); and
(iii) Support national policies and frameworks (national decentralisation policy, revision of legal frameworks, national programmes, urban policy and spatial planning, and rural development policy).

4.4. Gender Equality and Women’s Empowerment

The EU Framework for "Gender Equality and Women’s Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020" argues that gender equality is not just a matter of social justice, but also one of "smart economics": women’s participation in the economy is essential for sustainable development and economic growth. It’s argued that when women are given equal opportunities and access to resources and decision-making, communities are more prosperous and more peaceful. The experience in Mozambique shows limited participation of women in policy-decision making in the local authorities.

4.5. Agenda 2030 and the Sustainable Development Goals (SDG)

In 2015, world leaders adopted an ambitious, 15-year blueprint for a better world known as the Agenda 2030 and set of 17 broad, universal development goals that envision ending extreme poverty and hunger, and creating a healthier, safer, more inclusive world. The success of the Sustainable Development Goals depends to a large extent on the coordination of implementation efforts through good public governance both at the national and local levels. However, experience with the MDGs
shows that merely translating such an agenda into national development policies is not sufficient. Localising the SDGs by focusing on territories and empowering local government to deliver on them may be a more effective way to improve the national system for the delivery of SDG-based policies. Mozambique created a National Reference Group (NRG) for SDGs with the role of coordinating the process toward its implementation. Central, provincial, and district actors of the government, CSOs, academia, private sector, cooperation partners, parliament, UN agencies, ANAMM, and the African Peer Review Mechanism (APRM) compose the NRG. According to the report of the Voluntary National Review on SDG in Mozambique, 74% of the SDG indicator was in line with the 2015-2019 government program, of which 38% were available in the national monitoring system and were monitored regularly, 12% were regularly collected and 24% were not collected (Republic of Mozambique, 2020: 14).

3. References


5. Provisional LAs sector priority for the EU Cooperation 2021-2027

Bearing in mind the need for unlocking the development potential of local authorities, the EU argues that it is fundamental to empower and strengthen the capacity of local authorities and citizens to ensure that the latter can demand transparency and accountability and that the local authorities have the means and incentives to respond to citizen demands for effective, transparent and accountable governance, adequate quality of service provision, and equitable allocation of resources. Thus, assistance to local authorities should aim at enhancing their capacities and means to execute their institutional mandate as defined by law and consequently to exercise their power of initiative as full-fledged policymakers. This is likely to empower the LAs capacity and leadership, and boost local development through increased democratic participation, active citizenship, the participation of women and youth in the policy decision, and multi-level accountability mechanism. Therefore, learning from the current challenges underpinning the LAs capacities to provide efficient and timely quality services, and promote accountable governance, it is proposed the following provisional four priority areas for the potential programme support and interventions. Further discussion on the priorities areas and their specific action will be discussed among the municipalities heading to the process of designing the programme for the future EU Cooperation 2001 – 2027. For instance, four areas are

(i) Capacity building and strengthening of LAs
   - Strengthening institutional capacity to fulfill mandates
   - Needs assessment and training of public servants for improved management capacity and quality of service
   - Capacity building for territorial planning and land management
   - Consolidated data and systems for improved tax collection
   - Environmental and
   - Leadership training

(ii) Enhancing transparency and accountability mechanisms
   - Acquisition, installation and capacity development for the implementation of the new municipal management system (SGA)
   - Consolidation of vertical and horizontal accountability mechanisms
   - Participatory budget improvement
   - Strengthening participatory citizens’ engagement in the local development

(iii) Technical capacity strengthening to ANAMM
   - Resource allocation for capacity development improvement
   - Development of training for skills development and consolidation
o Capacity training for lobbying and advocacy

(iv) Coordination, lobbying and policy dialogue improvement
   o Negotiation skills and resource mobilization
   o Acquisition of equipment for improved coordination
   o Consolidate mechanisms for policy dialogue