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The 'New Paradigm' of Decentralization in Mozambique

A Political Economy Analysis Update
Policy Paper



Abbreviations

AA	Assembleia Autárquica (Municipal Assembly)	DDR	Desmobilização, Desarmamento e Reintegração (Demobilization, Demilitarization and Reintegration)
AD	Assembleia Distrital (District Assembly)		
ADD	Administrador do Distrito (District Administrator)	DEDAT	Departamento de Entidades Descentralizadas e Administração Territorial (Dpt of Decentralized entities and Territorial Administration)
ADIN	Agência de Desenvolvimento Integrado para a Região Norte (Agency for Integrated Development of the Northern Region)	DFID	Department for International Development
AIAS	Administração de Infra-estruturas de Água e Saneamento (Administration of Infrastructure for Water and Sanitation)	DHAS	Departamento de Habitação, Água e Saneamento (Provincial Department for Housing , Water and Sanitation)
AM	Assembleia Municipal (Municipal Assembly)	DNAL	Direcção Nacional de Administração Local (National Directorate of Local Administration)
AP	Assembleia Provincial (Provincial Assembly)	DNAAS	Direcção Nacional de Abastecimento de Água e Saneamento (National Directorate of Water and Sanitation)
APRM	African Peer Review Mechanism	DNDA	Direcção Nacional de Desenvolvimento Autárquico (National Directorate of Municipal Development)
AR	Assembleia da República (National Parliament)	DNPO	Direcção Nacional do Plano e Orçamento (National Directorate of Planning and Budget)
AURA	Autoridade Reguladora de Águas (Regulatory Authority for Water)	DPEF	Direcção Provincial de Economia e Finanças Provincial Directorate for Economic Affairs and Finance)
BEPO	Balancete de Execução do Plano e Orçamento a nível dos OGD (Balance sheet of Plan and Budget Execution –OGDP)	DPOPHRH	Direcção Provincial de Obras Publicas, Habitação e Recursos Hídricos (Provincial Directorate for Public Works, Housing and Water Affairs)
CEA	Conselho Executivo Autárquico (Municipal Executive Council)	DPS	Direcção Provincial de Saúde (Provincial Health Directorate)
CED	Conselho Executivo Distrital (District Executive Council)	DUAT	Direito de Uso e Aproveitamento da Terra (Land Use Title Deed)
CEDSIF	Centro de Desenvolvimento de Sistemas de Informação de Finanças (Development Centre of Financial Information Systems)	DWG	Decentralization Working Group
CEP	Conselho Executivo Provincial (Provincial Executive Council)	FCA	Fundo de Compensação Autárquico (Municipal Equilibration Fund)
CFMP	Cenário Fiscal de Médio Prazo (Mid Term Fiscal Scenario)	FCDO	United Kingdom Foreign, Commonwealth & Development Office
CIP	Centro de Integridade Pública (Centre for Public Integrity)	FDI	Foreign Direct Investment
CM	Conselho de Ministros (Cabinet)	FIPAG	Fundo de Investimento e Património de Abastecimento de Água (Water Supplies Investment and Asset Holding Company)
CSPRE	Conselho dos Serviços Provinciais de Representação do Estado (Council of State Representative's Provincial Services)	Frelimo	Frente da Libertação de Moçambique (Mozambique Liberation Front)
CSO	Civil Society Organization	GDP	Gross Domestic Product
CSP	Cuidados de Saúde Primários (Primary Health Care Centres)	GIDE	Grupo Interministerial de Descentralização (Interministerial Decentralization Group)
CSS	Cuidados de Saúde Secundários (Secondary Health Care Centres)	GIZ	Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
CTA	Código Tributário Autárquico (Municipal Tax Regulation)		
CUOGD	Conta Única dos Órgãos de Governação Descentralizada (Single Treasury Account of OGD)		
DPAA	Dptº Provincial de Abastecimento de Água e Saneamento (Provincial Department for Water and Sanitation)		

GP	Governador de Província (provincial Governor)	PFM	Public Finance Management
GPA	General Peace Agreement (Rome 1992)	PO	Plano e Orçamento (Plan and Budget)
HDI	Human Development Index	PO-OGDP	Plano e Orçamento dos Órgãos de Governança Descentralizada Provincial OGD-Plan and Budget)
HIV	Human Immunodeficiency Virus		
HR	Human Resources	PRONASAR R	Programa de Saneamento e e Abastecimento de Agua Rural (Rural Sanitation and Water Supply Programme)
IA	Irish Aid		
IDP	Internally Displaced Person		
DP	Development Partner	REA	Representação do Estado para a Autarquia (State Representative in the Municipality)
IESE	Instituto de Estudos Sociais e Económicos (Institute for Social and Economic Studies)	RED	Representação do Estado para o Distrito (State Representative in the District)
IFAPA	Instituto Médio de Formação em Administração Pública e Autárquica (Training Institute of Public and Municipal Administration)	Renamo	Resistência Nacional Moçambicana (National Resistance Movement)
LNG	Liquified Natural Gas	REP	Representação do Estado para a Província (State Representative in the Province)
LOLE	Lei dos Órgãos Locais do Estado (Law on Local Organs of the Central State Administration)	SDC	Swiss Development Cooperation
MADER	Ministério de Agricultura e Desenvolvimento Rural (Ministry of Agriculture and Rural Development)	SDPI	Serviços Distritais de Planificação e Infra-estruturas (District Services of Planning and Infrastructure)
MAE	Ministério de Administração Estatal (Ministry of State Administration)	SDSMAS	Serviço Distrital de Saúde, Mulher e Acção Social (District Services of Health, Women and Social Welfare)
MAEFP	Ministério de Administração Estatal e Função Pública (Ministry of State Administration and Public Service)	SED	Secretário de Estado no Distrito (Secretary of State in the District)
MAPR	Maputo Accord for Peace and Reconciliation	SEP	Secretário de Estado na Província (Secretary of State n the Province)
MEF	Ministério de Economia e Finanças (Ministry of Economic Affairs and Finance)	SISTAFE	Sistema de Administração Financeira do Estado (State Financial Administration System)
MISAU	Ministério de Saúde (Ministry of Health)	SPEF	Serviços Provinciais de Economia e Finanças (Provincial Services of Economic Affairs and Finance)
MOPHRH	Ministério de Obras Publicas, Habitação e Recursos Hídricos (Ministry of Public Works, Housing and Water Resources)	SPHAS DPOPHRH	Serviços Provinciais de Habitação, Água e Saneamento (Provincial Services of Housing, Water and Sanitation)
NGO	Non-Governmental Organization	SPI	Serviços Provinciais de Infra-estruturas ((Provincial Services of Infrastructure)
OCE	Órgãos Centrais do Estado (Central Organs of the State)	SPRE	Serviços Províncias do Representação do Estado (Services of the Representation of the State in the Province)
OE	Orçamento do Estado (State Budget)	SPO	Subsistema de Planificação e Orçamentação (Planning and Budgeting Subsystem in e-sistafe)
OECD	Organization of Economic Cooperation and Development	SPS	Serviços Provinciais de Saúde (Provincial Health Services)
OGDD	Órgãos de Governança Descentralizada Distrital (Organs of Decentralized District Governance)	UNCDF	United Nations Capital Development Fund
OGDP	Órgãos de Governança Descentralizada Provincial (Organs of Decentralized Provincial Governance)	UNDP	United Nations Development Programme
OLE	Órgãos Locais do Estado (Local Units of the Central State Administration)	UNICEF	United Nations International Children's Emergency Fund
OSR	Own-Source Revenue	USAID	United States Agency for International Development
PA	Presidente da Autarquia (Mayor)	WASH	Water, Sanitation and Hygiene
PEA	Political economy analysis	WB	World Bank
PES	Plano Económico e Social (Economic and Social Plan)		
PESO	Plano Económico e Social e Orçamento (Economic and Social Plan and Budget)		
PESOD	Plano Económico Social e Orçamento Distrital (District Social-Economic Plan and Budget)		
PESS	Plano Estratégico do Sector da Saúde (Strategic Plan of Health Sector)		

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The views and opinions expressed in this document are those of the author and do not necessarily reflect the official position of the Swiss agency for development and cooperation.

Summary

This study, which considers relevant legislation up to May 2021, represents a condensed version of the Political Economy Analysis (PEA) on the current decentralization reform in Mozambique, which the Swiss Development Cooperation (SDC) office in Maputo commissioned in August 2020 as an update to a previous study (Weimer & Carrilho, 2017).

Based on secondary research, field work in several provinces and interviews with almost 60 key informants, the study examines the changes triggered by what is termed the *New Paradigm of Decentralization* (Impissa, 2020). The latter emanated from peace negotiations and a political settlement between President Filipe Jacinto Nyusi and the late leader of, the then still armed opposition party, Renamo, Afonso Marceta Dhlakama, between 2017 and 2018. It produced a partial constitutional reform focussing on provincial decentralization, and, later an agreement on complete dismantling the armed capacity of Mozambique's major political opposition party. The Maputo Accord on Peace and Reconciliation (MAPR) was signed by Nyusi and Dhlakama's successor, Osufo Momade, in August 2019.

Against the backdrop of the economic and security challenges Mozambique is facing in the *Here and Now*, the study analyses the new *Rules of the Game* for decentralization. It presents the reader with insights into the following:

- › institutional and legal changes brought about by the reform;
- › new and complex inter-institutional (vertical and horizontal) relationships between new actors created by the reform;
- › implications of the reform for fiscal decentralization;
- › impact on service delivery in the health and WASH sectors, as well as,
- › controversial perceptions of the *new paradigm* by different stakeholders, including international partners.

The last section of the study presents conclusions and recommendations.

This study confirms the conclusion of earlier assessments, that the reform is still lacking essential building blocks. The most important ones are a clear functional division of responsibilities between the deconcentrated and the devolved bodies of provincial government, together with a formula-based intergovernmental fiscal transfer system. It also shows that the *new paradigm* is perceived, particularly by practitioners of subnational public administration (i.e. civil servants), as not being mature enough to produce the advantages decentralization holds for improved local provision of public goods and services. Finally, it questions the intention to proceed with the reform at district level, foreseen from 2024 onwards, without the necessary review of some of the constituent elements of the *new paradigm*, notably the figure of the *representative of the state* at all subnational levels of government. Without such a review, the implementation of the new paradigm runs the risk of not contributing sufficiently to state- and peace-building as intended.

Key messages, in the form of questions, include:

- › Has intra-governmental consultation been sufficient in the legislation process, particularly regarding sectors (health, education, public works etc.)?
- › Is the legislation too complex? Do government officials and citizen understand the complexities of the present legislation?
- › Can Mozambique afford a costly model with double administrative structures?
- › How to reconcile running cost of model with need to invest in services?
- › To what extent does the new model address state fragility in service delivery?
- › To what extent does the reform preempt or promote sectoral decentralization initiatives, e.g. in health?
- › Does the new model correspond to what has been agreed on in peace negotiations?
- › How can government address the doubts of international partners?
- › Can the reform be regarded a cornerstone of peace consolidation?

1 Introduction

1.1 Background

This study represents a condensed version of a political economy analysis (PEA) of the '*new decentralization paradigm*'¹ and its implications for state- and peacebuilding.² It was commissioned by the Swiss Development Cooperation (SDC) Office in Maputo in August 2020, a year after the signing of the Maputo Accord on Peace and Reconciliation (MAPR) by President Filipe Jacinto Nyusi and the Renamo leader, Osufo Momade. The Swiss Government's involvement in the peace process (2017-2019) leading to MAPR, as well as its long-standing partnership with the Government of the Republic of Mozambique in promoting decentralization of the country's system of public administration, prompted SDC's interest in better understanding the processes, changes and early outcomes associated with the *new paradigm*. The *new paradigm* stems from two major outcomes of the peace process: the partial constitutional reform enacted in June 2018, and the Demobilisation Disarmament and Reintegration (DDR) Programme for Renamo's residual forces.

In terms of focus and methodology, the in-depth PEA of a more academic nature which is summarized here, represents an update to an earlier study commissioned by SDC in 2016 and published by *Instituto de Estudos Sociais e Económicos* (IESE) in 2017 (Weimer & Carrilho, 2017). In using the same PEA framework, the current study examines the Here and Now of the Mozambican political economy and, in some depth, the new Rules of the Game for decentralization. The underlying Foundational Factors are not included here as these change slowly over time and are addressed in the 2017 study.

Regarding methodology, the current PEA uses desk-based and internet research for the review of relevant literature, and interviews with 58 key informants. Most interviews were conducted, face-to-face during fieldwork in Maputo, Zambezia, Nampula and Cabo Delgado, with only some done virtually. The key informants represent a broad spectrum of serving and retired civil servants of central and the former provincial government; of the newly created institutions at provincial level, including provincial governors; the secretary of state and their offices, of district administrations and municipalities; representatives of other state institutions, as well as academicians and members of the private sector. In this extended summary of the study the key informants have not been named.

The author would like to extend his gratitude to all persons who granted him the opportunity of an interview. And his sincere *Thank You* also goes to the leadership and staff of the Swiss Embassy and SDC Offices in Maputo, for their confidence and generous support throughout the research, writing and review processes. A special thanks is owed to Teresa Weimer, University of Sheffield, UK, for proofreading and final copy editing.

It should be noted, that the contents and opinions expressed in this paper do neither represent the opinion of the Swiss Embassy and the SDC Offices in Maputo nor their leadership, but solely attributable to the author. The same is true for any errors which might remain undetected despite careful review of the text.

¹ This designation was coined by the vice minister in the Ministry of State Administration and Public Service (MAEFP). Inocência Impissa (2020).

² The reader is kindly advised to note that the cut-off for information data gathering was 30 May 2021. This means that events occurring after were not considered.

1.2 Context

One may argue that the peace process, which ended with the MAPR, represents a political settlement or an ‘elite bargain’ between Renamo and Frelimo elites (Vines, 2019). It follows the failure of previous attempts, mediated by domestic and international actors, to resuscitate the General Peace Agreement (GPA) of Rome, Italy, of October 1992 and achieve definite peace. The peace negotiated by President Nyusi and the late Renamo leader, Dhlakama, and his successor Momade, mediated by the former Swiss Ambassador Mirko Manzoni and his team, managed to strike a deal in which the Frelimo government’s objective to end, once and for all, Renamo’s military capacity, was bartered for Renamo’s wish to govern in provinces considered their strongholds. In fact, the partial constitutional reform of June 2018 established the institution of devolved provincial governments, or in the technical language of the legislation, the Organs of Decentralized Provincial Governance (*Órgãos de Governação Descentralizada da Província* – OGD). This opened the possibility of Renamo governing a province by winning the election of the Provincial Governor (GP) and the Provincial Assembly (AP). However, the first provincial elections under the new regime on 15 October 2019 saw exclusive victories of Frelimo in all provinces, even in those (such as Sofala, Zambezia, Nampula) considered strongholds of the opposition.³ According to a number of key informants, the anticipated Renamo wins in some provinces, influenced the legislating process, in that the Frelimo-majority Parliament built into the legislation a strong institutional counterweight to the OGD in all provinces, namely the Representative of the State in the Province (REP), led by the Secretary of State in the Province (SEP). Both are directly subordinate and accountable to the Central Bodies of the State (OCE), i.e. the Council of Ministers (CM). Thus, the advances in decentralization arising from the ‘critical juncture’ of the peace agreement were combined with, and thus curtailed by, a ‘path-dependent’ recourse to the logic of ‘democratic centralism’, historically a key feature of Frelimo’s approach to decentralized governance (Weimer, 2012; Weimer & Bueno, 2020).

The decentralization reform set in motion by the *new paradigm* as part of the MAPR happens at a time of adverse framework conditions for reform in the Here and Now. In this context only three interrelated aspects are highlighted.

The *first* is the profound economic crisis and fiscal stress Mozambique finds itself in since the discovery of the ‘hidden debt’ of more than 2 billion USD – equivalent to 12% of the GDP at the time. Justified with financing vast investments in maritime security in the expectation of huge returns associated with exploration and liquification of natural gas in Cabo Delgado province and Free Economic Zones along the coast, the debt was incurred in 2012-2013 but only became public knowledge in 2016. This led to a drop in aid and foreign direct investment (FDI) into Mozambique, the lowest possible

credit rating, declines in annual economic growth rates and employment, and in the annual Human Development Index (HDI). It also increased public indebtedness and poverty for close to 2 million Mozambicans. Cortez et al. (2021) estimate that the direct, indirect and opportunity cost, and knock-on effects of the hidden debt may have cost Mozambique at least 11 billion USD – nearly the country’s GDP in 2016.

The *second* aspect which affects the implementation of the *new paradigm* is what has been referred to as ‘terrorist jihadist insurgency’ by some, or ‘war’ by others, in the resource-rich Cabo Delgado province (dos Santos, 2020). More than 1,000 armed violent events since October 2017 have not only resulted in more than 4,300 fatalities⁴, but also some 800,000 internally displaced persons (IDPs) and a humanitarian tragedy in the province’s southern districts and towns, and in adjacent Nampula Province. It also led to the suspension – said to be temporary – of the LNG project in Palma in northern Cabo Delgado, led by the French petroleum giant TOTAL who in April 2021 declared *force majeure* regarding contractual obligations with government and subcontractors after a major insurgent attack on Palma, where the natural gas liquification plant is under construction. For the time being, the expectations of major revenue streams from the LNG business remain dashed. In its attempt to contain the conflict militarily (and that of an armed ‘rebellion’ by a Renamo splinter group in central Mozambique) by boosting the army’s and police’s capacity, the government has increased budget spending on security at the cost of spending in social sectors.

Thirdly, this change in budgetary priorities in favour of security and repaying debt, has reinforced, Mozambique’s problematic position in the Fragility of States Index (FSI). State fragility, defined as reduced capacity to provide regular, quantitatively and qualitatively improving public goods and services (security, economic stability, basic social and infrastructural services in education, health, water supplies, etc.) has increased over the past ten years and further increase regional disparities and across the urban-rural and North-South socioeconomic divides. In addition, Mozambique’s quality of governance, as measured by the World Bank’s Worldwide Governance Indicators has shown a downward trend (World Bank, 2021).

Together, these factors negatively affect social coherence in society and within the political parties, and considerably limit the political space and the resources which the government could command for implementing the *new paradigm* for decentralization reform, seen as an undertaking of and contribution to state-building and peace consolidation. On top of this, the COVID-19 pandemic has taken its toll on economic activities, negatively impacting already declining poverty indices.

In the following section the major outcomes and effects of the reform are summarized.

³ For detailed results see: Joseph Hanlon, Mozambique Political Process Bulletin, Number 96, 26/01/2020.

⁴ <https://www.cabologado.com/reports/cabo-ligado-weekly-14-20-june-2021>

2 The Reform: The New Paradigm for Decentralization

2.1 Changes of the legal-institutional framework and of designations

The *new paradigm* has provided Mozambique with a uniform and **coherent framework for subnational devolved and elected governments** (in addition to the existing municipal ones, established from 1997 onwards). Institutionally speaking, this type of democratic decentralization features an elected executive leader heading an executive council, and a subnational elected multiparty assembly. Taken together these institutions are referred to as OGDP at provincial level, and the Bodies of the Decentralized District Governance (*Órgãos de Governação Descentralizados do Distrito* – OGDD). They are bestowed with a certain degree of qualified administrative, financial, and patrimonial autonomy. So far, only the OGDP have been established and their provincial governors (GP) and Provincial Assemblies (AP) elected in 2019, with the creation of OGDD and district elections scheduled for 2024. As argued by Impissa (2020) this new framework for decentralization brought about an innovation in the sense of introducing devolved governance structured organized by the same principles and in a relationship of a vertical ‘subsidiarity’ across all subnational levels of government.

The reform has so far had a minor impact on the 53 devolved urban governments or **municipalities** and the rules they are governed by. The few changes concern, firstly, the modality by which the mayor is indirectly elected, and secondly, more powers of control for the Municipal Assembly (AM) (see below). The institutionalization of central government executive and oversight functions in municipal territory via the *Representante do Estado na Autarquia* (REA) is not substantially new, as this role had already been legally established by Decree No 65/2003 of 31 December. Administrative and financial oversight continues to be exercised by the Council of Ministers (CM), i.e. the Ministry of State Administration and Public Service (MAEFP) and the Ministry of Economic Affairs and Finance (MEF).

At the same time, and in parallel, the *new paradigm* introduced a **strengthening of the executive and control functions of the central state** via the figures of State Rep-

resentative in the Province (REP) and the Secretary of State in the Province (SEP), respectively, and at district level, the State Representative in the District (RED) and the Secretary of State in the District (SED), respectively. So far, the attribution of competencies and functions for the REP and OGDP and their respective services is not entirely clear. All interviewed stakeholders stressed the need for further clarification. As a matter of fact, the functions as well as the human and financial resources for the devolved government entities and the deconcentrated entities representing the central state have been split in a way, where the dividing criteria were not well defined and in which intra-party politics, political competition and protagonism may play a role, now, that both the SEP and the GP are from the same ruling party. MAEFP is undertaking an urgent effort to produce a functional analysis aimed at clarifying the relationship between the two types of provincial government.

These changes are reflected in a great convolution of approximately **two dozen new laws and decrees**.⁵ They are difficult to comprehend in their totality and their implications, not only for public service managers, but particularly for citizens. Lessons learned from other decentralization experiences clearly underline the need for simplification of complex legislation for decentralization in order to be well understood and implemented (UNDP, 2000).

The *new paradigm* also introduced **new designations** for almost all bodies of decentralized and deconcentrated entities of government. An overview, in Portuguese with English translations, is given in Annex 5.1. The somewhat unwieldy terms OGDP and OGDD avoid naming the new entities ‘government’, apparently to prevent a confusion with the terms ‘provincial / district government’. These designations were used in the past before the new decentralization legislation

⁵ For details, differentiated by laws, decrees and ministerial standing orders see Tables 1 to 3 in Annex 5.2.

entered into force. They refer to the subordinated, deconcentrated units of public administration, then legally referred to as *Órgãos Locais do Estado* (OLE) governed by legislation enacted in 2003. Their status, functions and characteristics have been partially taken over in the form of the newly created REP. The district governments will be temporarily maintained as OLE, until 2024, the year in which the OGDD will be introduced as of the current legislation.

The *new paradigm* also produced a **new regime for the election** of mayors, now aligned to that for GP and, in future, that of the District Administrators (ADD). The direct election of the mayor was replaced by an indirect electoral modality, in which the head of the party list winning the election is automatically recognized as mayor, respectively as GP and ADD for province and district. At the same time, the powers of the elected assemblies at all subnational levels have been strengthened. They now may, under observance of certain legal conditions, initiate a dismissal process of their elected executive leader. While this is said to increase the accountability of the executive to the legislative, critical voices see this change as a strengthening of the party headquarters' influence in local governance matters instead of improved democratic practice. Regarding provincial elections, the size and scope of the electoral constituency have been changed as well. Instead of the number of districts defining the number of constituencies of a province, the new regime foresees one, and only one, constituency corresponding to the whole territory and population of the province. This clearly reduces

the accountability of the OGDP and particular the AP to their electoral base.

To sum up, the reform process has produced a complex system of decentralized, i.e. devolved and deconcentrated forms of subnational government, with partially overlapping competencies and an emphasis on centralist control via State Representatives installed at all subnational levels of government and public administration. At the provincial level, this results in what may be referred to as a **bicephalic form of government**, i.e. a government of 'one body with two heads'.⁶

In a forward-looking perspective to 2024, the year in which the OGDD are scheduled to be introduced, the *new paradigm* produces, a system of subnational governance which consists of **three different qualities and forms of decentralization**. These are:

- a. The 10 newly established provincial bodies of devolved governance, i.e. the OGDP;
- b. The 153 deconcentrated district governments, subordinated to the central government which temporarily, until 2024, continue to function within the OLE framework, despite this having been constitutionally abolished and superseded by the OGDD;
- c. The 53 decentralized *autarquias* as established within their own legal framework, only minimally altered.

⁶ Interview with a civil servant in the Office of the SEP for Cabo Delgado Province, 18/11/2020

2.2 Intergovernmental relations

What are the consequences of the complex and controversial legal framework for the institutional relationships – both horizontally and vertically?

To begin with, one may affirm that the present decentralization legislation, despite its 'innovative' features highlighted by MAEFP's Vice Minister (see: section 3.1), the *new paradigm* turns **governing a province and providing public services** into a major institutional challenge. This view is shared by all provincial governors interviewed for this study. While the functional division of responsibilities and competencies between central and devolved provincial governments are considered reasonably clear, their main concerns are, firstly, the unclear functional division between the REP and SEP on the one hand, and the OGDP on the other, and secondly, the lack of clarity regarding the public finances the OGDP are entitled to. The prevailing opinion is that these deficits can and should be remedied, given that the experience is new in what is considered a challenging learning exercise.⁷

Concerning the **vertical dimension**, the division of respon-

sibilities and functions between central and provincial government is reasonably clear and well-defined in the revised constitution of June 2018. The tables in Annex 5.4 provide an overview. Central government must now deal with two types of provincial governments. While the REP/SEP is directly subordinated to the OCE, central government's relations with the OGDP is indirect, via the Office of the SEP, which assures that the OGDP plans and programmes are fully aligned with those of government's national policies, plans and budget frames. The powers of the central government embodied in the SEP are reinforced by a tight and **powerful system of administrative and financial tutelage** over the OGDP, as defined by Law No 5/2019.

For the time being, MAEFP has no plans to establish a National Directorate for OPGD and/or OGDD or formally turn itself into a ministry of subnational government. Instead, the **National Directorate for Local Administration** (*Direcção Nacional de Administração Local* – DNAL) will be responsible for overseeing both the OGDP as well as the REP, and in analogy, from 2024 onwards, the OGDD and the RED. A new department within DNAL is to be created for this pur-

⁷ Interviews with the governors of Zambezia (08/11/2020), Nampula (16/11/2020) and Cabo Delgado (18/11/2020).

pose.⁸ This will become a powerful agency to deal with and control both the OGDP and REP, i.e. a decisive step towards recentralization. It implies that the tutelage function of MAEFP over the newly established democratic and devolved provincial governments is hosted in the same national directorate, to whom the representative of the state at provincial and district level are directly subordinated and accountable. DNAL's overall responsibility will thus be for all subnational tiers of government, except for the municipalities, for which oversight remains with the National Directorate of Municipal Development (DNDA).

At the sub-provincial government level, the **district governments** continue to exist in their legal form as deconcentrated OLE, until 2024, despite their formal scrapping by the amended Constitution. The district administrator, the members of the district government and services, heads of administrative posts, localities and *povoações* (villages) continue to be nominated by central authorities, and the REP, respectively. For the district governments, however, the *new paradigm* has brought about a double subordination, to both the REP and the OGDP and its Provincial Executive Council (CEP). The subordination to the CEP is relevant in cases such as primary health care and rural water supplies, where the functional responsibility has been attributed to the OGDP. This is problematic in the sense that it requires the deconcentrated district government under the clout of REP to at least partially execute the plans and budgets of the CEP which are approved by an elected AP and in whose elaboration they have little say, institutionally speaking. This is reinforced by the fact that the change of the electoral regime has abolished the district as an electoral constituency in provincial elections.

With the **scheduled introduction of the OGDD in 2024**, the vertical and horizontal relations between subnational governments are set to change dramatically. In terms of territory, the OGDD would 'occupy' and govern all districts in a province and therefore the total area which is at present governed by an OGDP. This would, so to speak, territorially and population-wise undermine its power, and thus make it obsolete. It would also fundamentally and territorially affect the OGDD horizontal relations with existing municipalities. In this regard, the more comprehensive version of the PEA discusses four scenarios, one of which being the abolishment of municipalities.

Many interviewees are hesitant to believe, that the country at present shows favourable political, economic and fiscal conditions for such a major step of extending the model of devolved governance to the country's 153 districts. Key informants point to the high cost of such an act and the political controversies over the reform. Many also argue, that before considering this, government ought to assure a solid assessment and evaluation of the degree to which the implementation of *new paradigm* was able to achieve its objective or not. In case the OGDD are not introduced in 2024, the

'decentralization diversity scenario' outlined in the last paragraph of the previous section would probably continue to be maintained.

Regarding the **horizontal relations** at provincial level, the lack of clarity concerning the separation of functions and responsibilities between the SEP and the GP have already been pointed out. Despite an effort of the legislator to identify exclusive functions for each institution which constitute the bicephalic form of provincial governance, overlaps continue to prevail. Both are organized in a similar way, right down to the subunits of the Provincial Services and Provincial Directorates in the case of REP, and CEP, respectively (see Annex 5.3). This clearly complicates the relations between these institutions and affects the efficiency of implementation of programmes and differing forms of accountability. There is an urgent need to clearly define the functions of each of the two provincial administrations and their executive and administrative responsibilities, via additional **legislation based on a functional analysis**, which MAEFP believes will still be made available in 2021. Since the SEP is only accountable upwards to the central government which nominates her or him, there is a risk that this figure is perceived as a 'disguised political commissar' loyal to the governing party leader of the day, rather than a true representative of the state understood in a republican perspective (Guambe & do Rosario, 2019).

Even in the case of a better division of functions, a high degree of **horizontal and vertical 'articulation and coordination'** is required. The legislator has provided legal commandos to this effect by establishing provincial coordination councils and national coordination meetings. Under the present conditions of scarce resources and institutional competition between the REP and OGDP, the SEP and GP, respectively, key informants believe it unlikely that these costly coordination meetings will produce aligned programmes and harmonize their execution. They also point out that 'these leaders do not speak to each other' and are even 'not legally obliged to share information or communicate their absence from meetings'.⁹ One participant in the first meeting of Zambezia's coordination council, where all four municipalities¹⁰ in the province were represented as well, characterized this event as 'a largely unproductive, expensive mammoth meeting'. It is probably also against the backdrop that coordination of decentralization 'did not work well in the past' (UNDP, 2021), that Impissa (2020: 166f) sees the efficient horizontal and vertical articulation and coordination of plans and activities as 'one of the biggest challenges for the implementation of integrated territorial development initiatives'. In the perspective of several key informants, ways out of this dilemma would be, first, a clearer understanding of exclusive and cooperative/competitive functions of both REP and OGDP, with, secondly, a major emphasis on coordination within OGDP; and, finally, a simultaneous downscaling of the REP and its executive functions. Several key informants made concrete proposals to this effect.

⁸ Interviews with two senior civil servants in MAEFP, 15/11/2020, and 14/12/2020, respectively.

⁹ Interviews with two senior civil servants in MAEFP.

¹⁰ At the coordination meeting it was decided that in future all of the province's 16 districts should also be represented.

2.3 Fiscal decentralization

The new legislative framework introduced several structural changes regarding the fiscal resources the OGDP can count on. Law No. 16/2019 of 24 September, on the Financial and Patrimonial Regime of Provincial Decentralized Governance entities establishes in Art 6 that the income side of the annual plan and budget (*Plano e Orçamento* – PO) of the OGDP consists, in principle, of two items: own source revenue (OSR) as well as fiscal resources transferred by central government. Regarding access to credit, Art 13 of the Law, is quite strict: loans are limited to short-term commercial credits, which need to be approved by the AP and need to be repaid with OSR within the fiscal year, in which they have been contracted.

Regarding **own source revenue**, Law No. 16/2019 establishes in Art 15 the three main categories of sources available. These are:

- a) OSR arising from licencing, concessioning and sale of services;
- b) Income from leasing or sale of assets or from donations;
- c) Any other revenue arising from specific legislation.

The stipulations in Art 15 imply that the OGDP do not have access to fiscal revenue, i.e. have no tax base of their own. This is different from the municipalities' right to taxation, which is in line with the Municipal Finance Law No. 11/2007, reviewed in 2008, and the municipal tax code (*Código Tributário Autárquico* – CTA) enacted as Decree 63/2008. Thus, the OGDP will mainly depend on central government transfers, and on non-fiscal revenue, i.e. user and licence fees. However, some of the sources, such as licencing of land use, i.e. the revenue derived from the issuance of land use titles (*Direito de Uso e Aproveitamento de Terra* – DUAT) are also contested by both central and district government, depending on the area of land. The fees from licencing and service provision can neither be considered a source of fiscal revenue in the strict sense of the word anyway, nor as a regular income, because their generation results from a service or licence to be provided upon demand of a citizen. This implies that the OSR is hardly predictable. In other words, the newly devolved provincial bodies will mainly depend on government transfers.

Since their own resource base is limited to non-fiscal revenue, one of the challenges and priorities, for all PG is to have the base for OSR assessed and a revenue collection machinery put in place, for which technical assistance is needed.¹¹ However, in the author's opinion, given the effects of the overall economic crisis, the OSR will not be buoyant and sufficient to provide a sound fiscal base for the OGDP. These will overwhelmingly depend on central government transfers, which are, for the time being, decided upon in a discretionary manner by MEF. This creates a situation of high risk for the OGDP with their limited status of 'exceptional autonomy', which the

new SISTAFE legislation foresees for them. They may even lose their status of administrative, fiscal and patrimonial autonomy if they do not manage to meet their total expenditure by own source revenue and central government allocations to a degree of 2/3 of total expenditure, according to the new SISTAFE legislation. This also prevents a province to become financially dependent on aid-based transfers.

The **fiscal transfers from central government** and their limits are communicated annually by MEF and are, for all OGDP, inserted in the (central) government's annual plan and budget (*Plano Económico Social e Orçamento* – PESO) which is approved by the AR. The PESO is a merger of what was formerly known as *Plano Económico e Social* (PES) and *Orçamento do Estado* (OE), and results from the recent new legislation on SISTAFE¹², the base law of the state's PFM system, which also covers the OGDP and municipalities. The annual PO-OGDP, although approved at the provincial level by the AP, needs to be fully aligned with all national planning instruments, including the *Cenário Fiscal de Médio Prazo* (CFMP). This requires close cooperation between the Provincial Directorate of Economy and Finance (*Direcção Provincial de Economia e Finanças* – DPEF) in the Office of the GP, and the *Serviços Provinciais de Economia e Finanças* (SPEF) under the SEP, which, in this case, represents the MEF in each province. The amounts allocated for each province are channelled to the OGDP via e-sistafe onto the Single Treasury Account of Decentralized Bodies of Governance (*Conta Única dos Órgãos de Governação Descentralizada* – CUOGD) foreseen by the new SISTAFE legislation. Within the framework of the central government transfers, each OGDP can set its own priorities in the respective PO-OGDP, to be approved by the AP and ratified by MEF.

Article 22 of the Law stipulates that for the establishment of the limit of central government budget allocation for each province, a formula will be defined in a new piece of legislation on this matter. This has not yet happened. However, there are indications that MEF envisages to produce legislation to this effect, still in 2021.¹³ This would, of course, also need to take into consideration the results of the functional analysis driven by MAEFP, also expected in 2021.

If the methodology used by MEF for the *ad hoc* budget allocations for the OGDP for 2020, its historical first fiscal year, is anything to go by, two key elements may be considered for allocating and distributing the central government's budget resources to the OGDP. Firstly, the share available for all OGDP recurrent expenditure (except for salaries) was calculated as the equivalent of the average percentage of expenditure spent at subnational level (provinces, districts, *autarquias*) during the past five years. The respective percentage was 37% of total expenditure. Secondly, regarding the

¹¹ Interview with the GP, Nampula, 16/11/2020.

¹² Law No. 14/2020 of 23 December on the *Sistema de Administração Financeira do Estado* (SISTAFE), and its corresponding regulation (Decree No. 26/2021 of 3 May).

¹³ Interview with the PS in MEF, 23/11/2020.

criteria which decide on the distribution of the total amount allocated among the OGD, two were used: a) the geographical area (in km²), and b) the population of each province, with the relative weight of 25% and 27%, respectively. The same formula is also used in the calculation of the share of each municipality in the Municipal Compensation Fund (FCA) established by Government for municipal block grants. Other criteria such as revenue generated in a province, regional asymmetries, provincial poverty rate or overall spending per capita were not considered.

In conclusion, the framework of fiscal decentralization in favour of OGD is incomplete. Doubts remain whether the allocation and distribution mechanism adheres to the established principle of 'finance-follows-functions'. This cannot be gauged yet, as the process of clarification of functions be-

tween REP and OGD through a functional analysis has not yet been completed.

Further, a complete overhaul of the country's **intergovernmental transfer system** in the form of a formula-based system is favoured, in which both the OGD and the *autarquias* are considered. Such a system would not only need to consider the OGD's revenue requirements aligned to their definite (exclusive) function, but also the revenue generation potential of each territorial unit, given their difference in natural and economic resource endowments. Establishing such a system would be a major contribution not only to the viability of the devolved subnational units of government, but also state-building. And as such, it would help to address the existing regional disparities and therefore one of the causes of state fragility and conflict.

2.4 Sectoral Decentralization: the Cases of Health and WASH

It is probably too early to attempt to assess the impact of the *new paradigm* on service delivery in the sectors of health and WASH, given that some of the crucial parameters addressed in the previous sections are not yet clarified and await further legislation. This is particularly true for **health**, where the relationship, the functional division of competencies, labour and, human and financial resources between SEP and OGD are potentially conflictual. As it stands now, this is likely to hamper the delivery of quality services and their geographical expansion, particularly in rural areas.

Several key informants in the health sector allude to the fact, that the division of functions between the *Direcção Provincial de Saúde* (DPS) in CEP and the *Serviços Provinciais de Saúde* (SPS) under the SEP are unclear. Presently, they have a wide overlap of responsibilities and an almost identical organization (ENABEL, 2021). This leads to major challenges in providing well-coordinated and -elaborated provincial plans for health donors such as ProSaúde, for example, in their emergency support in the Covid 19 pandemic. In the worst case, the lack of clear-cut responsibilities affects contractually established modalities of financing subnational health operations, which in one case, has already led to the temporary freezing of funding.

An informal division of labour between SPS and DPS seems to have emerged in some provinces, in which the former is involved in planning, budgeting and monitoring, whereas the latter is responsible for the implementation of programmes. Nevertheless, the risk of, for example, the primary health care services being fragilized is high also because such services require a holistic approach and not an institutional fragmentation as is the case now. To minimize this risk, the study argues in favour of the elaboration of a sector decentralization strategy led by the Ministry of Health (MISAU), within the framework of its Strategic Sector Plan (PESS) 2014-2021, to be extended up to 2024. This would also find the sympathy of several donors, as long as it helps minimize functional

overlap, improves effectiveness of service delivery, allows for increased share of budgets to be allocated to sub-provincial health units, and boosts the capacity and legitimacy of the OGD (N'weti, 2021). MISAU's sectoral decentralization strategy would need to be negotiated with MAEFP and MEF, which so far have had the lead in defining what decentralization should look like in the health sector.

In comparison, the **WASH sector** seems less affected by the *new paradigm*, despite the fact that the responsible Ministry of Public Works, Habitation and Water Resources (*Ministério das Obras Públicas, Habitação e Recursos Hídricos* – MOPHRH) is among the most centralized. Over the years, it has shown little inclination towards increasing spending and investment through their subnational entities. One of the reasons for the sector's 'immunity' to decentralization in line with the *new paradigm* is the fact that, a deconcentrated management system had already been introduced around 20 years ago. The other reason is a seemingly rational division of labour between investments in water supply systems for urban areas via FIPAG (larger cities) and the *Administração de Infra-estruturas de Água e Saneamento* (AIAS) in smaller towns and *vila*-type district centres, and rural systems. The latter, which also include systems in district centres (*vilas*), are covered via PRONASAR (Rural Water and Sanitation Programme) under the ministry's *Direcção Nacional de Abastecimento de Água e Saneamento* (DNAAS). FIPAG and AIAS's investments in urban water supply systems are managed by private companies with oversight in the hands of the *Autoridade Reguladora de Águas* (AURA).

This historical division of functions and responsibilities in the water sector is recognized and confirmed by the *new paradigm*, in which the OGD is exclusively responsible for rural water supplies under PROSANAR, via the Provincial Directorate of Public Works, Habitation and Water Resources (DPOPHRH), which is part of the CEP. This allows the *Serviços Provinciais de Infra-estruturas* (SPI), with its Department of Habitation,

Water and Sanitation (*Departamento de Habitação, Água e Saneamento* – DHAS), under REP, to concentrate on its core business, i.e. water supplies and sanitation in cities, towns, and district centres via FIPAG and AIAS. One key informant stressed, that contrary to other sectors, hardly any overlap of functions between REP and OGDP exist in the WASH sector.

However, this does not mean that there are no conflicts arising from the *new paradigm*. These centre around what key informants consider an unfair and untransparent distribution of human and material resources (vehicles, offices, equipment, etc.) between the DPOPHRH and the SPI/SPHAS in favour of the latter. This is said to negatively affect the former's capacity to manage, providing technical assistance to, and

monitor investments in rural water supply systems. Another bone of contention is the case of future WASH systems in the *vila*-type district centres, where PROSANAR /DPOPHRH and AIAS/SPI are potential competitors. To avoid conflict in this case, a clearer definition of functional responsibility for both DPOPHRH and SPI is required. The elaboration of a roadmap for capacity building in the sector (for both DPOPHRH and SPI staff) on the implications and challenges of the new paradigm and its implementation has been suggested by stakeholders as a means to mitigate doubt and potential hesitancy of donors to commit urgently needed funds.

3 The Reform: Controversies and Concerns

Like any profound reform which is bound to produce structural changes in intergovernmental institutional and fiscal relations, the new decentralization paradigm is perceived differently by different stakeholders. Controversial assessments of the merits and challenges in the reform process are not lacking. These controversies should, in the author's view, drive a broader debate of this matter, which unfortunately has been absent. In fact, during the peace negotiations and the ensuing decentralization legislation the public was largely kept at the fringes, a few exceptions notwithstanding, whereas literature suggests that the more the public is involved in the design of this type of reform, the more acceptable the outcomes are (OECD, 2000).

Only three perspectives by different stakeholders on the genesis, scope and effects of the *new paradigm* are summarized in a rather condensed way. These are a) that of a minister who was involved in the legislation process, b) that of critical observers, among them practitioners, i.e. civil servants with a long working experience in local and provincial government, and c) donors, who have supported decentralization in the past and are inclined to continue to do so under conducive conditions.

3.1 A View from Maputo and Provincial Capitals

The Vice Minister of MAEFP, author of the above cited book on the *new paradigm* (Impissa, 2020), prefers to see the legislative package, to which he contributed, under the perspective of innovation. He argues that the *new paradigm* is innovative in the sense that it systematically defines, in the Mozambican context, what constitutes decentralisation, its objectives and its limitations. In particular, he identifies a major innovative step in the establishment of a structured system of subsidiarity, composed of tiers of devolved subnational governments at provincial, district and municipal level. This model follows the same institutional principle of devolution or democratic decentralization and entails the division between executive and legislative functions and a degree of relative administrative, financial and patrimonial autonomy of all subnational entities. The legislative assemblies and of their executive leaders result from democratic multi-party elections, in the latter case via the head position of the party list which wins the elections. This author also sees the presence of the central

state at all levels, through a representative of state, as a major innovation. According to him, these innovations in the legislative package represent the best possible translation of the results of the agreements reached in the peace negotiations between President Nyusi and the late Renamo leader Dhlakama into a new decentralization script for peace consolidation.

Similar views are entertained by newly elected provincial governors, who stress that the provincial assembly (AP) now has real decision-making power, notably in planning and budgeting, and the provincial governor has electoral legitimacy.

Based on the opinions garnered through interviews conducted at central government level in Maputo, however, doubts may be expressed whether the Vice Ministers' views are entirely representative of all government, or the MAEFP for that matter.

3.2 Critical Views

Several key informants, among them not only senior members of the opposition, but also senior officials in government, would not entirely agree with the above conclusion. Close observers to the peace negotiation process point out, that the legislation may not necessarily reflect the agreements on decentralization reached by the principal actors, particularly regarding the emphasis on the REP as a counteracting force to the GP and the OGDG. In the opinion of one source, a senior civil servant in a key ministry, the legislation process had ‘too many cooks who spoiled the broth’. This allegedly resulted in an ‘adulteration’ of the understanding of decentralization in elite settlement when it was translated into legislation, in which a strong REP with competing or parallel executive functions allegedly was not foreseen. This perception may be indicative of a fear that the *new paradigm* may not necessarily contribute to the consolidation of peace, but may enhance cleavages, even within the ruling party which governs the country at all levels, with the exception of eight municipalities.

Other critical observers, particularly at subnational level, suggest that the result of the legislative effort and its *new paradigm*, i.e. the bicephalic model of provincial government, is dysfunctional for effectively governing the country and to provide improved public services. As a senior official in MEF put it: a provincial government ‘can only have one head, namely that of the GP, who has been bestowed with an electoral mandate’¹⁴ – a position with which a considera-

¹⁴ Interview with a senior civil servant, MEF, Maputo, 23/11/2020.

ble number of civil service practitioners agree. The intrinsic antagonism between the SEP and GP cannot, in this opinion, be easily resolved through ‘articulation and coordination’ at national and provincial level with associated high transaction cost. In the words of a district administrator with decades of experience, what is required is ‘a courageous political decision’ to rethink the institution of REP and SEP, in the sense of scaling back the latter, eliminating its present executive functions and defining clear-cut terms of reference for the SEP.¹⁵ Without such a bold step, the risk, as expressed by a senior government official at provincial level, of undoing (*‘escangalhar’*)¹⁶ Mozambique’s public administration is high: the maintenance of the bifurcated model of provincial governance could have disastrous consequences for the already fragile state’s capacity to provide public goods and services and thus consolidating statehood and peace.

Finally, the fact that the *new paradigm* is incomplete and is lacking a clear and practical definition of exclusive and competitive functions for both REP and OGDG, and particularly for the sectors, is a matter of common sense, with which almost all key informants agree. The same is true for the need of a viable intergovernmental transfer system. It is in these areas where some international partners’ interests lie in cooperating with the government at central and provincial levels.

¹⁵ Interview with District Administrator, Zambezia Province, 10/11/2020.

¹⁶ *Escangalhar*: destroying the colonial state was one of Frelimo’s revolutionary slogans after Independence, which, in fact hardly has happened, quite to the contrary (see: Weimer & Carrilho, 2017, Chapter A).

3.3 Donor Perceptions

Mozambique’s international partners, particularly those who have supported decentralization for some time, have closely followed and commented upon the new decentralization reform process, notably through the Decentralization Working Group (DWG).¹⁷ Not surprisingly, its members are concerned with several of the points already highlighted above, among them (UNDP, 2021):

- a) The lack of clarity regarding specific institutional competence of provinces, districts, and municipalities for different sectors (e.g. water supplies, health), with overlapping to be avoided;
- b) Slow implementation of reform and minor impact on service delivery resulting from conflicting expenditure assignments, limited funding for subnational entities, inequalities in centralized revenue assignments and poor coordination during the planning and budgeting process;

- c) The present legal framework for fiscal decentralization does not entail formula-based intergovernmental fiscal transfers so that the degree of fiscal autonomy of the OGDG is defined by the discretionary power of central government .

USAID, the present chair of the DWG, concludes their own PEA (USAID, 2020: 4) as follows:

In important respects, the recent administrative reform is a step back from previous policy frameworks and legislation. On the one hand, the creation of state representation in the provinces, and from 2024 onward in the districts, weakens decentralized local governance and strengthens centralized leadership and procedures, demonstrating Frelimo’s lack of political will for a real devolution of powers to elected bodies.

In conclusion, there is a certain scepticism on the part of international donors which translates into a hesitancy and low risk-taking attitude regarding support for the transformation intended by the *new paradigm*, particularly regarding the OGDG. However, this does mean that donors are not aware of

¹⁷ Currently the members of this informal group are, amongst others: FCDO (formerly DFID), EU, GIZ, IA, SDC, UNCDF, UNDP, UNHabitat, USAID, WB. Contrary to previous practice NGOs are presently excluded.

potential entry points to support the reform, such as sectoral decentralization and the design and testing of an intergovernmental fiscal transfer system. The more optimistic version of this scepticism holds that decentralization reforms in general are long-term processes, the creation of devolved provincial governments is a step in the right direction and a learning process which complements the devolved local government model matured over 25 years in the 53 municipalities.

From the *perspective of the Swiss Development Cooperation*, a long-standing supporter of decentralization in Mozambique and other countries, the implications of the *new paradigm* can be summarized as follows:

- › The new 'rules of the game' and the absence of the results of the ongoing functional analysis hinder the effective implementation of ongoing programmes, e.g. in health and WASH, and add new risks and transaction cost, which are likely to be reflected in the new country strategy 2022-2024 presently under elaboration.
- › The scenarios for democratic decentralization to district level, legally foreseen from 2024 onwards, cast some doubt on the outcomes of this aspect of the reform in relation to the existing municipalities which have counted on Swiss support since their early days, thus increasing strategic planning uncertainties;
- › As a result, SDC at present pursues a risk-sharing approach by focusing their intervention on selected district governments and municipalities, as well as on one decentralized provincial government, in all cases in partnership with other international actors, namely UNDP, UNCDF and GIZ.
- › Finally, of particular concern is also the relationship between the multimillion USD, Maputo-based *Agência de Desenvolvimento Integrado para a Região Norte* (ADIN), covering the three northernmost provinces (Cabo Delgado, Nampula and Niassa) and the new decentralized governance institutions. Their respective planning, budgeting and accountability rules may differ substantially and become objects of conflict, with ADIN's top-down approach strengthening the recentralization tendencies and the cost of the newly established elected provincial governments.

4 Final Considerations

4.1 Conclusions

This study has shown that the *'new paradigm'* of decentralization in Mozambique, resulting from a constitutional reform process triggered by a political elite settlement in the form of the MAPR, represents unfinished business and is in need of further substantial adjustments. It also shows that the *new paradigm* is not as 'new' as the term suggests considering the strong element of centralization, embodied in the figure of the SEP. In fact, it can be seen as an exemplary case of using a decentralization discourse for the purpose of recentralizing authority, or as Otayek, (2007) would put it, 'decentralization as a way of redefining authoritarian power' in a top-down way.

Political issues apart, two major technical challenges which are at the core of successful decentralization, still need to be overcome. The first is a clear and workable definition of the exclusive tasks, functions and responsibilities of the OGDG as opposed to those of the REP. This should, not only in the author's opinion, also entail a redefinition and rescaling of the REP. The second missing item on the reform agenda is an intergovernmental fiscal system, based on 'finance-follows-function' and with a balancing mechanism for minimizing regional distortions. This should include a factor which takes the vastly differing natural and economic resource endowments between provinces into consideration. As one of the interviewees put it:

[We need]... a system that allows or guarantees a transparent, fair and equitable distribution of national income. A system that provides comfort to the provinces, districts and eventually the municipalities, that the resources exploited in their territory bring them income that afterwards and through the bodies they choose, serve them and not the central government that uses them in a very non-transparent, even abusive and wasteful way.¹⁸

Without such a system, the political settlement and the decentralization reform may not deliver its expected contribution to state- and peacebuilding (Wolf et al., 2020). And another opportunity of a 'critical juncture' for peace building would have been missed.

Particularly Mozambican practitioners, i.e. civil servants with provincial and local government experiences as mayors, administrators, *directores*, etc., agree with the opinion expressed in the USAID study cited above, that the emphasis on REP/SEP is a step backwards, and should be reviewed in a politically 'courageous' step to adjust the existing legislation. A less dramatic scenario is entertained by a former senior official in MAEFP. It entails, in an analogy to the case of the representative of state in the *autarquias* established in 2003, a 'gradual marginalization and fragilization' of the REP *vis-à-vis* the democratically legitimized OGDG.¹⁹ Under this premise, the OGDG will eventually outlive the REP.

The question is whether this incomplete reform process should be carried forward to the district level from 2024, as the constitution and legislation imply. The answer of almost all interviewees is a clear 'no', at least for the time being. This 'no' also implies that the rethinking of decentralization initiated by the reform should go further and include the way government has been accustomed to formulating policies, planning, programming and budgeting for their execution. These habits have largely ignored the major economic, social, and fiscal pitfalls which the present crisis has revealed.

¹⁸ Interview with a senior civil servant, Nampula Province, 14/11/2021.

¹⁹ Interview, Maputo, 06/11/2020.

4.2 Recommendations

Given the controversies and contradiction over the decentralization reform, its institutional and political risks and a certain hesitancy of international partners to buy into it, the author provides the following general recommendations for a 'post-reform' review:

- › There is a clear need to debate, review and adjust the underlying assumptions of the new decentralization model, preferably in the framework of the African Peer Review Mechanism (APRM), in which Mozambique has played a leading role in the past. In such an exercise the affordability and the risks of the present paradigm would also need to be included.
- › The present legislation, extremely voluminous and complex, merits simplification, particularly from the perspective of civil servants posted at subnational level, business people, taxpayers and citizens. In very practical terms, they need to have a clear understanding of what the changes of the new rules of the game imply in their daily lives.
- › There is an urgency to invest money and effort in the elaboration of a formula-based intergovernmental fiscal transfer system in line with best practice, which is pivotal for addressing the challenges of state- and peacebuilding. This would also require an open process of consultation, involving all levels of government and, include civil society and academia.

Realizing such an agenda certainly would require an initiative driven detached from immediate power politics and which considers the fiscal, economic and social constraints to effective decentralization for service delivery, as well as the ongoing paradigm shift of international support to Mozambique from 'aid for development' to 'investment for growth'. After more than two decades of conflicts since Independence the Mozambican people certainly merit a system of decentralized government which provides the basic public services in health, education, water and sanitation, etc., of adequate quality and coverage, not only in urban areas but the whole national extent. Above all, Mozambicans merit a system of governance contributing to stability, generation of local economic opportunities and the consolidation of peace as a priority.

5 Annex

5.1 New institutions and designations (province, district, municipalities)

Level / tier of government	New institutions and designations			Constitutive elements		
	English	Portuguese	Abbr	English	Portuguese	Abbr
Provincial	Bodies of decentralized provincial governance	<i>Órgãos de Governação Descentralizada Provincial</i>	OGDP	Governor of Province	<i>Governador de Província</i>	GP
				Provincial Executive Council	<i>Conselho Executivo Provincial</i>	CEP
				Provincial Assembly	<i>Assembleia Provincial</i>	AP
	Representation of State in Province	<i>Representação do Estado para a Província</i>	REP	Secretary of State of Province	<i>Secretario do Estado para Província</i>	SEP
				Provincial Council of Representative of state	<i>Conselho dos Serviços Provinciais de Representação do Estado</i>	CPS-RE
				Provincial Services of the Representation of State	<i>Serviços Províncias do Representação do Estado</i>	SPRE
District	Bodies of decentralized district governance	<i>Órgãos de Governação Descentralizada Distrital</i>	OGDD	District Administrator	<i>Administrador do Distrito</i>	ADD
				District Executive Council	<i>Conselho Executivo Distrital</i>	CED
				District Assembly	<i>Assembleia Distrital</i>	AD
	Representation of State of the District	<i>Representação do Estado para o Distrito</i>	RED	???	???	
	Municipal*	Bodies of municipal decentralization	<i>Órgãos de Descentralização Autárquia</i>	ODA	Mayor	<i>Presidente da Autarquia (Presidente do Conselho Municipal)</i>
Municipal Executive Council					<i>Conselhos Executivo Autárquico (Conselho Municipal)</i>	CEA (CM)
Municipal Assembly					<i>Assembleia Autárquica (Assembleia Municipal)</i>	AA (AM)
Representation of State of the municipality		<i>Representação do Estado para a Autarquia</i>	REA	???	???	

Source: author, based on Law 1/2018, AR, 2018 and EISA, 2018

* These institutions are not new; however, the designation has changed – previous designations are provided in brackets.

5.2 Decentralization Legislation (2018–2021)

Table 1: Decentralization legislation 1: Laws (2018 – 2020)

No	Law	On (subject)
0	Law No. 1/ 2018, of 12 June ²⁰	Revising, partially, the Constitution of the Republic to adjust it to the process of consolidation of the democratic reform of the state
1	Law No. 6/2018, of 3 August	establishing the legal framework for the implantation of Local Authorities, as amended and republished by Law 13/2018, of 17 December
2	Law No. 7/2018, of 3 August	establishing the legal framework for the Election of the Members of the Municipal Assembly and the President of the Municipal Council
3	Law No. 2/2019, of 31 May	amending and republishing Law No. 8/2013, of 27 February - which establishes the legal framework for the election of the President of the Republic and the deputies of the Assembly of the Republic
4	Law No. 3/2019, of 31 May	establishing the legal framework for the election of the members of the Provincial Assembly and the Provincial Government;
5	Law No. 4/2019, of 31 May	establishes the principles, norms, competences and functioning of Executive organs of decentralized provincial governance
6	Law No. 5/2019, of 31 May	establishing the legal framework for the Tutelage of the State to which the bodies of decentralized provincial governance and municipal authorities are subject
7	Law No. 6/2019, of 31 May	establishing the legal framework on the organization, composition and functioning of the Provincial Assembly;
8	Law No. 7/2019, of 31 May	establishing the legal framework for the organization and functioning of the bodies of the State's Representation in the province
9	Law No. 15/2019, of 24 September	establishing the legal framework for the organization and functioning of the bodies of the State's Representation in Maputo City
10	Law No16/2019, of 24 de September	defining the financial and patrimonial regime of the bodies of decentralized provincial governance
11	Law No. 14/2020, of 23 December	establishing the principles, norms, organization and functioning of the System of Financial Administration of the State (SISTAFE)

Table 2: Decentralization legislation 2: Decrees (2019 – 2021)

No	Decree	On (subject)
1	Decree No 94/2019 of 31 December	which regulates Law No. 5/2019, of 31 May, which establishes the legal framework for state tutelage to which the bodies of decentralized provincial governance and municipalities are subject
2	Decree No 95/2019, of 31 December,	which approves the fundamental principles for the elaboration of the regime of the provincial assembly
3	Decree No 96/2019, of 31 December	which approves the statutory organization of the Technical Secretariate of the Provincial Assembly and repeals Resolution No 10/2010 of 31 December, which approves the Statutory organization of the Technical Secretariate
4	Decree No 97/ 2019, of 31 December	which establishes the organization, composition and functioning of the Provincial Assembly
5	Decree No 98 / 2019, of 31 December	which approves the guidelines for investiture of the provincial assembly, the public presentation of the Secretary of State of the Province and of the City of Maputo, 56/2009 of 8 September, which approves the guideline of Investiture
6	Decree No 3/2020, of 10 January	which establishes the mechanisms of organization and functioning of the Coordination Council of the City of Maputo.
7	Decree No 4/2020, of 4 February,	which establishes the mechanisms of organization and functioning of the National Coordination Council and the Provincial Coordination Council.
8	Decree No 6/ 2020, of 11 February	which establishes the legal framework on the organization and functioning of State Representation Services in Maputo City

²⁰ Boletim da República, I SERIE- Número 115, 12 de Junho de 2018 (2º suplemento).

9	Decree No 63/2020, of 7 August	which regulates Law No. 7/2019, of 31 May, which establishes the legal framework for the organization and functioning of State Representative Bodies in the Province and repeals Decrees No. 5/2020, of 10 February and 16/2020, of April 30
10	Decree No. 64/2020, of 7 August	which regulates Law No. 4/2019, of 31 May, which establishes the legal framework of the principles, organization rules, powers and functioning of the Provincial Decentralized Governance Executive Bodies and repeals Decrees no. 2 / 2020, from 8 January and 15/2020, from 13 April
11	Decree No. 65/2020, of 7 August	which regulates Law No. 15/2019, of 24 September, which establishes the legal framework for the organization and functioning of State representation bodies in the City of Maputo and repeals Decree No. 64/2020, of 7 August,
12	Decree No. 26/2021, of 3 of May	which regulates the Law No. 14/2020 of 23 December on SISTAFE

Source: author, based on *Boletim da República*, various editions

Table 3: Ministerial Diplomas etc. (2020 – 2021)

1	Circular No. 01/GAB-MEF/2020, of 19/02/2020	communicating of Budget Limits and Guidelines for the Provincial Level Budget Preparation Process for 2020. MEF / Minister's Office.
2	Official Letter 40/GAB-MEF/2020. of 19/02/2020.	on communication of Budget Limits and Issuance of Guidelines for the Process of Preparing the Provincial Level Plan and Budget for 2020. MEF Minister's Office.
3	Ministerial Diploma No. 8 /2021 of 22 January	approving the organizational structure of the Provincial Service for Justice and Labor.
4	Ministerial Diploma No. 9 /2021 of 22 January	approving the organizational structure of the Provincial Service for Health
5	Ministerial Diploma No. 13/2021 of 29 January	approving the organizational structure of the Provincial Service for Economy and Finance (MAEFP / MEF)
6	Ministerial Diploma No.14/2021 of 29 January	approving the organizational structure of the Provincial Service for Infrastructure (MAEFP / MEF)
7	Ministerial Diploma No.15/2021 of 01 February	approving the organizational structure of the Office of the Secretary of State in the Province (MAEFP / MEF)
8	Ministerial Diploma No.16/2021 of 01 February	approving the organizational structure of the Provincial Service for Social Affairs (MAEFP / MEF)
9	Ministerial Diploma No.17/2021 of 01 February	approving the organizational structure of the Provincial Service for Economic Activities (MAEFP / MEF)

5.3 Organizational Structures of CEP and CSPRE

	OGDP/ CEP	SEP / CSEP
1	Office of the Provincial Governor	Office of the Secretary of State in the Province
2	Provincial Directorate of Planning and Finance	Provincial Service of Economy and Finance
3	Provincial Health Directorate	Provincial Service of Economic Activities
4	Provincial Directorate of Education	Provincial Social Affairs Service
5	Provincial Directorate of Agriculture and Fisheries	Provincial Infrastructure Service
6	Provincial Directorate of Public Works	Provincial Justice and Labor Service
7	Provincial Directorate of Transport and Communications	Provincial Environment Service
8	Provincial Directorate for Industry and Commerce	Provincial War Veterans' Service.
9	Provincial Directorate for Gender, Children and Social Action	
10	Provincial Directorate for Youth, Employment and Sport	
11	Provincial Directorate of Culture and Tourism	
12	Provincial Directorate for Territorial Development and Environment	

Source: author, on the basis of Mangove et al. (2019) and subsequent legislation

5.4 Division of Functions Between Central Government and OGD

Table 4: Exclusive Functions of the Central Organs of THE STATE (OCE)

No	Functions
1	Functions of sovereignty
2	Regulatory functions within the scope of the legislation
3	Formulation and definition of national policies;
4	Realization of the policies and measures aimed at consolidating the unitary state
5	Maintaining the representation of the (central) state at provincial and district level
6	Definition and organization of the territory
7	National defence
8	Public security and order.
9	Border control
10	Issuing of the currency
11	Diplomatic relations
12	Mineral resources and energy
13	Natural resources (soils and subsoils) in inland waters, in all territorial sea, and areas of the continental shelf adjacent to the territorial sea, and in the maritime exclusive economic zone
14	Establishment and alteration of taxes

Source: Law No. 1/ 2018, of 2 June, Art 139 Art 270 D

Table 5: Functions / Competencies of Devolved Provincial Governments (OGDP)

No	Competencies / functions
1	Agriculture, fishing, livestock, forestry, food and nutrition security
2	Land management, to the extent determined by law
3	Public transport, in the area not assigned to municipalities
4	Management and protection of the environment;
5	Forests, wildlife and conservation areas;
6	Housing, culture and sport
7	Health (primary health care)
8	Education, within the scope of primary education, general education and technical and professional training
9	Tourism, folklore, handicrafts and local fairs
10	Hospitality, which cannot exceed the level of three stars
11	Promotion of local investment
12	Water and sanitation
13	Industry and commerce
14	Roads and bridges that correspond to local, provincial and district interests
15	Preventing and combating natural disasters
16	Promoting local development
17	Territorial planning and organization
18	Rural and community development
19	Any other functions to be determined by law

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