

## **DECENTRALISATION IN MOZAMBIQUE UN INTERNAL WORKSHOP**

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Venue: UN Sala Sergio Vieira de Mello.  
1st December 2008.

### **Introduction**

- Workshop was organised and facilitated by John Barnes (UNDP CTA for decentralized planning; john.barnes@undp.org) to share past and current experience of UNDP in decentralization issues in Mozambique with other UN agency staff.
- Power points from the four presentations will be made available on UNDP Mozambique webpage. Please refer to them (or their authors) for a comprehensive report of the workshop, and take these as rough notes from Isabel Kreisler (isabel.kreisler@undp.org).
- **Some points of discussion and ideas about remaining challenges on decentralisation in Mozambique will be taken for discussion to working group around the UNJP on decentralisation** (if interested talk to Jose Macamo, Head of Governance Unit at UNDP [jose.macamo@undp](mailto:jose.macamo@undp)). Among them:
  - Revisiting the decentralization process should strategically be used as an opportunity to link this process to improvements in the delivery of essential services.
  - Decentralization should not be evaluated in terms of how far the process has gone, but rather according to how much the process has delivered in terms of poverty reduction.
  - Integration of sectoral plans and recommendations from specialised agencies into the decentralised planning (eg: interactions between food security contingency plans, disaster risk prevention or environmental mainstreaming with provincial/districtal development planning).
  - What to do and how to manage the FDD that OIIL is turning into?
- Workshop Attendance: UNHabitat (Camilla Lubello, Anselmo Cavi, Jaime Comiche, FAO (Alejandro Acosta, Joao Z Carrilho), UNESCO (Marko Saarinen) ART PADDEL (Esther Contell, Iván Rizcurinaga Vazquez), UNFPA (Baisamo Juaia), UNRCO (Mirza Antunes, Sergio Muchanga), UNDP (Baiba Gaile, Abdoulaye Kourouma, Naomi Kitahara, Michel Matera, Fatima Amade, Eunice Mucache, Jose Luis Macamo, Isabel Kreisler).

### **Presentation 1**

#### **Decentralisation in Mozambique. Tendencies and perspectives John Barnes (UNDP CTA for decentralized planning)**

- A study of the impact of participative planning (parallel to decentralization policies) on poverty reduction in the Province of Nampula exists using data from 2003. → Study showed positive results although statistically significant correlation is difficult to make. Also, the period of study coincides with a general progress on some development indicators in the country.
- In talking about decentralization it is important to draw the difference between “deconcentration” of power (central government officials sent to provincial or districtal levels) and “devolution” (implying a shift in power to locally elected representatives at the sub-national levels of government).

- Whereas commonly in East African countries (with British influence) the decentralisation process has led more to "devolution", Mozambique's decentralization process has so far resembled more to "deconcentration" → caution about conclusions drawn in other countries and applicability of policy prescriptions.
- Mozambique: 11 provinces, 128 districts and 43 municipal councils, and yet a highly centralised state. Are "Local Organs of the Central State" local governments?
- Since 1995, some discretion over investment budget exists at provincial level (PES and PTIP). Although some bilateral donors had some previous experience, UNDP/UNCDF pioneered in 1998 the introduction of decentralised planning in officially designated pilot areas (concentrated in Nampula).
- Decentralisation by stealth?
  - "Devolution" to 43 municipalities.
  - Municipal income: own receipts and possible external donations from donors, or domestically generated resources.
  - But: no long term commitment possible (not as a result of legal imposition but because of lack of sufficient banking capacities), and budgets supervised by Central Ministry of Finance.
- In practice municipalities are still quite weak, lacking institutional, financial and human resource capacity → high level of dependency on central government persists.
- Despite commitment to decentralisation, took 10 years to declare 10 new municipalities, with doubts about their viability in self financing through self receipt generation.
- % of dependence over central government 's budget ranges from 80% (Milange) to 17% (Ilha de Mozambique, this might change after recent elections). Maputo has a 32% dependence on the central government budget.
- LOCAL ORGANS OF THE CENTRAL STATE, Lei 8/2003 (LOLE)
  - Not elected bodies, but appointed by provincial Governors, that are nominated by the President. → to what extent are they representing local interests?
  - Important coordination role, but they still represent Central Gov.
  - Introduction of changes though: district governments have legal basis (not just admin duties), district designated budgetary units (and the opportunity to receive \$ directly, skipping provincial level), they deployed integrated district services, acknowledgment of district development planning and participatory approaches.
  - On paper, the district development put at the centre of the country's development.
- UNDP/UNCDF experience in Nampula and Cabo Delgado on community participation into district planning has expanded and today all districts have consultative councils for development planning.
- 2007 a draft of national decentralization plan/policy should have been issued, but still awaiting for this to happen.

- Some observations on the central budget: budget still v centralised, budget allocation of the "Big 5" sectors at provincial level still largely predetermined, unequal distribution of budget at sub-national levels (no per capita basis and no correlation between government allocation and deprivation).
- A lot of progress been made over the last 15 years, but still big challenges ahead:
  - More deconcentration as proposed to devolution (WHY?)
  - Decentralisation of competences and responsibilities to local governments (finance [should] follow functions)
  - Financial management and execution capacities
  - M&E and analytical capacities at decentralised level
  - Transparency
  - Integration of budget allocation and dev planning at national, provincial, district, and municipal planning → dysfunctionality of the planning cycle (timing)
  - SISTAFE intro, delays and physical preconditions required in system
  - Participation and democratic deficit
  - Aid modalities (GBS, SWAPS) do these predominant aid instruments encourage decentralisation?
- **SOME STRATEGIC QUESTIONS:**
  - Is decentralisation important for MDGs achievement?
  - What can UN agencies do to support it and strengthen it?

## **Presentation 2, decentralisation at sectoral level**

### **Jose Macamo, UNDP Head of Governance Unit**

- (Pwp based on a study on decentralisation and implications for sectoral planning (health and education and water supply in rural areas). Gaza province taken as case study (northern provinces maybe biased because "too advanced" process). Study looked at:
  - division of labour taking into account decentralization
  - budgetary transfer
  - internal accountability
  - recruitment of personnel
- General conclusion: the country is already showing some progress that can be analysed despite existing challenges: go deeper in the legal framework, transform districts into planning units, CM decisions over decentralization of budget.
- Remarks on EDUCATION: as of 2007 some resources transferred at decentralized level for capacity building for teachers in *Institutos Profissionais*, direct support to schools, funds to combat HIV/AIDS.
- Remarks on SAUDE: Plans to decentralize salaries, HR costs (before 2010?), "rehabilitación de unidades sanitarias", projects with a value < Mt 7M would be managed at decentralized level.
- Remarks on WATER supply: Maintenance and rehabilitation of water sources made at district (not provincial level), but new wells (furos) under responsibility of provincial level (economies of scale reasons).
- Challenges ahead:
  - Decentralization from the provincial to the district level may prove more challenging than transfer to provincial level. → province level willing to retain power.
  - SISTAFE still not working at decentralised levels...

- Lack of communication, slow or inexistent information flow between different levels (especially between provincial and distrital levels)... leading to lack of coordination. (e.g.: districts not knowing funds available at provincial level for rural water supply)
  - Lack of clarity as to whom is to lead the decentralisation process: central state or sub-national levels of government?
  - Problem of timing and coordination: responsibilities transferred without funds (or the other way round).
  - Lack of trained public officials at the decentralized level to manage the process (average of 1 "técnico superior" per district government...)
  - No clear link has been drawn between effective decentralisation and better service delivery.
  - No information dissemination. Little knowledge or best practice sharing between districts or provinces.
  - District level planning on a territory-basis whereas provincial level planning on a sectoral basis, makes coordination or joint work more complicated...
  - Sectoral planning decentralization envisaged for 2010 (by central or provincial government?).
- Up to now, UN has been focusing more at district level planning processes (conselhos consultivos), maybe focus at provincial level should be considered for the future? (as a complement to previous work). This coordination only exists currently in Nampula.
  - Revisiting the decentralization process should strategically be used as an opportunity to link this process to improvements in the delivery of essential services. Can UN agencies contribute to an improvement of service delivery at decentralised levels? (is this our job?)
  - Decentralization shouldn't be evaluated in terms of how far the process has gone, but rather according to how much the process has delivered. And this, not necessarily in terms of budget management (absorptive capacity, budget execution), but in terms of poverty reduction indicators...

### **Presentation 3, Programa de Planificação e Finanças Descentralizadas - PPF**

#### **Historia, procesos, e papel do PNUD**

#### **Vicente Paulo, UNDP PPF Programme Coordinator, Nampula**

- Experience expanded from Nampula to Cabo Delgado and Gaza
  - Support to capacity building aimed at: better management of participatory planning at district level, budgetary planning and financial management for better budget execution, improve local governance,
  - Project was identified and formulated after a study on planning processes in Mozambique from 1997.
  - Funds came from UNDP/UNCDF, Netherlands. In 2001, WB adopted the same methodology
- Key: conceiving planning processes as an exercise in citizenship. The positive effect that this has had on the population should be analysed
  - Concepts clear:
    - LOLE art 125→ Plano Estratégico de Desenvolvimento Distrital PEDD

- PESOD (= PES + Orçamento) → Plano Economico e Social e Orçamento Distrital → instruments for the implementation and monitoring of PEDD

- Conselho Consultivo Local (CL): meets compulsorily at least twice a year, it is a platform for political debate between local government and OSC. Plat dialogo, govt./OSC. Monitors PEDD/PESOD implementation. It is also the basis for territorial representation at the Observatorio de Desenvolvimento and is also partially responsible for the management of the Fundo de Iniciativa Local
- Results:
  - This planning framework has delivered an improvement in the harmonization of district and provincial plans.
  - UNDP has led and coordinated donors in this process and has enhanced the role of government
  - Innovative approach that has been largely replicated over the national territory thanks to dissemination of lessons
- Challenges ahead:
  - But still a process, still in evolution, at the stage of moving from project to a programme based approach.
  - How to coordinate this decentralised planning with sectoral strategies? → more integration needs to be achieved with land use planning, food security, disasters risk management, adaptation to CC...
  - Articulation between development planning and budgetary planning still missing + there are problems in the timing of these 2 processes (donors planning, central gov planning, decentralised budget planning don't follow the same pace...).
  - Lack of HR capacity at the local level
  - Information sharing and communication flows frequently not working

→ **the process is not over, support from donors and UN agencies still needed.**

- FAO: already present at decentralised levels of planning. Food security addresses as a cross cutting issue. Added value could be at:
    - Improve information available and info sharing mechanisms. Are we planning basing on accurate data collected at district/community levels?
    - Capacity building about how to use this info and integrate food security into local development planning.
- similar remarks shared by UN Habitat and UNDP (CPR-E Unit).

**NB: 2009 could bring fresh Joint Programme resources in Moz. This might be an opportunity to address these challenges within the UNJP on decentralisation**

**Presentation 4- Fiscal decentralization (Orçamento de investimento local)  
Anselmo Zimba, UNDP knowledge management specialist (replaced by John Barnes)**

*"Mt7 milloes, orçamento distrital"*

- Historical sequence:
  - Resulting specifically out of experience from PPF

- UNCDF introduced “Fundos Desenvolvimento Distrital” in Nampula and C Delgado, targetting public infrastructure.
- Funds managed at the district level
- Experience replicated in the central region with WB support.
- Government considered this as “good practice” and replicated through policy at the national level with a budgetary allocation in 2006 of (7milloes de MTZ7 district/ year= OILL)
- OIIL (*Orçamento Investimento de Iniciativa Local*), meant for public investment, (at first infrastructures), according priorities established by Conselhos Consultivos and “planos distritais”.
- 2007: political decision to target the use of funds on :
  - Food production
  - Job creation
  - Income generation
- OIIL budgetary evolution:
  - 2006, 900 000 mtz
  - 2007 1,219,000 mt
  - 2008: 1,541,000 mt
  - 2010: 1,800,000 mt (forecast?)
- At first all districts receiving equal amount despite unequal needs... → in 2007 some rudimentary allocation criteria introduced: population density and poverty rate. Yet, in Moz, poverty indicators are not disaggregated at district level...
- Budget execution so far (or rather, disbursements made so far)
  - prioritization of “actividades agro-pecuarias” with some construction and rehabilitation of infrastructure
  - 99,5% of funds disbursed
  - 99% of disbursement made in the 3rd o 4th trimestres.
- Latest developments: proposal to transform the OIIL into FDD (Fundo Desenvolvimento Distrital), a revolving micro-credit fund for the districts, semi-autonomous of the government and manager by communities in districts.
- UN team made suggestions about how to manage this fund, but unfortunately were not taken in...