



Decentralisation and sustainable peace-building in Mozambique: Bringing the elements together again

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Executive Summary

Within the context of the WKOP project which looks at different experiences of peace-building bringing together the initiatives and efforts of international agents and factors plus local and national actors, this research approached the chances and challenges for a sustainable peace-building from the ongoing process aimed at entrenching decentralisation in the country. This process is being led by both a sizeable number of donor agents and government departments as well as local communities.

The point of departure of our approach is that sustainable peace-building however defined can only be effectively accomplished given certain dynamics within the political and economic domains. For, in essence, because social and political exclusion, extreme poverty allied with perceptions of unacceptable inequalities always aggravate the instances of conflicts it is plain that this state of affairs is in directed contradiction with the logic of sustainable peace-building. Therefore, those measures designed to foster social and political inclusion as well as the reduction of poverty appear to this research as the ones more conducive to boost a sustainable peace-building process. It is from these premises that this research establishes that in the existing conditions in Mozambique a sound and vigorous process of political and administrative decentralisation plus a coherent and well thought out and balanced policy of fiscal decentralisation are the main routes towards sustainable peace-building in the country.

It was in this context that we designed a number of critical questions posed to key players in this domain in the country. In regard to decentralisation and its relation to peace-building we asked two critical questions. On the one hand, we were first concerned with the chances of making sure that de-centralisation will encompass political inclusion and an end to the virtual marginalisation of Mozambicans, particularly those living in the rural areas, and thus constituting a sound basis for peace-building. And, on the other, we were interested in questioning how we can use the opportunity presented by the de-centralisation process to address the challenge of poverty reduction in the country as well as that of reducing inequalities and regional imbalances. Our second line of inquiry related to the issues of fiscal autonomy and the capacity (or lack of) of municipal, district and provincial authorities to deliver the required services to their communities.

The research was able to detect certain optimism as to the clear viability of a sustainable peace-building process in the country. The point of departure for this perception comes first from the array of institutional reforms that took place in the country following the 1992 Rome Peace Accord, the 1994 first multiparty general elections and the 1998 first local government elections. Secondly, there is a clear reading that the decentralisation process – in its political, administrative and fiscal dimensions - is crucial both for the diffusion of power and for ensuring citizen's participation and social cohesion. These aspects are considered as sound bases for peace-building in the country. Indeed, most Mozambicans are eager for more developments and are thus unhappy with the perceived deficiencies and slowness that characterise this process at the present moment.

INTRODUCTION

Research context and methodology

How can a country who has known the horrors of war and political violence – almost at the scale of the entire territory - for virtually three decades in the last 40 years embark on a sustainable peace-building process? How to turn the state itself into a viable entity, while in tandem ensuring the consolidation of citizenship among its population? These are the key background questions that informed our research, particularly in our numerous workshops and round-table discussions held in virtually all provinces of the country during the course of this program.

Our research has taken the perspective that, perhaps, sustainable peace-building in Mozambique will depend on the extent to which democratisation and political inclusion, on the one hand, and the reduction of poverty and regional imbalances, on the other, will better the life of the ordinary citizens. This is so, specifically taking into consideration that the betterment of the life of the ordinary citizens has the potential to reduce the temptation to use violence to pursue individual or group interests. Thus, the focus of our research has been on sustainable peace-building as it relates to specific democratic governance interventions and to economic public policy measures. The specific themes have been the following:

1. De-centralisation and provincial/local governance; and
2. Fiscal de-centralisation.

And, the three critical questions dealt with in this research are as follows:

1. How can political, administrative and fiscal decentralisation foster political inclusion and address marginalisation, including of women, particularly of rural areas?
2. How can decentralisation be used to reduce poverty and inequality, including gender inequalities, as well as regional imbalances?
3. How can deeper and more inclusive decentralisation contribute to the prevention of violence and the consolidation of sustainable peace?

Our research focuses on the municipalities of Nacala and Ilha de Moçambique (in the northern province of Nampula), Beira and Dondo (in the central province of Sofala), Vilankulo (in the southern province of Inhambane) and Maputo. The research, both at the local/community level and with opinion-makers and decision-makers in Beira and Maputo, has adopted an interactive methodology, combining individual interviews, focus group discussions and a series of round-tables with key stakeholders. In each case guiding questions were set up to structure the interviews and lead the conversation based on the assumptions and theoretical considerations put forward by this study. The overall logic of the case study was directed to questioning the extent to which decentralisation, both political/administrative and fiscal can (is) foster(ing) the deepening of the democratisation process and the entrenchment of peace in the country. The results of this research are primarily addressed to national policy-makers, civil society activists, international actors and other interested players.

2. GOVERNANCE AND PEACEBUILDING

2.1 Context and Policy Challenges

The key governance challenge in Mozambique currently refers to the specific sense of democracy in the context of Mozambique: it was basically a political solution for co-habitation between the major political protagonists in the country. This assertion is not meant to trivialise the implication of the democratic politics in place in the country, by suggesting that it is a case of quasi-democracy. Not at all! The point is that the democratic status of the country has to be judged also in relation to its significant contribution to the end of war, normalisation of politics and the return to stable politics in the country. This assertion also indicates the degree to which, and irrespective of the fragility and deficiencies still affecting the democratic process, the democratic solution in Mozambique will be hard to reverse. Obviously, this is not just because politicians would never be tempted to do it, but primarily because the wider society is very much likely to resist fiercely to such temptations.

It is important also to bear in mind - given the foregoing analyses - the fact that FRELIMO and RENAMO are not just ordinary political parties. Indeed, they are parties born out of military organisations. This aspect is reflected in their internal structure and party discipline as well as in their hegemonic drive. Both of these political parties are imbued with a spirit of a winner take all and very seldom seem prepared to cede ground to its rival. To compound the problem in Mozambique there is a clear allegiance of a sizeable proportion of the country to these two political parties. Though this allegiance can be regionally and ethnically circumscribed the reality is that it is more of centre-periphery logic. That is, while FRELIMO commands the allegiance of the elite and middle-classes, mostly from urban areas plus the south of the country, RENAMO draws its support from those against the prevailing status quo and sizeable populations from the centre-north of the country. Another dimension of the problem results from the fact that these parties have spread around the country hundreds of their former military cadres who can (and sometimes are prone to) use their military background to impose their views and interests. The violent events in Montepuez and Changara located in the northern provinces of Cabo Delgado and Tete, respectively, and Inhaminga and Maringué, in the central province of Sofala, that followed the refusal of RENAMO to accept the results of the 1999 second general elections exemplify clearly what is said here. These constitute a warning that, perhaps, a long-term and sustainable peace-building in Mozambique is still a huge task that requires the active interventions of all Mozambicans regardless of their political party affiliation or even their ethnic or regional origin.

Thus, the democratic solution was the primary tool for the peace settlement and peace making in Mozambique. It was, by the same token, the necessary though not sufficient condition for peace-building in the country. It is therefore within this framework that the case of Mozambique is of relevance to the WKOP project in its attempt to understand and conceptualise on the aftermath of efforts towards peace-building bringing together local, national and international actors and factors. This understanding of peace-building, of course, is located within the ambit of the two dominant conceptualisations of peace-building as advanced by Boutros Ghali and Johan Galtung (Charles Call and Susan Cook, 2003). It became apparent by 1994 though that in order to secure a

fundamental peace-building it would be necessary to set a political framework characterised by inclusion rather than exclusion (Mazula, 2000). Though FRELIMO was fiercely opposed to the idea of a government of national unity the idea of political inclusion was understood to be guaranteed via the inauguration of the process of political and administrative de-centralisation in the country. This process, as then understood, would both ensure the legitimacy of the system while securing the inclusion of all political forces and citizens alike in the governing process of the country towards a more meaningful and long-lasting peace-building process (Mazula, 2002).

2.2 De-centralisation and provincial/local governance

According to sources from the Ministry of State Administration (MAE), the original theoretical base behind the de-centralisation process in Mozambique was geared towards strengthening the State via the creation of citizenship from below. Individuals would no longer be just people, but citizens via their participation in the smallest administrative units called municipalities. The aim here was to create the State from below. The legislator, then leading this process, had the intention and preoccupation of reinforcing the administrative process in the whole Mozambican territory. It was not just a thought about de-centralisation policy, but a governing policy for strengthening the Mozambican State.

However, the definition of the de-centralisation process was basically marked by the difficulty of trying to reconcile the different policy options and these with the existing legal and institutional framework. Law number 3/94 made the provision for the gradual creation of both urban and rural municipalities, with administrative, financial and patrimonial autonomy and with their executive and legislative organs directly elected by the local communities. The RENAMO contingent in Parliament seized the chance opened by this law to demand that municipalities should immediately be created in the 128 districts of the country and that these municipalities should coincide with the totality of territory of each district. That solution would mean the extension of opportunities of de-centralised local governance to the entire national territory. FRELIMO parliamentarians objected to this solution on the grounds that fractioning the governance of the country on the period in which building national reconciliation and the restoration of the State were the order of the day would be contra-productive. Then, RENAMO parliamentarians rejected the entire package with the argument that it was unconstitutional.

The next move then was the adoption of Law 9/96 that opened the space for the inclusion of the figure of local government in the country's Constitution, thus establishing the coexistence of the local organs representing the central authority of the State and the local government arising out of the choice of communities in the same territorial units. Subsequently, Law 2/97 finally defined the existing legal framework for *Local Government* in Mozambique (*Autarquias* in its Portuguese version). According to Law 2/97 *Local Government* in Mozambique comprises both the Municipalities (cities and district towns) and villages. There are 23 cities and 128 district towns in Mozambique of which only the cities and 10 district towns were entitled to establish local government structures in the first run in 1998. Thus, the existing local governments in Mozambique correspond only to a tiny fraction of the country's potential lot of municipalities.

What happened to the initial de-centralisation philosophy and why it was so restricted in the current practice of the de-centralisation/municipalisation process in the country? Bernhard

Weimer pointed out: *"we have to ask ourselves if the central government is, today, as well predisposed to decentralise power as before the 1994 general elections that brought about plural politics in the country. It is important to bear in mind that currently there are other interests to be defended, and of course there are also new political challenges"*¹.

The key point, therefore, is that adopting the spirit and letter of Law 3/1994 municipalities could have been effectively extended to all districts of the country even though only populations living in the corresponding capital cities and villages would have the chance to elect their leaders. On the contrary, Law 2/1997 with its philosophy of gradualism meant that, somewhat arbitrarily, only 33 Municipalities were created in the main capital cities and 10 villages, thus leaving a considerable proportion of the population out of the possibility of exercising democratic rights at the local level. Therefore, on a practical level, the possibility of "gradually" – but immediately and in a clear, transparent and democratic framework – expanding the existing Municipalities to cover all district capitals (both cities and villages) would much the aims of political and administrative decentralisation that had been enshrined in both legal documents. This should, as a matter of principle, be the thrust of the national policy document on political and administrative decentralisation.

The fact is that the approach to de-centralisation that is in place in Mozambique is more a case of de-concentration and less of a genuine process of political de-centralisation. This perception is indeed strengthened by the adoption of Law number 8/2003 regarding the organisation and functioning of local State bodies. Law number 8/2003 defines the district as the basic planning unit for the development of the country, and indeed with a provision for the transfer of funds from the central government to the district level. So, what should be expected of municipalities is in fact being given to the district administrations, led by appointed officials by the central government and not legitimated by the local communities. And this is further complicated in the cases of municipalities that occupy the entire district where they are located as the cases of Maxixe, Nacala and Ilha de Moçambique. Why not go back to Law 3/1994 and simply take the district as the territorial unit for municipalities and make their leaders elected?

So, the critical question here is to what extent will (are) all these measures develop local capacity that can allow the municipal, district and provincial layers of government to deliver the essential services to their communities with a view of increasing productivity and thus reducing poverty and inequalities in the country? And, at the same time, allow spaces for the deepening of the democratisation process – via local participation – such that, in the end, can constitute a sound basis for a sustainable peace-building in the country.

This research has led us to understand that donors are mainly driven by the logic and need of poverty reduction in the country and by the strategy of targeting the fight against poverty at the level closest to the poor, i.e., the rural and local levels. It is plain that donors are also aware of the sensitivity that political decentralisation arises among government circles, so they appear much more inclined to support openly and vigorously de-concentration. However, among donor circles there is also prevalent the belief that by fostering de-concentration as a strategy for local empowerment you can also create capacity at the local level that can later lead to the

¹ Bernhard Weimer in an interview with Carolina Hunguana in April 2001 included in Carolina's MA dissertation in political science.

establishment of sound local governments, or, in another sense, populations used to participate in the district forums within a de-concentration strategy, might as well later begin to demand their democratic rights of electing their local leaders. This strategy, therefore, would ensure efficacy and efficiency in local empowerment and service delivery for poverty reduction while also working as a democratic laboratory that would ensure political decentralisation. The question is, how long would this strategy need to work until it delivers what this belief indicates? Would not an attempt at bringing both processes together better achieve the twin aims of poverty reduction and political inclusion via political participation at the local level? Our research suggests that the latter would possibly be a plausible alternative.

A good example of this is given by the Municipality of Dondo. Located in a province (Sofala) politically dominated by RENAMO and indeed the party that is in control of the Municipality of Beira – the third most important city in the country – Dondo has elected a FRELIMO militant as its Mayor. However, FRELIMO does not have a majority in the Municipal Assembly and, therefore, critical decisions in the Municipality of Dondo are taken usually by consensus. But, at a more substantive level, Dondo has developed a set of participatory mechanisms that span virtually from the quarter level up to the Municipal level. Indeed, at the bottom of this participatory tree we find quarter activists that are mainly responsible for civic education endeavours covering the domains of health, education and environment. We then move up to the Ward Development Committees generally composed of 12 members (6 men and 6 women²) plus the community leader who presides over the unit. These wards are responsible for all developmental issues that arise in their respective zones and have quarterly meetings with the Municipal Council to discuss issues of common concern. At the end of the tree we find the Municipal Consultative Forum that brings together the Ward Development Committees plus a number of influential local leaders, local entrepreneurs, traditional leaders, and religious figures, leaders of political parties, civil society activists and representatives of the district administration. It seems to be plain that the Municipality of Dondo is set to be the best example in the country of a democratic laboratory. But, it is also the case that Dondo is best placed to target poverty reduction at the most appropriate level as some donors and the government define as the best strategy. So, the alternative of bringing together both approaches is clearly vindicated by the example of the Municipality of Dondo³.

Osório et al. (2001) indicate that the de-centralisation/municipalisation process is allowing the occurrence of new perceptions in terms of power relations' gender wise. Political correctness seems entrenched with a clear perception of the equal nature of political participation and competition between men and women, though there is also the perception that the life of women cannot be entirely separated from the domestic sphere. However, their study also highlights a certain contradiction in relation to the strategies designed to promote women's participation at the level of local power structures. As they put it: *"[...] though it is apparent that the problems with which local authorities are confronted are clearly linked to competences regarded as female*

² It is worth mentioning that the policy of consistently and across the board demand that all Wards be proportionally composed of men and women is an attempt to bring women to these fora and work as a laboratory for a gender oriented development and democratization process.

³ Ideas related to donors' policy strategy on decentralisation as well as the perception by local participants were developed in a crucial Workshop held in Dondo on the 18th August, 2005. The Workshop benefited from the active participation of Dr Carlos Maurício Figueiredo and Dr. Carlos Sitão both based in the Ministry of Planning and Development.

related (and thus the legitimacy of their political intervention in solving them), the fact is that the political domain (of authority and decision-making) is still left to the male folk”⁴.

In fact, in the assessment of the political dynamics and the peace-building process in the country it is of great importance to bring in a gender perspective to the picture. Gender does not refer exclusively to women: gender refers to the social relations between men and women. According to our interviewees there is a clear perception that these relations are marked by power imbalances between men and women, boys and girls. The discrimination of women is not exclusive to the family milieu. Gender imbalances also occur in the public domain, including the economic sphere.

Though women played a critical role during the liberation struggle that brought independence to Mozambique and was again the main victim of the long lasting civil war the fact is that not even a single woman was included in the Rome peace process that ended civil war in the country. And, in general, women are excluded from current efforts designed for peace-building in the country. Does this mean that in our context the world of politics and decision-making is an exclusively men's world? However, when we look at a number of families affected by the war it is not difficult to see that most of them are led by women. Most of these women are very active either in the informal or family sectors, and thus provide shelter, food, medicine and education to their children and elders in the family.

From the round-table debate on gender it was possible to capture the perception that municipalities present a huge potential from where women's participation can be boosted since, in principle, local governments are closer to the lowest administrative unit of the country, i.e., the local communities. But, is it the case that women, just because of being women, have an alternative vision of society independently of their political affiliations? If yes, or not, to which extent can women's participation in the selection of their local leaders reverse the current scenario of male domination and women's marginalisation? And what can possibly be the impact of this change for the betterment of life in our society? CEDE will certainly carry these questions on board in our future enquiries concerning gender, inclusion and development.

3. ECONOMIC POLICY AND PEACEBUILDING

3.1 Context and policy challenges

Mozambique has gone a long way towards restoring normalcy in the country after the 16 years civil war that destroyed the social fabric of the country. To be sure, the FRELIMO government did immediately after the peace process put forward a development strategy that was mainly oriented towards *poverty alleviation* through sustainable economic growth. The major components of this strategy comprise (a) development of human resources; (b) rehabilitation of basic infrastructure; (c) restoration of agricultural produce; and (d) incentives to private investment. And, at the sector's level, its priorities point to (a) education; (b) health; (c) rural development; (d) employment; and (e) roads.

⁴ Ibid, p. 89.

As a result of these measures Mozambique has experienced impressive annual growth rates during the 1990s. Nevertheless, this sound economic performance has particularly benefited from the growing interest of foreign investors in Mozambique, as seen by the “mega projects”. The problem with this pattern of economic growth is twofold. First, this massive influx of foreign capital that is responsible for the positive macro-economic indicators barely has an impact on the rural agricultural sector that guarantees the basic living conditions of more than 65 per cent of the population. And, secondly, the degree of employment generation attached to the mega projects is well below the needs even considering only the surplus labour of the urban areas.

Despite these constraints there is a strong perception that the structural adjustment policies in Mozambique are a kind of success history. Financial multilateral institutions - and the donor community at large- do praise Mozambique for the fact of being able to maintain political stability and keep, simultaneously, a vigorous climate for liberal economics to flourish. This fact has led to a situation where the setting up of developmental agendas in Mozambique is concurrently developed by the interplay of three basic players, i.e., the government of Mozambique, bilateral donors and the international financial institutions. Effectively, most local actors in Mozambique are still fragile, poorly organized and lacking of capital and know-how. Nevertheless, given the fact that women in Mozambique do represent a sizeable percentage of the working adults and in most cases those who lead their respective families, they are critical in the chances that Mozambique might have for effective and sustainable development. However, up to the present the reality is that women are the ones most affected given the successive abandonment of small and medium size enterprises countrywide due to structural adjustment. As indicated above the thriving side of the economy in the country is driven by industrial mega-projects with a very limited absorption capacity, particularly when it comes to unskilled labour.

In fact, as this research demonstrates in Mozambique these economic and social dimensions of development and the reproduction of inequalities have to be constantly put in the national agenda in order to sustain the efforts of national integration and peace consolidation.

3.2 Fiscal de-centralisation, equitable development and peace-building

One of the critical factors, therefore, and related to the process of de-centralisation/municipalisation in the country refers to the issue of fiscal de-centralisation precisely designed to meet some of the challenges posed by the imbalances and inequalities that the current economic development process pose to the country.

In the debate concerning the *Fiscal Reform* what appears to be relevant is not whether there has been de-centralisation of fiscal responsibilities, but to determine the rationale, mechanisms put in place and the limits and results expected out of it. In what regards the financing of the existing municipalities in Mozambique it is plain that, generally speaking, they are unable to finance with their own resources all the competences that have been vested on them. This aspect is particularly evident in what regards the domain of social policies (education, health, etc) where their competence far exceeds their capacity for local/municipal revenue mobilisation. If municipalities are to be transformed into the main service delivers to the community how will this evident limited capacity for revenue mobilisation affect that transformation particularly in the least

developed zones? The other problem is that currently municipalities obtain revenue through taxation of urban property that is secondary in the global structure of the revenue base.

In an adequate de-centralisation framework, decentralised functions and responsibilities must be followed by resources. In order to transfer funds from the central to the local level, a system of intergovernmental fiscal relations must be established. Normally those intergovernmental fiscal relations consist of different types of transfer mechanisms and give at the same time some possibilities for local governments to raise their own resources. If we look to the practical experience of Mozambique we can see that this is not the case. Clearly, municipalities have many functions, but they don't have the funds required to ensure the realisation of those functions.

Therefore, the issue of sustainability of municipalities is a key problem. The central government is aware of the difficulties that municipalities face and is expected to provide support in terms of subsidies to municipalities less capable of revenue generation and management. But the central government's only support mechanisms are the Municipal Compensation Fund (FCA) and the Local Initiative Investment Fund (FIIL) that are very negligible for the needs of municipalities. This is why municipalities such as Metangula and Catandica faced huge problems towards the November 2003 second local elections. In a study conducted on municipalities in Mozambique, Hassan⁵ pointed to the huge difficulties facing these local organs as a result of deficiencies in terms of fiscal decentralisation. The Municipal Compensation Fund (FCA) constitutes well above 50% of the budget of most local governments. Local government's potential for investment situates at around 20% while salaries of personnel consumes, in general, about 45% of their budget. Most municipalities show clear incapacity in terms of exploring all the avenues for local revenue generation. No municipality has so far been capable of generating revenues above 40% of their budget. Municipalities of medium size (for example, Pemba, Quelimane and Mocímboa da Praia) have a much better revenue generation capacity compared with big municipalities such as the capital city - Maputo - that registered the worst revenue generation level taking into consideration its huge potential⁶.

Taking into consideration that 80% of the national fiscal revenue is drawn from the current municipal territories, and about 60% of the gross domestic product is also located within these 33 municipalities, how can we understand the sustainability deficit of these territories? There seems to be a clear imbalance between what the State takes from the municipalities and what the State gives back to them! The 1.5% to 3% of the central budget that the State provides to municipalities via the FCA does not seem to meet the needs of the municipalities. Weimer⁷, for example, indicates that the percentage of FCA transfers for 2002 in relation to the central budget was estimated at just 1%, which is basically negligible. It is clear that first the State should fully fulfil its obligation regarding the percentage of FCA to be given to municipalities, while seriously considering expanding this percentage possibly to its double.

⁵ Hassan M., 2002, "Finanças Municipais", in *A Cobertura Jornalística do Processo de Descentralização*, Fundação Friedrich Ebert-Moçambique.

⁶ Cf. Hassan, op. cit. p. 50.

⁷ Weimer B., 2002, "Autarcização em Moçambique: Alguns critérios de avaliação para o balanço das primeiras experiências" in *A Cobertura Jornalística do processo de Descentralização*, Fundação Friedrich Ebert Stiftung.

On the other hand, municipalities have rights to raise certain revenues. But the question, which can be posed now, relates to the real capacity of the municipalities to survive and to delivery good and efficient services based on those revenues. Therefore, there's a need to guarantee that the 33 municipalities – and those that will be created in the future - have, in fact, a real access to sources of income that can be achieved via the revision of the current fiscal policy. The municipalities cannot survive only by the transfer of money from the central government because the transfers themselves could create dependence. In other words, this means that the State will seek to maintain control over management mechanisms and priorities.

Even though it is the case that the State has an important redistributive function in terms of the national wealth, this should not be done at the overt expense of certain municipalities. Taking into account the local productive potential as well as local potential for wealth generation, the municipality should be given priority as primary beneficiary of these resources. Abdul Ilal (who is a senior official of the German agency GTZ) had the following to say in this regard:

“In my capacity as analyst - and not in my capacity as representative of an institution active in providing support to the de-centralisation process in Mozambique - I think that often we talk about the need for equilibrium, but we do not reach it. The history of regional developments tells us that we are always confronted by inequalities. Some might argue that inequalities can be driving engines for development themselves [...]. Looking at the different municipalities it is possible to see that a certain number of them will grow faster than the rest because they have already sustainable sources of revenue generation. Given all these factors, I think that the State should redistribute, compensate, search for equilibrium, but must never seek to eliminate, suffocate the capacity of those municipalities that are now making a good contribution.”

The mayor of Nacala has a similar point of view:

“In my opinion the central government should give us more chances to raise income because the present system of transfers doesn't work. I think that it will be better to adopt another strategy that gives, to the municipalities, the opportunity to raise, by them, some income taking into account their capacity to generate resources in different domains. It will also be necessary to revise the percentage of resources that must go to the municipality and its population. On the other hand, we have some problems with the Ministry of Finance. There are a lot of delays in the transfers. In one word there isn't de-centralisation because the control made by central government remains strong and that doesn't give the municipalities the tools to work efficiently”.

It's now evident that another widespread issue is the need to search for formulas that would guarantee the equitable distribution of the national resources and wealth. Most key informants believe that only with the removal of regional imbalances and the asymmetric distribution of resources in the country can a genuine democratisation process and sustainable peace-building been ensured. A local RENAMO member of the Nacala Municipal Assembly– Mr Pilaure Buana - stated the following in relation to this point:

“The democratisation process can only be consolidated via the de-centralisation of the economy as well as the State funds. I personally, do not understand why is it that the funds earmarked for HIV/AIDS are all concentrated in Maputo City, even though there are people dying in Nampula. The Nampula province provides more funds for VAT, but the province of Gaza has more schools and hospitals. This is not strictly a problem of the FRELIMO party as such, but of those people responsible for leading these processes”

Archbishop Jaime Gonçalves also voiced similar concerns:

“The biggest lacuna of the efforts towards entrenching peace in the country is regionalism, a problem that most intellectuals prefer to give it the name of regional asymmetries. But we have to be very careful not to confuse ideas, there is a danger of equating asymmetries with the idea that we are downgraded, and this sort of perception cannot be a good basis for sustainable peace-building. We have to demonstrate with concrete actions that we are all united and that every region of the country merits respect and all are equally important”.

In the round-table that dealt with the issues of fiscal autonomy and the delivery of public services it was noted that within the *Media* in Mozambique there is a basic deficiency in relation to key aspects of the de-centralisation/municipalisation process in the country. There is, therefore, a need to undertake a vigorous and well-planned training and orientation program for *Media* practitioners, particularly taking into consideration their importance as public opinion makers. The purpose here is also to broaden the spectre of pressure - via *Media* coverage - on the State central authority in order to address and reverse the existing problems/limitations of the de-centralisation process in Mozambique as this research clearly indicates. *Media* practitioners, on their part, raised interesting questions related to the real capacity of municipal authorities to provide quality public services that, in turn, would motivate the populations to take an active part in local politics; for example, as voters, users and essentially taxpayers. They raised these questions also bearing in mind the fact that about 60% of the national budget is externally funded - and most often with strings attached!

4. CONCLUSIONS & POLICY RECOMMENDATIONS

4.1 Conclusions

This research was able to detect certain optimism as to the clear viability of a sustainable peace-building in the country. The point of departure for this perception comes first from the array of institutional reforms that took place in the country following the 1992 Rome Peace Accord, the 1994 first multiparty general elections and the 1998 first local government elections. Secondly, there is a clear reading that the decentralisation process – in its political, administrative and fiscal dimensions - is crucial both for the diffusion of power and for ensuring citizen’s participation and social cohesion. These aspects are considered as sound bases for peace-building in the country. Indeed, most Mozambicans are eager for more developments and are thus unhappy with the perceived deficiencies and slowness that characterise this process at the present moment.

Crucially, as the research highlights, more is needed particularly related to the adoption of appropriate legal instruments and implementation strategies to ensure a comprehensive process of political, administrative and fiscal decentralisation. In this regard, the research uncovered the widespread perception that the de-centralisation process in action in Mozambique is not yet a clear expression of political will geared towards the consolidation of democratic governance in the country. A clear and consistent national policy framework for de-centralisation, or even a general policy framework for the structuring and functioning of the state administration, is lacking in Mozambique. And this, to a certain degree, hampers the determination of a sound and consistent system of intergovernmental relations, both in what regards power sharing as well as issues pertaining to fiscal de-centralisation. One of the consequences of this lacuna is the prevailing conflict between municipalities and the State's local administrations. The definition of a system of intergovernmental relations in the context of a clear policy framework of de-centralisation constitutes a major challenge in the country.

The philosophy of "gradualism" that informs the de-centralisation process in Mozambique leaves open a number of key aspects, such as the delimitation of its timeframe, with limits and marks of reference, so that all stakeholders (particularly civil society actors and the community in general) might follow it, understand it better and have a say in its implementation. The government has so far argued that the reason why new municipalities have not been created is due to the need to consolidate the existing 33 municipalities. However, there is the view that the creation of new municipalities should not be based solely on the criteria of financial sustainability! The process should also be seen as an attempt to booster citizenship via the participation of citizens in the selection of their leaders and in the management of their local territories. Therefore, this research contends that the conciliation of Law 3/1994 and Law 2/1997, on a practical level, would result from the possibility of "gradually" – but immediately and in a clear, transparent and democratic framework – expanding the existing municipalities to cover all district capitals (both cities and villages) in view of achieving the aims of political and administrative decentralisation that had been enshrined in both legal documents. And this would, in essence, be the thrust of the national policy document on political and administrative decentralisation. In terms of fiscal decentralisation this research led us to the conclusion that the State should first fully fulfil its obligation regarding the percentage of FCA/FIIL to be given to municipalities, and secondly began to considering expanding this percentage possibly to its double.

The research also uncovered the fact that the Municipality of Dondo is set to be the best example in the country of a democratic laboratory. Equally, Dondo is best placed to target poverty reduction at the most appropriate level as some donors and the government define as the best strategy. So, the alternative of bringing together both approaches is clearly vindicated by the example of the Municipality of Dondo. The case of Dondo is also relevant when compared with the belief prevalent among donor circles that leads them to foster de-concentration as a strategy for local empowerment with the assumption that by creating capacity at the local level it can later allow for the establishment of sound local governments. Our critical question to this belief lead us to suggest that taking the example of Dondo – and linking both political and administrative decentralisation via the bridging of the substance of laws 3/1994 and 2/1997 – the country could achieve in tandem the aims of poverty reduction and political inclusion via political participation at the local level.

Nevertheless, there is a need to take into consideration the idea that de-centralisation will not automatically lead to the twin goals envisaged by it, i.e., the fostering of the democratic

governance and the reduction of poverty in the country. There is a need to ensure that the decentralisation process is developed in a framework where a priority is given to the principles of participation, transparency, a clear delimitation of responsibilities and competence as well as a system of self responsibility. Most of the existing municipalities in Mozambique still suffer from deficiency in four key areas, namely: sustainability, autonomy, transfer of power and competence and sound municipal management capacity. Two of their basic problems relate also to a limited local revenue mobilisation capacity and adequate human resources. Addressing these shortcomings as well as promoting best practices – as the case of the Municipality of Dondo indicates – might set us on the best possible path for ensuring the entrenchment of peace in the country via decentralisation in its political, administrative and fiscal dimensions. The example of the Municipality of Dondo is also relevant gender wise and it demonstrates that through the dynamics of local politics it is possible to embark on a process of peace-building and development that is sensitive to issues of equal participation, equity and social justice that the gender perspective always brings to the front.

4.2 Policy Recommendations

1. The first key recommendation is the need to reconcile the spirits of law 3/1994 and law 2/1997 that, in practical term, would mean the extension of the existing municipalities to cover all district capitals (both cities and villages) in view of achieving the aims of political and administrative decentralisation that had been enshrined in both legal documents.
2. Give practical meaning to the philosophy of gradualism by immediately and in a clear and democratic framework expand the existing municipalities regardless of the known shortcomings that the existing municipalities face in terms of human, financial and technical resources.
3. The State should fully fulfil its obligations regarding the disbursement of the funds as established in the FCA/FIIL mechanisms, while considering expanding the existing percentage, possibly to its double, in order to boost the financial viability of the local governments. There is also a need, in this domain, of a thorough revision of the current fiscal policy in the country in order to expand the revenue base of municipalities.
4. Because of the potential for equal participation, equity and social justice that the gender dimension poses within the domains of political inclusion and peace-building it is strongly recommended that a gender sensitive logic be adopted in the design and implementation of the future national policy document on political and fiscal decentralisation.

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