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# Mozambique Municipal Development in Mozambique

Lessons from the First Decade

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## **CURRENCY EQUIVILANTS**

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Currency Unit = Mozambique Metical

1 US Dollar = 27.1 Mozambique Metical

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## Acronyms

<b>Acronyms</b>	<b>English</b>	<b>Portuguese</b>
ADA	Austrian Development Agency	<i>Agência Austríaca de Desenvolvimento</i>
ADC	Austrian Development Cooperation	<i>Cooperação Austríaca para o Desenvolvimento</i>
AECI	Spanish Agency for International Cooperation	<i>Agência Espanhola de Cooperação Internacional</i>
AGRESU	Support to Sustainable Management of Urban Solid Waste	<i>Apoio a Gestão Sustentável de Resíduos Sólidos Urbanos</i>
AM	Municipal Assembly	<i>Assembleia Municipal</i>
AMIM	Association of Friends of Ilha de Moçambique	<i>Associação dos Amigos da Ilha de Moçambique</i>
AMU	Asset Management Unit	<i>Unidade de Gestão de Activos</i>
ANAMM	National Association of Municipalities of Mozambique	<i>Associação Nacional dos Municípios de Moçambique</i>
ANE	National Roads Administration	<i>Autoridade Nacional de Estradas</i>
ANFP	National Authority for Public Administration	<i>Autoridade Nacional da Função Pública</i>
APIE	Administration of State Properties	<i>Administração do Parque Imobiliário do Estado</i>
AWEPA	Association of European Parliamentarians for Africa	<i>Associação dos Parlamentares Europeus para África</i>
BAUS	“one stop shop”	<i>Balcões de Atendimento Único</i>
BR	Bulletin of the Republic	<i>Boletim da Republica</i>
CBO	Community Based Organization	<i>Organização Baseada na Comunidade</i>
CMM	Maputo Municipal Council	<i>Conselho Municipal de Maputo</i>
CDS	City Development Strategy	<i>Estratégia de Desenvolvimento Cidadino</i>
CEFPAS	Centre for Training in Water and Sanitation	<i>Centro de Formação Profissional de Água e Saneamento</i>
CFM	National Railroad Company	<i>Caminhos de Ferro de Moçambique</i>
CM	Municipal Council	<i>Conselho Municipal</i>
CRA	Water Regulatory Council	<i>Conselho Regulador das Aguas</i>
CSO	Civil Society Organization	<i>Organização da Sociedade Civil</i>
DANIDA	Danish Agency for International Development	<i>Agência Dinamarquesa de Desenvolvimento Internacional</i>
DAU	Urban Water Department	<i>Departamento de Agua Urbana</i>

<b>Acronyms</b>	<b>English</b>	<b>Portuguese</b>
DEL	Local Economic Development	<i>Desenvolvimento Económico Local</i>
DINAPOT	National Directorate of Planning and Territorial Development	<i>Direcção Nacional de Planeamento e Ordenamento Territorial</i>
DMSS	Municipal Health and Sanitation Service Directorate	<i>Direcção Municipal de Saude e Salubridade</i>
DNA	National Water Directorate	<i>Direcção Nacional de Águas</i>
DNDA	National Directorate for Municipal Development	<i>Direcção Nacional do Desenvolvimento Autárquico</i>
DUAT	Right to Use and Employ Land	<i>Direito de Uso e Aproveitamento da Terra</i>
EDM	Electricity of Mozambique	<i>Electricidade de Moçambique E.P</i>
EMUSA	Municipal Sanitation Company (Quelimane)	<i>Empresa Municipal de Saneamento de Quelimane</i>
EU	European Union	<i>União Europeia</i>
FCA	Municipal Compensation Fund	<i>Fundo de Compensação Autárquica</i>
FCGD	Coordinating Forum for Delegated Management	<i>Fórum Coordenador da Gestão Delegada</i>
FDI	Foreign Direct Investment	<i>Inversão Directa Estrangeira</i>
FFH	Housing Fund	<i>Fundo de Fomento de Habitação</i>
FIIL	Investment Fund for Local Initiatives	<i>Fundo de Investimento de Iniciativa Local</i>
FIPAG	Fund for Investment and Assets for Water Supply	<i>Fundo de Investimento e Património de Abastecimento de Água</i>
FRELIMO	Liberation Front of Mozambique	<i>Frente de Libertação de Moçambique</i>
FUNAB	Environment Fund	<i>Fundo Nacional do Ambiente</i>
GCM	Office for Municipal Capacity Building	<i>Gabinete de Capacitação Municipal</i>
GDP	Gross Domestic Product	<i>Produto Interno Bruto</i>
GoM	Government of Mozambique	<i>Governo de Moçambique</i>
GTZ	German Technical Cooperation	<i>Cooperação Técnica Alemã</i>
IAF	National Household Survey of Living Conditions	<i>Inquérito aos Agregados Familiares Sobre as Condições de Vida</i>
IFAPA	Training Institute for Public and Municipal Administration	<i>Instituto de Formação em Administração Pública e Autárquica</i>
IGF	General Finance Inspection	<i>Inspeção Geral de Finanças</i>



<b>Acronyms</b>	<b>English</b>	<b>Portuguese</b>
INE	National Institute of Statistics	<i>Instituto Nacional de Estatística</i>
INFP	National Institute for Physical Planning	<i>Instituto Nacional de Planeamento Físico</i>
INGC	National Institute for Management of Calamities	<i>Instituto Nacional de Gestão das Calamidades</i>
IPA	Municipal Poll Tax	<i>Imposto Pessoal Autárquico</i>
IPRA	Municipal Property Tax	<i>Imposto Predial Autárquico</i>
LOLE	Law on Local State Bodies	<i>Lei dos Órgãos Locais do Estado</i>
MAE	Ministry for State Administration	<i>Ministério da Administração Estatal</i>
MCC	Millennium Challenge Corporation	
MDGs	Millennium Development Goals	<i>Metas de Desenvolvimento do Milénio</i>
MDP-ESA	Municipal Development Partnership — Eastern and Southern Africa Region	<i>Parceria para o Desenvolvimento Municipal — Região da África Oriental e Austral</i>
MEC	Ministry of Education and Culture	<i>Ministério de Educação e Cultura</i>
MF	Ministry of Finance	<i>Ministério das Finanças</i>
MFP	Ministry of Public Service	<i>Ministério da Função Pública</i>
MICOA	Ministry for Coordination of Environmental Affairs	<i>Ministério para a Coordenação da Acção Ambiental</i>
MISAU	Ministry of Health	<i>Ministério de Saúde</i>
MMAS	Ministry of Woman and Social Action	<i>Ministério da Mulher e Acção Social</i>
MOPH	Ministry of Public Works and Housing	<i>Ministério das Obras Públicas e Habitação</i>
MPD	Ministry of Planning and Development	<i>Ministerio do Plano e Desenvolvimento</i>
MT	Metical	<i>Metical</i>
MTn	New Metical	<i>Metical novo</i>
NGO	Non-Governmental Organization	<i>Organização Não Governamental</i>
OLE	Local Organs of State	<i>Órgãos Locais do Estado</i>
PACT	Programme for Accountability and Transparency	<i>Programa de Responsabilização e Transparência</i>
PADEM	Programme for Support to Decentralization and Municipalisation (SDC)	<i>Programa de Apoio a Descentralização e Municipalização</i>
PADM	Programme for Support to Municipalities and Districts, ADA	<i>Programa de Apoio aos Distritos e Municípios, ADA</i>

<b>Acronyms</b>	<b>English</b>	<b>Portuguese</b>
PARPA	Action Plan for the Reduction of Absolute Poverty	<i>Plano de Acção para a Redução da Pobreza Absoluta</i>
PB	Participatory Budgeting	<i>Orçamento Participativo</i>
PDDM	Decentralization and Municipal Development Project (GTZ)	<i>Projecto de Descentralização e Desenvolvimento Municipal</i>
PDM	Municipal Development Project (WB)	<i>Projecto de Desenvolvimento Municipal (WB)</i>
PDRS	Solid Waste Director Plan	<i>Plano Director de Resíduos Sólidos</i>
PES	Economic and Social Plan	<i>Plano Económico e Social</i>
PGIRSU	Integrated Urban Solid Waste Management Plan	<i>Plano de Gestão Integrada de Resíduos Sólidos Urbanos</i>
PLDP	Participatory Local Development Plans	<i>Planos Locais de Desenvolvimento Participativo</i>
PNSBC	National Programme for Low Cost Sanitation	<i>Programa Nacional de Saneamento a Baixo Custo</i>
PPFD	Decentralized Planning and Finance Programme	<i>Programa de Planificação e Finanças Descentralizadas</i>
PPP	Public Private Partnership	<i>Parcerias Publico Privadas</i>
PRM	Police of the Republic of Mozambique	<i>Policia da Republica de Mocambique</i>
PRODER	Rural Development Programme (GTZ)	<i>Programa de Desenvolvimento Rural (GTZ)</i>
PROGOV	Project for Democratic Municipal Government (USAID)	<i>Projecto de Governação Municipal Democrática (USAID)</i>
PROMAPUTO	Maputo Municipal Development Program	<i>Programa de Desenvolvimento Municipal de Maputo</i>
PRSP	Poverty Reduction Strategy Paper	<i>Processo de Estratégia de Redução do Pobreza</i>
RENAMO	Mozambique National Resistance	<i>Resistência Nacional Moçambicana</i>
SDC	Swiss Agency for Development and Cooperation	<i>Agência Suíça para o Desenvolvimento e Cooperação</i>
SIFAP	System of Training in Public Administration	<i>Sistema de Formação em Administração Pública</i>
SISTAFE	System for State Finance Administration	<i>Sistema de Administração Financeira do Estado</i>
TA	Administrative Tribunal (National Audit Office)	<i>Tribunal Administrativo</i>
TAE	Municipal Tax on Economic Activities	<i>Taxa de Actividade Económica</i>

<b>Acronyms</b>	<b>English</b>	<b>Portuguese</b>
UEM	Eduardo Mondlane UNiversity	<i>Universidade Eduardo Mondlane</i>
UNDP	United Nations Development Program	<i>Programa das Nações Unidas para o Desenvolvimento</i>
UNESCO	United Nations Educational, Scientific and Cultural Organization	<i>Organização da Educação, Ciências e Cultura das Nações Unidas</i>
UN-HABITAT	United Nations Human Settlements Programme	<i>Programa das Nações Unidas p/ os Assentamentos Humanos</i>
USAID	United States Agency for International Development	<i>Agência dos Estados Unidos para o Desenvolvimento Internacional</i>
WB	World Bank	<i>Banco Mundial</i>



## Executive Summary

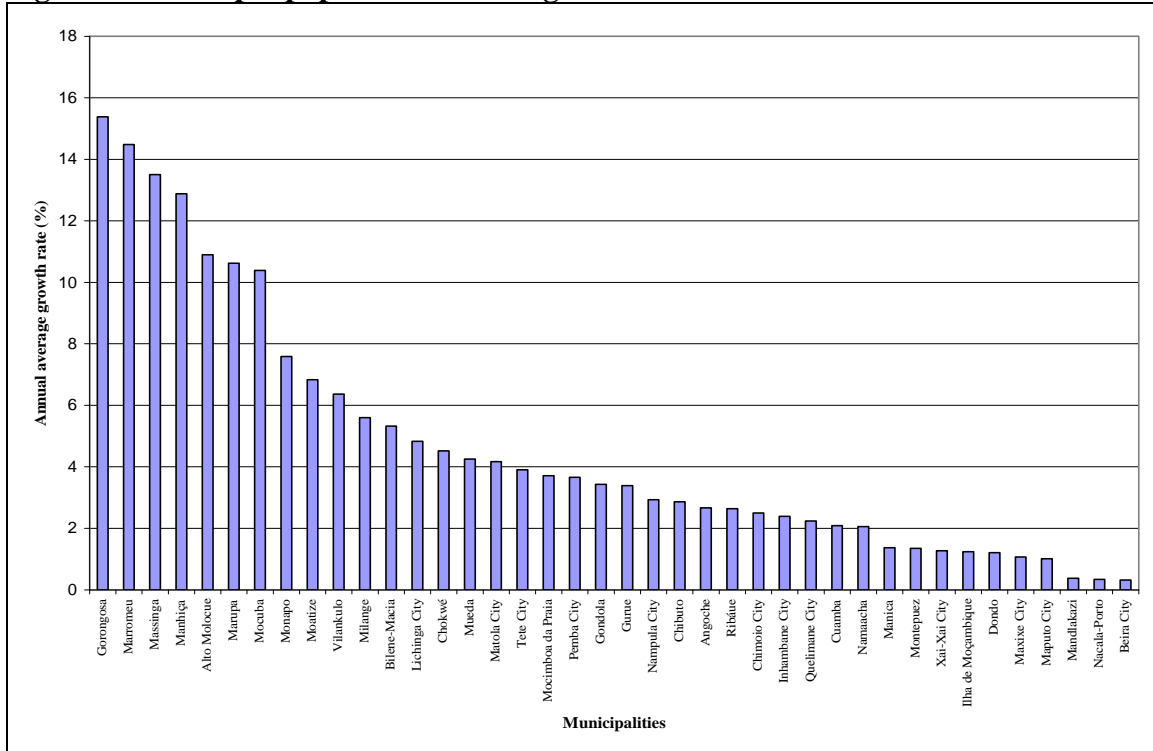
Municipalities in Mozambique were established by law in 1997 and elected in 1998 for the first time, only a few years after the peace agreement. Most inherited archaic and dysfunctional remnants of colonial and central government systems and infrastructure, and as such limited progress was achieved in transforming them into functioning local governments during the first mandate (1998-2002). During the second mandate (2003-2008), however, significant improvements were seen as municipalities began to grasp the nettle of local governance and some service delivery challenges. By the end of their first decade most municipalities have reorganized themselves to some extent and a number have undertaken initiatives that are beginning to bear fruit. There remains a long way to go, however, before municipalities will be robust enough to deliver quality local services to meet growing demand. There is a danger that the pace of municipal technical and financial capacity development will be overtaken by the growing municipal population and by transfers of additional mandates. Municipalities, central government and the Association of Municipalities (ANAMM) need to support municipalities to perform their potentially significant role in improving living conditions, stimulating growth and cementing meaningful democracy in Mozambique.

### ***From 1997 to 2008: Findings***

**Municipalities are growing in number and in size.** According to the United Nations, Mozambique has one of the largest urban populations in East Africa at 36%, and it is expected to grow to 60% by 2030. Urban growth (3.03%) and municipal growth (2.84%) are both faster than national and rural growth according to census data. Furthermore the growth numbers belie substantial variability, with 7 municipalities growing at over 10%, a further 5 growing at between 5-10%. Only 3 are growing at less than 0.5% (see Figure 1). Municipalities are also growing in number, from 33 in 1997 to 43 in 2008. In the absence of proper urban planning, the rapid pace of growth in certain municipalities will result in the expansion of informal settlements.

**Municipal responsibilities are increasing and the country is undergoing an asymmetrical process of decentralization.** Municipal mandates are increasing from providers of local services such as parks, roads, public safety, public lighting, municipal policing, and solid waste, amongst others, to more complex social services including aspects of education and health—as mandated by Decree 33/2006. The increase in demand for services is not, however, being accompanied by an expansion of employment, formal economic activity and revenue. Close to 70% of the GDP in Mozambique is produced by the industry and services sectors, mostly located in urban areas but urban poverty remains high and from 1996/1997 to 2002/2003 (the period to which most recent data exist) did not fall as fast as rural poverty. There is also substantial variation of growth and poverty within municipal boundaries and between the urban, peri-urban and rural areas.

**Figure 1. Municipal population annual growth rate 1997-2007**



Source: Own calculations based on data from the 1997 and 2007 Census.

**Municipalities have a role to play in reducing poverty and stimulating investment.**

Urban poverty reduction relates, amongst other things, to access to land, services, jobs and food. Municipalities play the key role in regularization of land tenure, improvement in tenure security and formalization of largely corrupt land markets, all of which are recognized internationally as fundamental to channeling investment and savings to establish assets among the poor. Urban and peri-urban agriculture initiatives for food security and job creation can be supported by effective urban planning and land use rights, as well as targeted support services. Municipalities can contribute to a more conducive environment for investment and employment creation through a range of instruments including investments in critical physical infrastructure (e.g. urban roads), reduction in red tape (e.g. business licenses) and the provision of public services through public private partnerships.

**Municipalities are important for consolidating democracy.**

Municipalities are the only elected local governments in Mozambique and as such their credibility with citizens is fundamental to the consolidation and institutionalization of good governance and democracy in the country. Municipalities have a role to play both by undertaking and deepening engagement in the formal governance processes, and by empowering the poor to voice and access opportunities through enhancing their participation in planning and budgetary activities.

**Table 1. Some Examples of Municipal Good Practices in the first 10 years**

**Improvements in Financial Management**

Beira has instituted a simplified financial management system. It has also improved collection of revenue from markets, as has Montepuez.

Maputo City has increased its own revenues by 55% in 2 years.

At least 20 municipalities have participated in training programs supported by the TA, IGF and development partners on financial management and reporting, including preparation of municipal annual financial statements required by the TA.

**Participatory Planning, Budgeting and Citizen Oversight**

Dondo, Maputo and Montepuez have had some positive experiences of participatory budgeting and planning, with support from external partners. There are also some exciting initiatives under way in Maputo, Nacala, Gurue, Chimoio and Vilankulos to improve transparency and combat corruption. In Montepuez and Dondo, community radio has been used for civic education and to publicize municipal activities. Most of these are still too recent to be considered fully institutionalized. Maputo City is currently undertaking its third annual Citizen Report Card conducted by independent researchers and has launched its participatory budgeting program.

**Urban Upgrading**

Successful pilots have been undertaken in Bairro Josina Machel in Manica City, Bairro Mafariha in Dondo and in Marromeu, building on earlier good practices in Maputo (Maxaquene) and Nacala, but scaling up is now important.

**Solid Waste Management**

Maputo City has successfully introduced primary collection contracts for solid waste consisting of door to door waste collection or at pre-established fixed points in a neighborhood, using carts or tractors.

Secondary collection contracts with private operators have been signed recently. The fee for solid waste collection which is billed as a surcharge on the electricity bill, administered by the electricity company (EdM), has been very successful and other cities are following suit. Maputo expects its solid waste management system to be fully sustainable by 2012.

**PPPs and alternative models of service delivery**

Municipalities have entered into partnerships with local companies for social projects, including a sugar company in Manhica, coconut oil processing companies in Maxixe, mineral water bottling company in Manica, and a cement company in Dondo.

Maputo City has set up a Public Private Partnerships department and has signed 12 contracts totaling over \$7 million in investments, and further contracts valued over \$50 million are under negotiation.

**Improvement of market infrastructure**

One of the most visible investment efforts by municipalities to date has been in market infrastructure, including in Marromeu, Beira, Manica, Montepuez, Ilha de Mocambique, Dondo and Chokwe among others. Some of these have been more successful than others.

**Environment**

Montepuez has intervened to protect flood-prone areas and prevent erosion of hillsides by planting trees and building a large ditch for channeling runoff water with the direct involvement of the potentially affected communities. Maputo has constructed the new Avenue Sebastiao Mabote to high standards of environmental and social safeguards, by following a rigorous framework for consultation and engagement with affected and beneficiary communities.

**Municipal development has progressed in the last ten years.** The municipalities created in 1998 inherited an extremely weak organizational structure and infrastructure that had generally not been maintained or upgraded since the colonial era. Similarly, they

inherited a very limited municipal tax base with no or outdated property registers and generally no culture of tax payment. Despite this disadvantaged starting point, a number of municipalities have managed to overcome some of their organizational challenges and have achieved positive improvements in service delivery, particularly during the most recent mandate (see Table 1). There is nevertheless a major backlog in all areas of service delivery combined with a rapid increasing demand for services from the growing urban population. “Urban” and “municipal” are not synonymous in Mozambique, and municipal boundaries often include a mix of dense urban areas, peri-urban areas and rural space. This places additional challenges on municipal management teams as priority services and models of service delivery will vary significantly across these various spaces. There have, however, been some notable efforts and successes in the first ten years.

### **Lessons from the First Decade: Challenges**

#### ***A major constraint that municipalities face is their imperfect legal and policy framework***

**(i) Functional responsibilities remain unclear in certain areas.** The overall legal framework for municipalities is covered in the “*Pacote Autarquico*” or Municipal Package of Laws enacted in 1997 and reformulated in 2007 and 2008. A number of these laws are still under revision. Although some steps have been taken to clarify ambiguities in the original “*pacote*”, there remains a lack of clarity as to the current responsibilities of the municipalities, and particularly with regard to the mandates that are either unclear or require concurrent responsibility. A second category of municipal responsibilities includes those that are in the process of being transferred to the municipalities under Decree 33/06, including major social services in health and primary education. This is likely to be a primary focus of municipal policy and reform during the next few years. However, there is not yet a fully elaborated strategy with clear criteria and methodologies for transferring functions from the state to municipalities, including the transfer or establishment of financial, human and material resources required to ensure service viability once undertaken by the municipalities. This has been exacerbated by the highly centrist tradition in Mozambique, and the lack of coordinated voice by municipalities that has limited the role that municipalities can play in the national debates on public sector reform and poverty among others. The central government ministries’ are more used to dealing with provincial and district level governments, which are politically and structurally closer to them. Many other aspects of the policy framework for decentralization remain unclear and it remains to be seen whether these will be dealt with effectively by the anticipated decentralization policy and strategy expected for mid 2009.

**(ii) Despite “gradualism” being a core principle of municipal reform, there has been little transparency in the process of selection of new municipalities.** The technical basis for planning the continued expansion of the local government system is not defined in a clear and replicable methodology, which would establish standards and targets for adding new municipalities. Similarly, the technical basis, the criteria, and the procedures for the shifting of municipal boundaries are not clear. Furthermore, the lack of a



territorial dimension to the system of representation by which Municipal Assemblies are elected appears to weaken responsiveness and accountability within the municipality.

***Underlying systemic constraints continue to limit municipalities' ability to transform urban space.*** Municipalities are complex multi-sectoral organizations and their ability to deliver in any sector is strongly influenced by the strength of a number of elements that work as a system. These underlying constraints operate particularly in the following areas: governance, planning, finance, organizational development and human resources.

**(i) Mozambique's municipalities score medium to low on the UN Governance Index.** The index combines 25 variables into 4 dimensions, to measure effectiveness, equity, participation and accountability. Although the sampled municipalities scored well on effectiveness, indicating that they managed to use their extremely limited resources relatively well, the scores across the remaining three dimensions were poor but improving. The lack of women in key municipal positions, limited use of pro-poor policies, low municipal election turnout, limited mechanisms for public participation and weak links with civil society organizations (CSOs) resulted in low and medium to low scores for equity and participation respectively, although there are some improvements and notable initiatives. Similarly accountability is low but improving, with publication of tenders, budgets, public accounts not regular and limited use of anti-corruption mechanisms in place.

**(ii) Strategic, territorial and operational planning are among the most important and yet most difficult areas for municipalities to develop and implement.** To date there has been a limited vision of a spatially balanced strategy for urban development and service delivery in most municipalities, particularly between urban and peri-urban areas. This has been exacerbated by the lack of coordination between municipalities and districts, and between central government, municipalities and provincial sector departments. Annual Planning has been largely based on previous years' budgets using the electoral platforms as a guide, rather than being informed by a strategic financial and spatial planning process. The new planning law (Law 19/2007) allocates the leading responsibility for spatial planning to municipalities and offers opportunities to accelerate the development of urban space by challenging investments and increasing the security of tenures and Right of Use and Access to Land (*DUAT*). However, most municipalities are not currently equipped to fully implement the Urban Land Regulation, including the provision of land use rights based on spatial plans.

**(iii) Municipal finances are extremely weak and constrained by law, but opportunities nevertheless exist for municipalities to significantly increase revenues.** Municipal budgets are \$12 per capita (compared with \$23 in Tanzania, for example). Own source revenues are underutilized, especially with respect to property taxes (*IPRA*) in larger municipalities, despite legal limitations on expanding the tax base (e.g. exemptions on new properties for 5 years). All municipalities can improve their fee-based revenues and a number have made significant steps forward with market and solid waste management fees. The new fiscal law (Law 01/08) gives municipalities full control over taxes on property transfers, and vehicle taxes, although the financial and administrative

implications are onerous. Intergovernmental transfers are very limited. The overall pool is less than 1 percent of total revenues of the country (and capped at 1.5%) and the creation of new municipalities will reduce this further. Furthermore, while development aid is important to municipalities this is not a stable or sustainable source of funding and municipalities are not usually involved or properly consulted about aid-funded projects when they are not the implementing agency. Also, financial management systems are generally weak and fragmented and hamper municipal efforts in planning, executing and controlling their municipal budgets in an effective and integrated manner.

**(iv) Municipal organizational structures and staffing have improved but remain poorly matched to current and impending municipal governance, management and service provision responsibilities.**

The central government constrains the autonomy of municipalities through various institutionalized oversight mechanisms which aim to ensure compliance with procedures and norms of public sector management. Nevertheless, municipal legislation does provide some autonomy for municipalities to define their own organizational structures, including revision of departmental responsibilities, workflows and procedures, staffing tables and job descriptions. A number of municipalities have done this but most have not yet exercised this prerogative. There has also been limited use of different models for service delivery, although some municipalities have utilized municipal enterprises (e.g. Quelimane) and public private partnerships (e.g. Maputo).

*Citizens judge performance on the basis of effective service delivery but municipal mandates vary from clear (e.g. solid waste, sanitation) to concurrent and unclear responsibilities (land, health, water, education).* There is a pattern of low access to key services, with more access in the core than in peri-urban areas. Effective service delivery is conditional on addressing many of the underlying systemic constraints discussed above, limiting the utility of a purely sectoral approach. However, highly visible successes in particular sectors may be possible and useful. In urban land management for example, there is an urgent need to provide security of tenure and reduce the increasing informality in land markets and associated widespread corruption. Solid waste management has encountered serious problems of O&M, limited technical capacity and a poor supply response from the private sector. Sanitation is clearly a municipal mandate but resources are highly constrained even for on-site sanitation improvements (it is estimated that \$182 million is needed to meet the MDGs). Water supply has seen much success under the FIPAG model but the rollout to full coverage will take time and the municipalities are drawn into the sector without their responsibilities being clearly defined.

**The Way Forward**

**Municipalities can tackle these challenges but cannot do so alone.** The responsibilities for effective municipal performance do not lie solely within the power of municipalities but with a comprehensive effort by central government, municipalities, ANAMM, organized civil society and the development partners to address the imperfections in the legal framework and the underlying constraints above (see table 2).

**Table 2. Top 5 Recommendations by Actor**

<p><b>Central Government</b></p> <ul style="list-style-type: none"> <li>• Even that some general building blocks of a decentralization policy are present in the constitution and other existing legislation, a specific decentralization policy and strategy with a 10-15 year plan and define the approach to gradualism should be produced.</li> <li>• Clarify the legal framework related to municipal responsibilities, particularly the “grey areas” concurrent with sectors and the organs of state (<i>OLEs</i>).</li> <li>• Develop clear “readiness” criteria for the transfer of additional functions under Decree 33/2006.</li> <li>• Establish a framework for a municipal civil service and reduce bureaucracy and excessive regulation of municipal personnel management.</li> <li>• Strengthen the National Audit Office (<i>Tribunal Administrativo</i>) to increase the accountability of municipalities.</li> </ul>
<p><b>Municipalities</b></p> <ul style="list-style-type: none"> <li>• Publish plans, budgets, accounts, contracts, tenders, codes of conduct and enable information flow to and from citizens e.g. participatory budgeting and complaints mechanisms.</li> <li>• Establish or strengthen municipal planning units to produce plans that link strategic consultative plans with spatial, sector and annual plans and budgets.</li> <li>• Produce urban plans that are realistic and easy to implement. Develop cadastres to issue land use rights (<i>DUATs</i>) and expand the number of taxable properties.</li> <li>• Increase own revenue collection through various (tax and non-tax) instruments and institute simplified integrated financial management systems.</li> <li>• Undertake overhaul of organizational structure where needed, including procedures and workflow reforms, redeployment, rationalization and recruitment, models of service delivery and revision of departmental responsibilities.</li> </ul>
<p><b>ANAMM/ Development Partners</b></p> <ul style="list-style-type: none"> <li>• Strengthen ANAMM’s capacity to engage with central government on legal and policy reforms on behalf of municipalities.</li> <li>• Document and disseminate knowledge and good practices in municipal development from within Mozambique and from other countries.</li> <li>• Coordinate exchange of experience through peer learning mechanisms.</li> <li>• Offer training programs in areas of common need to municipalities.</li> <li>• Mobilize support for shared technical assistance for municipalities from central government and partners.</li> </ul>

**Clarify current mandates of municipalities.** Municipalities should focus on achieving success in the areas of clear municipal jurisdiction with support from other actors. Priority should be given to the most simple local goods and services, leaving to other government levels and utilities the more complex ones to which they lack the appropriate scale, like some aspects of health and education. Notably, municipalities should focus on the sole provision of services to which they have clear mandates and have sufficient revenue and capacity to deliver. At the same time, it is important for central government ministries, provincial governments, utilities, and municipalities to work closely together to agree on the specific responsibilities (*competencias*) with regard to the mandates that are either unclear or require concurrent responsibility. This would also need to be set out in a medium to long term strategy for decentralization.

**Establish timeline, methodology and “readiness” criteria for transfer of any new competencies to municipalities.** It would be advisable for central government and municipalities to establish a process whereby transfers of new functions will be limited to municipalities that could manage these effectively. Government must develop clear and practical guidelines for involving the key cross-cutting ministries such as Finance, Planning and Development, State Administration, Public Service, as well as relevant sector ministries to ensure the success of any eventual process of transfer of competencies to municipalities. *ANAMM* should establish an ad hoc commission of mayors to engage with central government on this. This process should be seen as part of the decentralization component of the national public sector reform program, and preparation and support for municipal service delivery should be fully incorporated into the reform strategies and plans being formulated by each ministry and linked to fiscal policies. This exercise is likely to be the most significant dimension of decentralization and municipal reform during the next five to ten years.

**Establish transparent criteria and timeframes for municipalization.** Both democratization and decentralization policies in Mozambique are constrained by the concept of gradualism and more particularly its lack of clarity. The benefits of municipal reform would be broadened and deepened if the central government undertakes a systematic expansion of decentralized governance over a defined period (e.g. 10-15 years) with clear targets for expanding its geographical scope to include all rural towns and the rural districts which surround them, in order to achieve a minimum viable size. Clearer criteria for towns and villages (*povoações*) to become municipalities should be defined and disseminated, and a transparent process of evaluation of “candidates” to become municipalities should be established.

**Enhanced responsiveness and accountability of Municipal Assemblies could be achieved by modifying municipal electoral legislation to include some proportion of area-based representation.** This way, the representatives from the less politically connected and possibly more distant and more rural areas within the municipalities’ boundaries would have more voice and ability to influence decisions. This is a long term proposal that would require legislative reform but it would impact significantly on the nature of governance and accountability at a municipal level.

**Increased accountability at municipal level is a major area that would bring critical shifts in urban governance.** A number of measures should be emphasized such as the wide publication and circulation of public documents like contracts, tenders, budgets, plans, financial statements, audit findings, and codes of conducts for politicians and municipal officials. In addition citizen report cards and charters with citizen rights and responsibilities should become common practice, and transparent channels to receive citizens’ complaints and systems to control mismanagement and corruption should be established. Increased channels for public participation, including participatory budgeting and more participatory planning, would be important along with increased representation of women and the poorest segments of the municipality. All of these require strong leadership from the mayors, councils and assemblies but central government, *ANAMM*

and the development partners have a major role to play in developing frameworks, guidelines and technical assistance to support improved governance and accountability, and to disseminate good practices.

**The establishment of municipal planning teams and effective planning systems are critical to urban development.** In large municipalities such as Maputo or Beira, it makes sense to have a Strategic Planning team located within or under the mayor's office, tasked with coordinating the overall planning exercise. In smaller municipalities this would be an incremental process and the urban planning department could lead the process. On the basis of city consultations, the strategic planning team would assist the mayor in developing a city-wide strategic plan that would need to be operationalized. The planning teams would need to coordinate among sectors within the municipality, between the municipality and other arms of government (district, province, line ministries) for which spatial planning and mapping would be critical. On the basis of these activities, a priority action program for the next year would be defined and then linked to the annual budgetary exercise.

**Municipal finances need to see exponential growth in order to meet the demands of a growing urban population within municipal boundaries.** The national transfer system needs to be enlarged and formula-based, and new tax instruments introduced that provide support for implementation of the new fiscal law. The central government needs to ensure that municipalities follow the SISTAFE Law and provide associated technical assistance to this end. The municipalities must expand the number of taxable properties and update property values, as is being done in Maputo and should operate with simple integrated financial management systems (e.g. Beira), conforming to the national legislation.

**Municipalities have a role to play in reducing poverty and stimulating investment.** Urban and peri-urban agriculture initiatives for food security and job creation can be supported by effective urban planning and land use rights, as well as targeted support services. Municipalities play a critical role in providing the infrastructure to facilitate urban-rural linkages, such as markets, and promoting the establishment of extension services and other service providers to strengthen agriculture and agro-processing value chains. Municipalities also hold more intangible levers for improving well-being through participatory governance, where the impact would have more to do with political participation, empowerment and promotion of meaningful citizenship among the poor. Finally, municipalities contribute to a more conducive environment for investment and employment by investing in critical physical infrastructure (e.g. urban roads), reducing red tape (e.g. business licenses) and providing public services through public private partnerships.

**Restructuring municipalities and investing in human resources can bring sizeable improvements to municipal effectiveness.** Central government should establish a national framework for municipal civil service careers and increase the flexibility of municipal recruitment and personnel management. It should also increase municipal awareness of the potential for restructuring and options for increasing capacity (staffing

tables, salaries, redeployment, rationalization, recruitment, PPPs and other service delivery models). At a municipal level, there are many opportunities to reform systems and redefine procedures and workflows. Municipalities can also link career progress to training and performance, as has been done in Maputo under the Staff Strengthening Plan.

**Despite the underlying constraints, there is scope for short to medium term visible improvements in integrated service delivery.** There is need for low-cost mapping and the development of cadastres to improve tenure security and expand tax bases. Central government (through MICOA) and development partners must work with universities to develop a pool of experts for GIS and land use planning to achieve this. Another visible area of clear municipal competence is solid waste management where much has been learned in the first decade. Integrated solid waste management plans are needed to procure appropriate technology and build operational capacity, establish financial and economic sustainability by raising revenues and through citizen campaigns to build public responsibility. In the areas of water supply, municipalities and central agencies need to work together to clarify municipalities' roles and responsibilities and to collaborate more closely on governance issues including sharing information on how resources are channeled and planned under programs that would enable households to access the networks over time. Municipalities have a particular responsibility in the area of sanitation, but without leadership and additional resources from central government, there is limited scope for meeting MDGs given the resources required.

# **Chapter 1 An Introduction to Urbanization and Municipal Development in Mozambique**

## **1.1 Objective**

The objective of the study is to provide policy makers and municipal authorities in Mozambique with an analysis of the challenges and opportunities for municipal development in Mozambique, based on the first 10 years of experience. The primary audiences for the study are the City Councils and Municipal Assemblies of Mozambique. The secondary audiences are the national government, the Association of Municipalities (ANAMM) and the development partners, all of which have key roles to play in supporting effective municipal development in Mozambique.

This study provides the first integrated assessment of the challenges of local development and service delivery through a municipal lens. It diagnoses the underlying systemic constraints facing municipalities, discusses some of the specific service delivery challenges of the municipalities, and it sets out recommendations for both central and municipal governments to tackle some of these constraints within an integrated and systemic framework.

Importantly, the process of engagement used to prepare the study, between mayors, city officials, development practitioners, consultants and academics, was in itself an objective of the study. It provided opportunities to discuss and debate the issues in order to arrive at a generally consistent understanding of municipal priorities, underlying constraints that limit response capacity, and possible guidelines for action at local and central levels to address these over time.

## **1.2 “Urban” and “Municipal” in Mozambique**

According to the United Nations, Mozambique has (as of 2007) one of the highest proportions of urban population in East Africa at 36% (UNFAPA 2007) and it is expected to grow to 60% by 2030 (UN 2006).<sup>1</sup> According to this projection, as much as 17 million

people could be living in urban areas in Mozambique by 2030. Although the UN is the most commonly used source for demographic projections, the preliminary results from the recently completed Census (2007) suggests that the increases in the urban population may not be as dramatic.

As table 1.1 shows, from 1997 to 2007 the annual average population growth was 2.5%, while the urban population growth averaged 3.0% per annum and municipal population grew at 2.8% per annum. Both the urban and the municipal growth rates were higher than the national and the rural (2.3%) ones, but not by much as the post-war return to the rural areas remained high into the later 1990s. This means that in the last ten years, the urban and municipal populations had an absolute growth of 1.6 and 1.3 million people respectively. Urbanization can happen because of three factors: positive net migration to urban areas, natural increases of population (an excess of births over deaths) in urban areas above the increase in the rest of the population, and reclassification of rural into urban settlements. Some of the difference in terms of annual average growth rates of population between urban and rural areas observed in Mozambique can be attributed to the changes in Census cartography in 2007 from 1997 which may have led to the reclassification of some enumeration areas during the III *Recenseamento Geral da População*. Moreover, rural-urban migration and high mortality rates in rural areas (24 per 1000) as compared to urban areas (14.3 per 1000) could also have contributed to these differences. Once the census is completed, there will also be more clarity on the role migration is playing in the level of urbanization in Mozambique.

Using the inter-censal population growth rates from 1997-2007, the urban and municipal populations are expected to grow to almost 12 and 10 million people respectively. This means that from now until the year 2030 urban areas and municipalities will have around 250,000 and 200,000 new residents each year. Establishing the precise growth in urban population is less important than understanding the inevitability and magnitude of the urbanization trend in Mozambique. These numbers represent substantive challenges of providing social and economic infrastructure as well as employment opportunities and productivity in the growing urban centers.



**Table 1.1 Population Estimates by Area of Residence, 1997 and 2007**

	Census 1997	Census 2007*	Absolute Growth	Annual average Growth rate (%)	Projection 2007-2030**
National	16.075.708	20.530.714	4.455.006	2,48	35.193.675
Urban	4.601.100	6.203.035	1.601.935	3,03	11.962.050
Rural	11.474.608	14.327.679	2.853.071	2,25	23.375.925
Municipalities	4.052.274	5.361.819	1.309.545	2,84	9.928.363

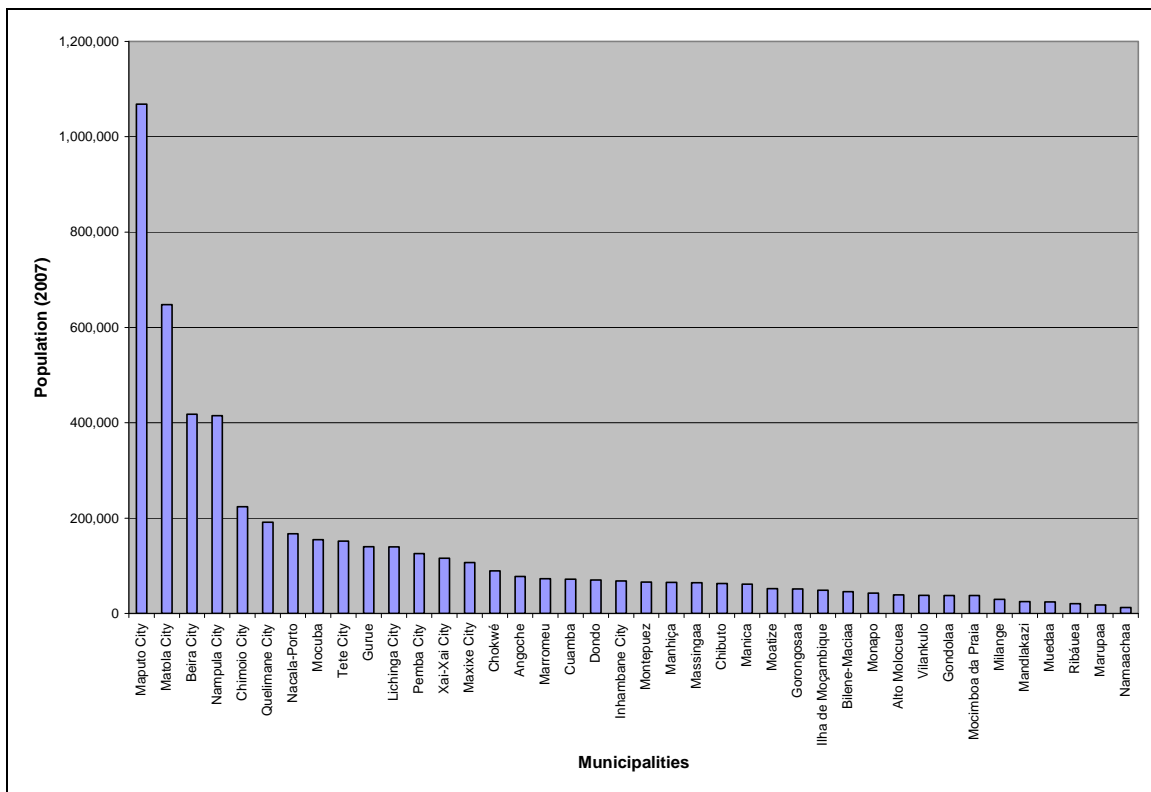
Source: Census 1997 and Census 2007.

Notes: \*Preliminary results. \*\*Own calculations.

Although these urban and municipal populations grew above the national mean, these averages hide the very heterogeneous nature of municipalities in Mozambique. As can be seen from annex 1.2, 7 municipalities showed over 10% growth over the 1997–2007 period, 5 showed between 5–10% and 9 showed between 3–5% growth. Growth has surpassed 10% annual average in Alto-Molócue (10.9%), Gorongosa (15.4%), Marupa (10.6%), Marromeu (14.5%), Massinga (13.5%), Manhiça (12.9%), and Mocuba (10.4%). In contrast, the municipalities with the lowest population growth rates are Nacala-Porto (0.3%), Mandlakazi (0.4%) and Beira (0.3%). But none of the municipalities are seeing negative population growth. In absolute terms, Maputo City is the most populous municipality in the country with more than 1 million inhabitants. Over time it is evident that certain cities will shift into one metropolitan region (e.g. Maputo-Matola) while others will play important roles along regional corridors such as Beira, Dondo, Nacala and Tete.

Although Maputo is the most populous municipality in the country and the only one with more than 1 million inhabitants, its level of primacy is not very high (see figure 1.1).<sup>2</sup> In 2007 it has less than twice the population of the next largest city (Matola), although Maputo provides much of the employment and services for Matola and the two are therefore closer to a single urban conurbation. However, in relation to the smallest municipality (Namaacha) Maputo is more than eighty times larger, and is also eight times larger than the average municipal population size.

**Figure 1.1 Urban Hierarchy in Mozambique**



Source: Authors' calculation based on 2007 census data.

The numbers presented in the previous analysis come from the Census which uses a statistical definition of urban and rural areas. However, definitions of “urban” vary considerably all over the world including Mozambique, where at least 3 different definitions are used, essentially differing in the spatial unit of analysis and levels of economic development of the areas under consideration. The Ministry of State Administration (MAE) applies its own definition of “urban” areas to political-administrative entities based on their economic, social, and cultural development levels; the Ministry of the Environment (MICOA) definition of urban areas is based on the degree of urban land use and includes the municipalities, villages and the headquarters of the Administrative Posts and localities instituted by law. Finally, the one used by the National Institute of Statistics (INE) is based on the urban enumeration areas which are the smallest statistical unit of analysis in the census. None of these definitions, however, looks into the population density, which is the criteria commonly used to define urban areas (see annex 1.1).

From these definitions, this study uses the legal-administrative definition of municipalities as the unit of analysis. Although urbanization and urban space clearly infuse much of the discussion and analysis, the use of the administrative definition was chosen in line with the study's objective of providing practical guidelines for action to mayors and their teams who are responsible for management within the administrative boundaries of the municipalities. The use of the administrative definition also necessitates a more integrated understanding of municipal space in Mozambique which varies considerably between and within municipalities. Municipal boundaries can include within them a mix of densely populated urban areas (both historical "cement" centers and informal settlements) as well as peri-urban settlements and rural space used primarily for agriculture, including forestry in certain cases. In Maputo City alone, there are the vastly different urban districts of Polana (central cement city) and Inhaca (mostly rural with low density). A number of municipalities are highly rural in character. This range of "municipal space" makes the oft-posed dichotomy between rural and urban an unhelpful one for management purposes and in understanding the dynamics of poverty, as families generally make up their livelihoods out of both the rural and the urban space.

### **1.3 A Brief Socio-Economic Profile of Municipalities in Mozambique**

The research for this study focuses on the 33 municipalities established in 1998 and takes into account the recent creation of the ten new municipalities in 2008. Municipal "space" in Mozambique is very difficult to quantify in terms of its socio-economic characteristics, as a result of the definitional differences discussed above, and the fact that no comprehensive and sufficiently disaggregated studies have been done recently. The census data are expected to provide very useful information on municipalities, but the necessary details and analysis will only be ready in late 2009 or early 2010. As a result some analysis has been conducted for this study using the 1997 Census and 2003–2004 Household Survey (IAF), but data are not very reliable and only general trends and approximations are possible.

According to this analysis, at the municipal level, from 1997 to 2003 household size increased from 5.7 to 6.1 individuals, and this figure stands above the national average of

4.8 individuals per household. Also, according to the IAF over 55% of people living in municipalities are under 20 years of age. Among municipalities, there have been gains in literacy rates of about 20 percentage points over the period 1997–2003 and school attendance nearly doubled during the same period from 49%, in 1997, to 87% in 2003. Employment trends have also improved although not significantly with the proportion of employed urban population increasing from 49.1% in 1997 to 59.2% in 2003 (INE 2006).<sup>3</sup>

Housing conditions and service delivery of basic infrastructure has seen some improvements but the conditions are still precarious. According to IAF the proportion of houses that used straw for roofing declined by half, while the proportion using tin nearly doubled. Similarly, the proportion of households using cement bricks for walls increased, while there was a sharp reduction in the number of households using straw. Despite these gains, approximately 70% of urban populations are still living in settlements that have slum characteristics, including dense unregulated growth, a lack of common infrastructure services such as water, sanitation, solid waste removal, drainage, electricity, and where homes are made of precarious materials. For example, the proportion of households with access to electricity was about 28.2% in 2003. Access to clean affordable water remains a serious problem for the majority of the municipal population, and sanitation facilities in municipalities are very underdeveloped with the majority of the households using latrines. According to the poverty study presented in chapter 5 and conducted in 6 municipalities, access to water can be as low as 9% (Maxixe), to latrines as low as 10% (Ilha de Mocambique) and to electricity as low as 4% (Manhiça). In terms of the materials for housing construction, although the use of cement blocks can be higher than 15%, the overwhelming majority still uses straw and adobe. Moreover, unplanned settlements are also often built on unsuitable terrain that is prone to flooding, erosion, and the accumulation of solid waste. The high rates of malaria in places like Maputo City, (170,265 cases and 99 deaths in 2007), frequent dysentery (6,911 cases in 2007) and cholera outbreaks (909 cases in 2007) are results of this lack of infrastructure necessary for improved health outcomes.

## 1.4 Rationale and Key Questions of the Study

While in Mozambique 36% of the population lives in urban areas, there has not been much discussion of the role that municipalities can play in poverty reduction and growth. This is reflected in the key documents of the country agenda, including the Action Plan for the Reduction of Absolute Poverty (PARPA) I and II, the annual Economic and Social Plans (PES), and the Government's 5 year plan, where municipalities are barely discussed and indicators are few and weakly formulated. The PARPA began as a specific rural poverty alleviation strategy, addressing the need for action in rural areas following the peace agreement, as people moved back from cities to their homes. Recent studies show that while urban poverty is slightly less (52%) than in rural areas (55%) the difference is startlingly small. Notably poverty has fallen more rapidly in rural than urban areas—by 22.3 percent and 16.5 percent respectively from the period 1996–1997 to 2002–2003 (Fox et al. 2008).<sup>4</sup> To make things worse, projections of the urban labor market in the next ten years are not optimistic. According to the World Bank (CEM 2005) with rural-urban migration, between 2005 and 2015 the urban working age population will rise at a high rate of possibly 4.1 percent per annum, while at best, formal sector wage employment may increase at 1.5 percent per year. The substantial gap between growth of the urban working population and employment implies both that the informal sector will continue to expand and that formal sector wage levels (other than in public employment) are likely to stagnate.

The reasons for this situation are multiple and include a lack of voice/organization among municipalities, a dearth of disaggregated data at municipal level, and a tradition and history of top down governance since colonial times that has recently been combined with a political tension and concern over the impact of “local power” outside of the party political structures. The current discourse on municipalities in Mozambique is highly constrained by these factors. One objective of this study is therefore to provide, through a territorial lens, some strategic and integrated perspectives on municipalities that could be useful for infusing the national debates with a more spatial view in the future.

An integrated territorial approach is also becoming more important as the governance agenda grows. Many development agencies are now linking their aid to governance indicators. Municipal development is essentially about governance and management, and offers a microcosm for demonstrating the challenges and potential for integrated service delivery programs. In addition to the mandates of ANAMM and MAE there are a number of development partners in Mozambique that have provided support to Mozambique's municipalities, although this constitutes a small proportion of overall development assistance.<sup>5</sup> There have nevertheless been experiences and lessons learned that provide useful inputs for the various agencies seeking to adapt their existing programs, or design new ones based on its findings. The primary audience for this study remains the mayors and their teams, particularly those who come into office in early 2009 for the third municipal mandate. For that reason, the study is mostly an applied piece of work aimed at local officials, local and central government policy makers, ANAMM, and development practitioners.

Given the data and resource limitations, the study cannot claim to provide comprehensive answers to the important questions of to what extent municipalities can contribute to poverty alleviation in Mozambique, nor provide quantitative data on the nature of urban poverty or rural-urban linkages. This is largely because data do not exist at a sufficiently disaggregated level to draw specific conclusions at a municipal level, and because migration is not well-measured or researched yet in Mozambique. However, this will change once the results of the census are out. Studies and research are limited in relation to the scale of urbanization and the multiplicity of issues to be analyzed. However, this study does make a modest first attempt to address this lack of analysis and understanding in the various chapters where a number of elements are discussed from different angles to enrich an understanding of the complexity of municipal development.

The main questions this study purports to analyze and better understand are the following:

- ◆ What has been the impact of urbanization in Mozambique and what is likely to be its impact in the future?
- ◆ What are some of the major challenges faced by municipalities and what are the underlying constraints to dealing with these challenges and seizing opportunities?
- ◆ How can municipalities best respond to these challenges and how have they done so during their first ten years of existence?
- ◆ What is the role of the central government in providing municipalities with a more conducive environment in which to operate effectively?
- ◆ What is the appropriate and highest value added role for ANAMM as an association representing its member municipalities?
- ◆ How might development assistance agencies best support municipal development and what are the lessons learned to date?

## 1.5 Structure of the Study

The distinguishing feature of this study is the systemic approach it takes on the challenges facing municipalities, and the range of interventions necessary to address these. This stems from the specific process and methodology used for the study, namely working with the mayors and ANAMM in order to understand their priorities and challenges from a local perspective, and provide assistance to them in diagnosing the underlying causes as a basis for a platform of action.

The study was coordinated by the World Bank and ANAMM, working with a Committee made up of ANAMM, MAE and the various funding partners: The Austrian Development Agency (ADA),<sup>6</sup> the Danish Development Agency (DANIDA), the German Technical Cooperation (GTZ), the Swiss Development Cooperation (SDC), UN-HABITAT and the World Bank. University College London's Development Planning Unit was brought in to assist in the overall planning and coordination of the work. Given the number of agencies involved and the process of engaging and validating findings with the mayors themselves, neither the study nor any particular chapter can be said to represent the views of all or any of the agencies involved.

The work was conducted by a range of teams, combining consultants, academics and practitioners from various fields. Each team included both local and international members. The chapters therefore vary in tone as this reflects the richness of the process and multiple perspectives that have been brought to bear on the issues. Given the diversity of possible topics that could be covered in a study on municipalities, it was agreed that the emphasis would be on the cross-cutting and systemic issues underlying many of the more visible challenges facing municipalities. As such five of the eight thematic chapters cover these systemic issues (legal and policy, governance and planning, finance, poverty and rural-urban linkages, and lessons learned). A number of sector studies were originally considered to discuss some of the specific service delivery challenges of the municipalities, but ultimately water supply and sanitation, urban land, and solid waste management were selected on the basis of interest, relevance and funding availability. These sectors also illustrate the cross-cutting issues from sectors clearly within municipal mandates (solid waste, land, and sanitation) and those where concurrent “grey” areas exist in terms of responsibilities and resources (water supply).

During the process, three important consultative workshops were held. The first was held in August 2007 with the Committee and research teams, to discuss the inception reports and agree on coordination mechanisms and cities and towns to be visited by the various teams. All visits were facilitated by ANAMM and teams were provided with excellent access and support from all municipalities. A further opportunity to present an update of the study’s progress to Mayors was at the ANAMM Annual Congress in November 2007. In June 2007, a workshop was held in Maputo and attended by 15 mayors among other stakeholders, to discuss and validate the findings and recommendations of the report. On the basis of this workshop, the final chapter was written. Written comments were also received from the development partners, government and mayors. The final study will be distributed to the new mayors in 2009 and discussed at a further workshop.

The teams visited a total of 19 municipalities, representing 58% of the existing municipalities, and about 90% of the total municipal population, and 20% of the total population of the country. Although it was initially proposed to have a representative



sample of municipalities in terms of location and population size, there were various constraints to achieving this. The final set of municipalities included a fairly representative mix in terms of size and region, but also included municipalities that presented greater access to researchers and offered innovative experiences and good practices in specific areas.

Each of the chapters follows specific methodologies, but in general all of them used a mix of literature reviews plus some primary research including questionnaires, interviews, and surveys. Others also used statistical and economic analysis. Due to data limitations at the municipal level, the study does not present a general analysis covering all municipalities. Instead it largely relies on information coming from case studies which cannot be extrapolated reliably to all municipalities. Some chapters, such as the legal and financial ones, do present information for all municipalities and therefore more general conclusions can be drawn from these. However, the quality and coverage of the data are limited for most chapters and it should therefore be interpreted broadly to document the general condition of municipalities in Mozambique, rather than considered a definitive and accurate picture. In order to deepen the understanding of municipalities in Mozambique further research at the national level must be done to collect data that is representative at the municipal level. If resource constraints do not allow for this, some dedicated municipal surveys should be conducted to gather the necessary demographic and socio-economic information.<sup>7</sup>

## **1.6 Outline of the Study**

Each chapter draws on a longer report prepared by the research teams and presented to each of the funding agencies as a self-standing piece. The longer reports are included in the CD-ROM. The edited versions of each report that appear in this study have been approved by the authors. Each chapter has sections dealing with objectives and methodology; main findings and challenges; and recommendations for central government and municipalities.

Chapters 2 to 4 of the report provide an overview of the cross-cutting systemic constraints that limit the response capacity of municipalities in Mozambique. Chapter 2 discusses the Legal and Institutional basis for municipalities in Mozambique and identifies possible gaps and areas for improvement. Chapter 3 brings a discussion of governance and planning, utilizing the Urban Governance Index designed as part of the Global UN Campaign on Governance and delves into aspects of citizen participation in planning from strategic to operational and urban planning by municipal councils. Chapter 4 provides an overview of the situation with respect to municipal finance in Mozambique, looking at the revenue and expenditure condition and identifying gaps and opportunities for improving this critical systemic area.

Chapter 5 focuses on urban poverty and attempts to collect some new data and process it and existing data to generate new insights into the nature of the urban poor. It also brings in some discussion of rural-urban linkages and how both within municipalities and beyond their boundaries, the survival strategies of families rely on urban and peri-urban space to support both rural and urban livelihoods.

Chapter 6 provides the first sector perspective, looking at urban land management in Mozambique. Chapter 7 follows that with a discussion of the water supply and sanitation landscape of relevance to municipalities and raises some important questions on the role of municipalities in service delivery. Finally, a service area clearly within the mandate of municipalities—Solid Waste Management—is discussed and recommendations presented in Chapter 8. Chapter 9 draws out some of the lessons learned from 10 years' of municipal development in Mozambique, looking along the dimensions of legal, governance, planning, management, finance, service delivery and a range of cross-cutting issues such as gender, environment and HIV/AIDS .

The final chapter begins with some reflections on the role of municipalities in the growth and poverty reduction agendas in Mozambique. It then focuses specifically on the main findings of the study and how these demonstrate the underlying constraints and challenges faced by municipalities. The chapter discusses the need to approach municipal development in an integrated and systemic manner, and sets out a proposed framework

for doing so. The main section of the chapter is devoted to recommendations for action by central government and municipalities, as well as ANAMM and the development partners.

## Annex 1.1 Definitions of “Urban” and “Municipal” in Mozambique

### Administrative Definition:

According to the *Boletim da República (BR), I Série, N° 16 of 1987*, the Ministry of State Administration classifies urban areas based on economic development of the main urban centers in the country. This definition takes into account political, economic, social, cultural, population density, number and type of industries, degree of development of trade activities, education, and sanitation. MAE classifies urban cities and towns into types A, B, C, and D. Type “A” includes the country’s capital, Maputo, type “B” the provincial capitals of Nampula and Beira, and most recently Matola, and type “C” includes all other provincial capitals as well as other cities. Type “D” municipalities are those that play an important role in the process of local development as local small towns. In addition the same resolution created 66 “villas” of which 10 (one of each province) were selected to become municipalities. Finally on May 2, 2008 the new municipalities were created, each one from one of the provinces. Table A1.1 shows the classification of urban cities based on MAE's criteria.

**Table A1.1 Classification of cities based on MAE’s criteria**

Type of City	City	Villas that became municipalities	New municipalities 2008
“A”	Maputo	Metangula	Marupa
“B”	Beira	Mocimboa da Praia	Mueda
	Nampula	Monapo	Alto Molocue
	Matola	Milange	Ribáue
“C”	Chimoio	Moatize	Ulongue
	Nacala	Catandica	Gondola
	Quelimane	Marromeu	Gorongosa
	Inhambane	Vilankulo	Massinga
	Lichinga	Mandlakazi	Bilene-Macia
	Pemba	Manhiça	Namaacha
	Tete		
	Xai-Xai		
	Ilha de Moçambique		
“D”	Angoche		
	Cuamba		
	Chibutio		

Type of City	City	Villas that became municipalities	New municipalities 2008
	Chokwé		
	Dondo		
	Gurue		
	Manica		
	Maxixe		
	Mocuba		
	Montepuez		

Source: BR, 1987 — Iª Serie, Number 16.

BR, 2008 — Iª Serie, Number 18

### Land Use Definition

The Ministry of Environment (MICOA) defines urban areas based on a territorial definition related to urban land use. “Urban” land corresponds to the *area within the municipalities, villages, and headquarters of the Administrative Posts and localities instituted by law (BR, 2007 of 18 July)*. According to the “*Política de Ordenamento do Território*” from BR, 2007 of 30 May 2007, MICOA classifies urban areas taking into account the sustainability of urban centers in terms of use of urban soil, sanitation and environment, development of transport and communication infrastructures, and housing conditions. This classification aims to: (i) promote sustainability of urban areas; (ii) enhance better management of urban land between the municipalities and central administration; (iii) ensure better development planning of the urban cities.

### Statistical Definition

The national bureau of statistics’ (INE) definition of urban is linked to the enumeration areas which are the smallest units of stratification in the census sample. According to INE (1997), and for the purpose of defining urban areas or urban strata in the master sample within each province, three sub-strata were considered: (i) capital cities, (ii) cities with more than 20,000 households, (iii) and the remaining urban areas in the province. In 1986 the Law established 91 urban areas, and all of the enumeration areas of them are considered to be urban. Urban enumeration areas have between 100 and 150 households as opposed to rural ones that have between 80 and 100 households. This definition does not take into account the size of the territory, so the population density of each enumeration area is expected to have a great variation.<sup>8</sup> It is also important to note that

the 1997 definition of urban areas was not consistent with that of the Household Survey (IAF), 2002-03 in the sense that it tended to overestimate the proportion of the population living in urban areas by including villages and localities that did not meet some of the criteria mentioned above. Therefore, based on the 2007 Census mapping we can see that from the list of potential “urban” areas in Mozambique (23 cities and 68 villas) only 59 out of 68 villas meet the criteria of urban areas. The list of urban areas based on Census Mapping is presented in the following table A1.2:

**Table A1.2 Classification of Urban Areas Based on INE’s Criteria**

<b>23 cities</b>	<b>68 Villages</b>		
1. Maputo City	1. Lago	24. Maganja da Costa	47. Inharrime
2. Matola	2. Mandimba	25. Milange	48. Inhassoro
3. Beira	3. Marrupa	26. Morrumbala	49. Jangamo
4. Nampula	4. Mecanhelas	27. Namacurra	50. Mabote
5. Chimoio	5. Sanga	28. Namarroi	51. Massinga
6. Nacala-Porto	6. Chiure	29. Pebane	52. Morrumbene
7. Quelimane	7. Ibo	30. Angonia	53. Vilanculo
8. Tete	8. Macomia	31. Cahora-Bassa	54. Zavala
9. Xai-Xai	9. Mocimboa da Praia	32. Moatize	55. Bilene Macia
10. Gurue	10. Mueda	33. Vila Nova da Fronteira	56. Vila Praia do Bilene
11. Maxixe	11. Namapa-Erati	34. Mutarara	57. Chicualacuala
12. Lichinga	12. Malema	35. Barue	58. Vila de Xilembene
13. Pemba	13. Meconta	36. Gondola	59. Guija
14. Dondo	14. Mogovolas	37. Machipanda	60. Mandlacaze
15. Angoche	15. Moma	38. Messica	61. Boane
16. Cuamba	16. Monapo	39. Buzi	62. Magude
17. Montepuez	17. Mossuril	40. Caia	63. Manhiça
18. Mocuba	18. Murrupula	41. Cheringoma	64. Vila de Xinavane
19. Inhambane	19. Nacala-Velha	42. Gorongosa	65. Marracuene
20. Chókwe	20. Ribaue	43. Marromeu	66. Matutuine
21. Chibuto	21. Alto Molocue	44. Nhamatanda	67. Moamba
22. Ilha de Moçambique	22. Chinde	45. Govuro	68. Namaacha
23. Manica	23. Lugela	46. Homoine	

Source: INE, 1997, 2007.

### **Other Definitions:**

Population density is an important gradient to define urban areas as it captures the agglomeration economies that are defining features of urban centers. The Organization for Economic Co-operation and Development (OECD), uses a density-based definition of “urban” that has a cutoff point of 150 people per square kilometer for all OECD countries (with the exception of Japan). All settlements with population density above that threshold are considered “urban” (OECD 1994). If Mozambique had to use this density-based definition, this would result in very few “cities” qualifying as urban areas. Only the cities of Maputo, Matola, Maxixe, Beira, Chimoio, Tete, Quelimane, Nampula, Nacala-Porto and Pemba would qualify for the category of “urban” area. This is important in that it further undermines the usefulness of a rural-urban dichotomy in the context of Mozambique.

## Annex 1.2 Population by Municipality in Mozambique. 1997 and 2007 estimates

Province	Municipalities	1997	2007 <sup>c</sup>	Annual average growth rate (%)
Niassa	Cuamba	58.594	72.056	2.09
	Marupa <sup>a</sup>	6.525	17.908	10.62
	Metangula			<sup>b</sup>
	Lichinga City	87.025	139.471	4.83
Cabo Delgado	Mocimboa da Praia	26.132	37.633	3.71
	Montepuez	57.408	65.659	1.35
	Mueda <sup>a</sup>	15.927	24.140	4.25
	Pemba City	87.662	125.635	3.66
Nampula	Angoche	59.778	77.794	2.67
	Ilha de Moçambique	43.188	48.839	1.24
	Monapo	20.721	43.065	7.59
	Nacala-Porto	161.460	167.038	0.34
	Ribáue <sup>a</sup>	16.075	20.859	2.64
	Nampula City	310.955	414.958	2.93
Zambézia	Alto Molocue <sup>a</sup>	13.845	38.956	10.90
	Gurue	100.319	140.025	3.39
	Milange	17.123	29.534	5.60
	Mocuba	57.584	154.704	10.39
	Quelimane City	153.501	191.476	2.24
Tete	Moatize	26.963	52.205	6.83
	Tete City	103.550	151.981	3.91
	Ulongue <sup>a</sup>	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>
Manica	Gondola <sup>a</sup>	26.909	37.714	3.43
	Manica	53.767	61.598	1.37
	Chimoio City	175.006	224.088	2.50
	Catandica	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>
Sofala	Dondo	62.424	70.436	1.21
	Gorongosa <sup>a</sup>	12.295	51.394	15.38
	Marromeu	18.827	72.822	14.48
	Beira City	405.040	418.141	0.32
Inhambane	Massinga <sup>a</sup>	18.214	64.592	13.50
	Vilankulo	20.644	38.271	6.37
	Maxixe City	96.193	107.047	1.07
	Inhambane City	53.932	68.285	2.39
Gaza	Bilene-Macia <sup>a</sup>	27.187	45.668	5.32
	Chibuto	47.330	62.759	2.86
	Chokwé	57.585	89.633	4.52
	Mandlakazi	24.133	25.067	0.38
	Xai-Xai City	102.053	115.831	1.27
Maputo Province	Manhiça	19.449	65.341	12.88
	Namaacha <sup>a</sup>	10.251	12.564	2.06
	Matola City	430.700	648.025	4.17
Maputo City	Maputo City	966.000	1.068.607	1.01

Source: INE: 1997 population Census and 2007 Census.

Notes: <sup>a</sup> proposed new municipalities in 2008. <sup>b</sup>: Data not available. <sup>c</sup>: Preliminary results



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## End Notes:

<sup>1</sup> Other estimations are even higher. Bocquier's (2005) projections, for example, estimate that by 2030 63.6 percent of the Mozambican population will live in urban areas. However, note that such proportion comes from the urban/rural definition of the census that does not take into account density considerations.

<sup>2</sup> According to the literature, primacy means that the size of the first city in a country is disproportionately large in relation to the size of the second city. Generally, when the ratio of the size of the first to that of the second city exceeds two, the city size is said to be primate (Mutlu 1989, 611).

<sup>3</sup> Economic active population is the proportion of the population aged 15 years or older, except those who at the time of the survey, were full time students, disabled or retired from work. Employed population is the proportion of the economically active population that reported work in the last seven days prior to the survey, or having not worked; they still had a permanent work.

<sup>4</sup> This situation is partially due to a depreciation of the exchange rate during the 1996/7–2002/3 period, which favored farmers. There are no data since 2002/3 so it is unclear if the trend continued. Also note that these aggregates hide an interesting variation within urban and rural areas. While some urban areas in provinces like Nampula and Sofala saw declines in close to 45% in poverty (measured as per capita consumption) other like Inhambane and Maputo grew by 15 and 28 percent respectively. In the rural areas, all provinces except Cabo Delgado experienced reductions in the poverty levels (see (Fox et al. 2008).

<sup>5</sup> According to OdaMoz, less than 100 million US dollars of aid money is spent at the municipal level each year.

<sup>6</sup> The Austrian Development Agency (ADA) is the operational unit of the Austrian Development Cooperation (ADC). In Mozambique, the Austrian Development Agency (ADA) is represented by the Coordination Office for Development Cooperation, Austrian Embassy, Maputo.

<sup>7</sup> Some development partners (SDC and GTZ) have already begun an exercise to come up with a municipal baseline of a number of social, economic and service delivery variables.

<sup>8</sup> Interview INE's Director of Basic Demographic and Social Statistics (April 4, 2007. Maputo).



## Chapter 2 The Legal and Institutional Context for Urban and Municipal Development

### 2.1 The Legal and Institutional Context for Urban Governance in Mozambique

#### A Brief Historical Background to Public Sector Organization in Urban Mozambique

Until the late 1990s Mozambique's urban areas were under the political and administrative authority of the centralized state, both through the end of colonial rule in 1975 and during the period of unitary party-state rule which formally ended with the constitutional revision of 1990. The colonial administrative model provided for appointed political executives in the cities (*administradores*) who presided over "municipal boards" (*câmaras municipais*). These *câmaras* had no binding powers; rather their members were chosen by the Portuguese governing authorities to provide coordination and implementation support to the hierarchical unitary executive through the *administrador* of their city, a hierarchy which culminated in the colonial governor of the "Overseas Province of Mozambique." Consultation of urban economic and cultural elites by local *câmara* authorities provided the channels through which civil society, albeit only those elements deemed acceptable by the colonial regime, participated in urban governance.

After national independence in 1975, the FRELIMO party-state established new institutional arrangements for urban governance and management. While the formal public sector apparatus, despite being renamed "executive councils" (*conselhos executivos*), remained in structure and function quite similar to the colonial-period *câmaras*, their role and relationships to broader political socio-political institutions were significantly different after independence. Party structures were fused with governing structures: after independence, in each city the FRELIMO-appointed first secretary also served as chief executive/*administrador* and "peoples assemblies" (*assembleias de povo*) were selected through the party's internal processes as the corresponding representative/ deliberative body at local level. Social organization via grassroots mobilizing groups (*grupos dinamizadores*) initiated by FRELIMO during the independence struggle as the foundation for popular socialism provided the basis for the establishment of party structures at the neighborhood (*bairro*), block (*quarteirão*), and residential cluster (*grupo de dez*

*casas*) levels. Additional channels for popular mobilization and participation were provided by other FRELIMO-linked “mass organizations” such as the Mozambican Women’s Organization (OMM) and the Mozambican Youth Organization (OJM). These mobilization and party-based structures, centered around neighborhood first secretaries (*secretários de bairro*) and the variously scaled *assembleias de povo*, were complemented by state-planned corporatist mechanisms linking economic organizations—including those responsible for the provision of basic public services, housing, and essential consumer goods—to the party-based local executive. As the economic crisis of the 1980’s became pervasive, this “democratic centralism” began to weaken; in 1986–7 the FRELIMO central party-state began to relinquish control not only over the production and distribution of consumer goods but also over the administration of urban services which was by 1990 increasingly delegated to the *administradores* and the specialized directors provided by sector ministries who comprised their *conselhos executivos*.

The process of economic and political liberalization foreseen in the 1990 constitution, further propelled by provisions of the Rome Peace Accord of 1992 related to local governance, resulted in the formulation by the Ministry of State Administration (MAE) of a strategy for the introduction of decentralized local government in Mozambique. The Municipal Framework Law, approved by Government and submitted to the legislature in 1994, foresaw the gradual introduction of statutory elected *autarquias* throughout the national territory, eventually including all 23 cities and 121 districts. This law foresaw a single legal framework with minor variation in structure and functions tailored to the specificities of urban and rural contexts. The Municipal Framework Law was the last law approved by the single-party National Assembly before Mozambique’s first multi-party general elections in October 1994 and marked a key moment in the country’s transition toward liberal democracy.

## The Local Authority (*Poder Local*): Municipal Governance and Urban Self-Governance

### **Legal Basis for the Creation of Local Governments: Constitution and Laws**

After the newly elected government took office in early 1995, formal and substantive concerns were raised by legal specialists and politicians regarding the legality and the viability of the 1994 Municipal Framework Law. As a result of discussions among the Government, the majority FRELIMO parliamentary delegation, and the opposition RENAMO parliamentary delegation, a revision to the constitution was agreed which was meant to clarify the legal basis for establishing democratic statutory local government. In late 1996 several amendments to the constitution were approved by a large bipartisan supermajority of the Assembly of the Republic. These include the revision of constitutional articles related both to the nature and role of deconcentrated territorial administration by OLEs including provinces, districts, administrative posts, and localities as well as to the constitutional standing and powers of the *autarquias* under the rubric of Poder Local. These amendments were widely held to render the 1994 Municipal Framework Law inconsistent, thus creating the need for new enabling legislation prior to the creation of Mozambique's first *autarquias*.

As a result of these 1996 constitutional amendments, in early 1997 the Government presented a proposed local government framework law to the national assembly. Lack of agreement between the FRELIMO and RENAMO parliamentary delegations over the implications of the Government proposal, especially those related to the number and selection of the first *autarquias* and to the perceived limitation of their functions and powers, led the opposition to withdraw from the legislative debate and vote. During its first 1997 session, the Assembly's FRELIMO majority alone passed the new Local Government Framework Law followed by associated specific legislation including laws structuring the creation of the first *autarquias*, municipal elections, municipal finance, municipal *tutela* (supervision), municipal office holders, and further specificities of Maputo municipality's office holders. Mozambique's municipal laws were implemented beginning in 1997, resulting in the first municipal elections late in that year. The first 23 elected municipal governments assumed office in January 1998.

### ***Categories of Local Governments and their Creation***

Law 2/97 that presents the legal framework for municipalities specifies two categories of *autarquias*: municipalities (municípios) and small rural centers (povoações). These categories are defined based on the existing administrative classification of Mozambican settlements rather than on any intrinsic characteristics such as their geographic, demographic, and economic character.

Additionally, Law 2/97 specifies that the following should be considered when creating *autarquias*: a) geographic, demographic, economic, social, cultural and administrative factors; b) national or local interests which may be jeopardized; c) historical and cultural reasons; and d) evaluation of the financial capacity to fulfill the responsibilities to which they are committed. No further specific criteria have been legally specified to guide the government in selecting villas and *povoações* to propose for *autarquias* and/or to assist the Assembly in deciding whether or not to approve any such proposals.

At the time of the approval of the municipal laws there were 23 classified cities, including Maputo, the 10 provincial capitals, and twelve others. All of these cities became municipalities in 1997. In addition, the government proposed one town (i.e. one district seat) in each province to become a “*vila municipal*”. These ten completed the first group of 33 municipalities. Although the law is not explicit, all district seats, regardless of their characteristics, are considered towns. Thus there remain approximately 111 potential municipalities. In addition, there are approximately 346 administrative posts which are potential *povoações*.

It should be noted that during 2007 the Government has been preparing a proposal to revise the territorial division of the country, which potentially includes adjustments to the number and boundaries of districts and administrative posts as well as potential reclassification of cities and towns.<sup>1</sup> Should such a proposal be approved by the national assembly, the number and nature of potential municipal and small town *autarquias* may change.

### ***The Nature of Local Government's Mandate***

*Autarquias* are intended to “pursue the interests of their respective populations absent prejudice of national interests and state intervention.” They possess their own political structures legitimated by direct elections and endowed with administrative, financial, and patrimonial autonomy. The general framework for State oversight of *autarquias* is provided in the *Lei de Tutela*. *Autarquias* are granted by law responsibility for the following areas: local economic and social development; environment, basic sanitation, and quality of life; public “provision”; health; education; culture, leisure time, and sports; local government police; and spatial development, construction, and housing. However, the exercise of local government responsibility in these areas does not exclude the role of State structures in the same areas, in some cases with the same or very similar objectives.

Some specific public service provision responsibilities are well detailed in the Framework Law as principally local government competencies, especially those related to the management of urban space and environment and those related to general social affairs and community well-being while, other responsibilities are only generally specified in the basic municipal legislation (Decree 33/06). However, subsequent executive legislation specifies several further functional responsibilities which may be transferred from State bodies to *autarquias*, including: rural and urban infrastructure and facilities; transport and communication; roads; education; culture and social welfare; health; environment and basic sanitation; industry and commerce. It is important to note, however, that in some of these areas the functions potentially susceptible for transfer are quite constrained, while in others they are quite extensive.

Decree 33/06 also defines the procedures through which such transfers from State bodies to *autarquias* can be made. These procedures are to be implemented on a case-by-case basis, with the selection of functions and timing of their transfer to be established specifically for each *autarquia*. The key provision of this framework for the transfer of competencies is the requirement for a voluntary agreement to be signed between the executive of the local government and the provincial government which is the local state body from which competencies and resources are to be transferred. By requiring

consensus on the specification the resources which the State, via the provincial government, must provide to the local government assuming increased responsibility, the legal framework for expanding municipal mandates, creates a transparent mechanism to ensure that an adequate resource base exists for continued service provision after the transfer of functions from the deconcentrated State to the *autarquias*.

### ***Institutional Constraints on Local Government Autonomy***

Municipalities in Mozambique are constrained by both the State and the central government. The State constrains the autonomy of *autarquias* through the imposition of institutionalized oversight mechanisms which aim to ensure municipal compliance with the formal and procedural rules and norms of Mozambican public sector management. The government constrains the autonomy of *autarquias* through mechanisms which aim to ensure municipal compliance with the substantive policy priorities and practices favored by the ruling national regime.

Key state institutions promoting formal compliance include the Administrative Tribunal, the General Finance Inspectorate and the State Administrative Inspectorate. In addition to these formal mechanisms of state regulatory control, the central government also exerts significant influence over Mozambique's municipalities. National policies for urban development and sectoral investment and service delivery in urban areas are powerful levers through which central government can provide incentives to influence municipal policies and initiatives. Less formal means are equally important. Channels linking central governments, provincial authorities, and municipal councils include collegial networks based on long-standing professional relationships within the public sector and, for the vast majority of municipalities, formal and informal relationships within FRELIMO governing structures. Through such mechanisms, substantive alignment of policy priorities and plans and coordination between municipal and state action at the local level are promoted.



### ***The Current Policy Basis for Urban and Municipal Development***

The implementation of Mozambique's municipal framework and the improvement of urban governance and development depend not only on the constitution and structural legislation which establish the bases for local government, but also on contemporary policies and actions adopted by central government.

The key strategic instrument for national policy coordination and development planning is the Poverty Reduction Action Plan, PARPA II (2006–2009). PARPA II performance indicators include two types relevant to the present analysis: indicators explicitly related to decentralization and municipal reform and indicators related to urban development and the delivery of urban services. The usefulness of the PARPA indicators, however, would appear somewhat limited: they do not engage current municipal and urban policy priorities such as improvements in access to land tenure, to adequate housing in peri-urban neighborhoods, to urban transport services, and to the coverage and quality of solid waste management.

One of the key guiding principles of Mozambique's continuing decentralization policy is gradualism, which can be seen in two principle dimensions: territorial gradualism and functional gradualism. The former, territorial gradualism, refers to the gradual expansion of municipal governance to an increasing number of towns throughout the country (ie. in 2008 10 addition towns are being added to the existing 33 municipalities). The other key dimension of gradualism is functional, reflecting the incremental transfer of competencies from the deconcentrated State to municipalities as specified in Law 2/97 and Decree 33/06. The advance of functional gradualism would reflect the overall decentralization of public sector management in urban areas.

In sum, clearer specification in PARPA and public sector reform implementation strategies of the territorial, functional, and associated fiscal indicators of progress in the implementation of municipal reform and development strategies will provide clearer bases for the management and monitoring of the various dimensions of gradualism in decentralization policies and strategies.

## **The Local State: Sub-national State Bodies and Urban Governance**

### ***Legal Basis for the Local State: Constitution and LOLE***

As discussed above, the constitutional amendments of 1997 not only defined the legal framework for local government; they also revised the legal basis for State organization and action at the local level. The resultant Constitutional reform of 2004 provides for both decentralized and deconcentrated state bodies (OLEs) empowered to represent the unitary authority of the State under the direction of the Government.

In order to implement the constitutionally mandated principle of state representation within local government areas, the Government has decreed that each type of local government will be represented by a specific authority (e.g. in small rural town *autarquias*, the State should be represented by the *Chefe de Posto Administrativo*).

The political and functional relations between these various Representatives of the State and the respective local government bodies and officials with which they share geographical space is varied, complex, and evolving. Several public functions require technical coordination between deconcentrated sectoral directorates directed by OLEs and municipal departments directed by *autarquias*. The existence of overlapping political authorities require effective channels of coordination and collaboration between municipal and local state authorities.

## **2.2 The Legal and Policy Framework for Organization of Urban Services**

### **Introduction: Urban Services from an Intergovernmental Perspective**

The following sections provide a functional analysis of public service provision in urban areas, with a focus on the roles of municipalities. A broader and richer discussion on the legal and policy relationships between municipalities and state structures is presented on the complete version of this chapter included in the CD-ROM.

The sectors presented are organized in three sections: those providing urban infrastructure, those providing social and economic services, and those promoting and regulating private sector activity.

## Municipal and Deconcentrated State Roles in the Provision of Urban Infrastructure

### *Urban Roads*

The road network in Mozambique is regulated and managed by of the National Roads Administration (ANE) supervised by the Ministry of Public Works and Housing (MOPH). *Autarquias* are responsible for maintenance of the network of roads, streets, and lanes within their boundaries except in the cases of primary and secondary roads as defined in the national roads policy framework and classification system.

Mozambique's roads are divided into four categories: primary (national), secondary (regional or provincial), tertiary (inter-district or subregional), and local ("vicinal," best translated as local roads). These vicinal roads include most rural roads which were once considered "unclassified" as well as streets and lanes which provide strictly local transport links. The maintenance of primary and secondary roads within municipal boundaries, many of which coincide with principle urban avenues and streets, are the responsibility of ANE in collaboration with municipal authorities. Thus the construction and maintenance of some tertiary and all vicinal, and strictly municipal roads and lanes within their boundaries are the responsibility of the municipalities.

Local government legislation defines municipal competencies related to roads to include: Management and maintenance of roads which integrate the urban and rural networks, except primary and secondary roads; Coordination with ANE in relation to primary and secondary roads which cross the municipal area; Finance of roads and connected infrastructures of urban roads; Introduction of fees for the use of roads and connected infrastructures, under its jurisdiction; and Concessions of exploration of roads under its jurisdiction.

A key feature of the roads sector is the legally mandated funding provided for municipal road maintenance from the National Roads Fund (*Fundo Nacional de Estradas* or "FE"), an earmarked state fund financed directly by fuel taxes. The legislation regarding the FE requires that 10% of revenues from fuel taxes be transferred to municipalities to finance maintenance of municipal roads and associated infrastructure (see chapter 4 on finance).

The use of FE is in principle at the discretion of municipalities but in practice the FE has required them to provide plans and budgets as a precondition for disbursement and some adjustments regarding priorities and standards have been “requested” by the FE.

### ***Water Supply***

The National Water Directorate (DNA) is the body of the MOPH entrusted with the strategic and integrated management of water resources, as well as with the supply of drinking water and sanitation to the population. The DNA is thus the state entity responsible for water supply policies and establishment the institutional arrangements through which these policies are implemented and water supply services are delivered.

The municipal framework legislation states only that *autarquias* are in charge of public investment in municipal water supply systems. By contrast however, legislation specific to the water sector, approved in the context of policy reform and restructuring in order to permit delegation of management of public water supply systems to the private sector, provides for the transfer of the management of water supply systems for the benefit of the municipalities. This transfer of privately managed systems, however, has not yet taken place, and the municipalities are not yet exercising the corresponding powers. Indeed, water supply (as distinct from drainage) is noticeably absent from the list of competences to be assumed by the municipalities over the coming three to five years, as expressed in Decree 33/06.

Also, in addition to the regulating agency CRA, the asset investment fund FIPAG and DNA, the Regional Water Administrations (ARA's) are included in sectoral coordinating body for water resource management, the Coordinating Forum for Delegated Management (FCGD). The FCGD is an advisory body which integrates representatives of principal entities involved in the delegated management process and works to harmonize their respective interests. Its members include a representative of each *autarquia*, as way of assuring the participation of the same in questions relating to delegated management of water supply.

Legally, the management of the water supply systems of the 13 (thirteen) urban systems directed by the State is at present allocated to FIPAG. FIPAG responsibility includes water supply for Maputo,<sup>2</sup> Xai-Xai, Chókwe, Inhambane, Maxixe, Beira, Chimoio, Quelimane, Tete, Nampula, Nacala, Pemba and Lichinga. On an inter-institutional level, the *autarquias* are represented on the Boards of Directors of FIPAG and FCGD, participating in strategic deliberations and in decisions regarding the financing of specific projects.

At the same time, many independent water sources exist within municipal boundaries, including point sources (dug wells and boreholes) and small piped systems which are often privately developed and managed to provide water to households and enterprises in peri-urban areas where municipal and/or public enterprise supported distribution networks do not provide coverage. Both Provincial Water Departments (deriving their authority from the DNA) and municipal authorities are involved in the supervision of independent water providers; however clearer regulations and institutional mechanisms are needed to clarify their respective roles and responsibilities. Efforts to regulate the relationship between FIPAG and private urban water suppliers, through modest concession agreements incorporating service standards, are also in the pipeline (see chapter 7 on water supply and sanitation).

### ***Drainage (Sanitary Drains and Surface Water Drains)***

The public drainage system is defined as the set of installations for drainage of both domestic and industrial waters as well as surface rain water and runoff, including the network of collectors, pipes, gutters, canals, and complementary equipment/ installations. On a national level, the responsibility for surface water drains, comprising administrative and financial management of services and maintenance and operation of infrastructure, is assigned to the State or to *autarquias* and may be delegated to third parties.

Decree 33/06 sets forth the transfer to *autarquias* of the competences related to planning and implementation of investments and the management of facilities supporting municipal drainage systems and the treatment of urban waste water and surface water.

Notwithstanding this legal instrument and the implicit policy for decentralization of drainage functions to the *autarquias*, as of 2008 it remains common that state institutions, namely the MoPH and its provincial directorates, continue to intervene directly in resolving urban drainage problems (see chapter 7 on water supply and sanitation).

### ***Electricity Provision and Public Lighting***

In Mozambique the production, transportation, distribution and commercialization of electric energy is the responsibility of the public enterprise *Electricidade de Moçambique E.P (EDM)*, under the supervision of the Ministry of Energy. In the energy domain, municipal legislation refers only to matters of investment in electric energy distribution and public lighting. On the inter-institutional level, there is no legal instrument which governs relations between the municipalities and EDM, which different *autarquias* conduct on a case-by-case basis. Municipalities typically request EDM to extend distribution networks and to provide public lighting in underserved neighborhoods and urban expansion areas; however there is no requirement that EDM comply with these requests or respect urban development plans approved by the municipalities. Thus collaboration between EDM and municipalities is voluntary, although municipalities may use their own resources to finance EDM-managed service expansion.<sup>3</sup>

It should be noted that the National Energy Policy affirms a policy of decentralization and the abolition of monopolies in electric energy production and distribution through the involvement of both the private sector and local authorities in order to guarantee more efficiency and competitiveness. This policy would seem to entail some transfer of the public service of electricity provision to the local authorities. However, by contrast, electricity is noticeably absent from the list of competences to be assumed by the municipalities over the coming three to five years, as expressed in Decree 33/06. Implicitly, there seems to have been a policy decision not to transfer either commercial electricity supply or public lighting to the municipalities for the foreseeable future.

### **Market Facilities**

One of the core infrastructure competences of municipalities is public investment in markets and fairs. Such competence belongs exclusive to the *autarquias* and is not shared with any other public entity. Most detailed regulations regarding markets are, or should be, contained in municipal by-laws (*posturas*).

*Autarquias* construct, maintain and operate markets, typically recovering operating costs by collecting fees from sellers based on locally approved rates. Municipal markets are divided into three types: Wholesale Supply Markets; District Markets; and Rural or Provisional Markets. Wholesale Supply Markets, which are established by the Municipal Council, are aimed to concentrate all products that shall be distributed by further markets or sold in wholesale trade. District Markets, are those that in specific and organized premises aim to supply products and goods to some areas of the city. Provisional markets are those authorized in any public location or in buildings belonging to private persons, provisionally, until the respective District Markets are built and operating. This is the case of the stalls which are found on the main public roads of many cities.

Beyond the above mentioned competences concerning formal markets, municipalities have been conducting the licensing and inspection of commercial activities practiced in street stalls and by street vendors. Those competences are specified to be formally transferred to the municipalities in accordance with Decree 33/06. It should be noted that licensing and regulation of small shops, commercial establishments, restaurants, and other consumer service establishments within urban areas are not similarly specified for transfer to municipalities; thus under the current legal regime most formal sector economic establishments of all scales can be expected to remain under authority of provincial and district authorities.

### **Parks and Green Spaces**

Public investment and management of parks, gardens and botanical zones is one of the basic municipal competences. Green spaces are defined as the parks, gardens, ranks, squares, alleys, grassed boulevards and borders, zoos, botanical gardens and

embankments, subject to rules of utilization and function approved by the municipality itself as well as rules of conduct to be complied with by private users.

### ***Cemeteries***

According to the legal framework, the planning, investment in and management of public cemeteries is a basic municipal competence. In this context, the burial of deceased persons is permitted only in established, municipally authorized cemeteries. Other than ensuring that municipal cemeteries meet established standards for public health and safety, there is no established basis for intervention by central or local State bodies in the organization and operation of local cemeteries.

## **Municipal and Deconcentrated State Roles in the Provision of Social and Economic Services**

### ***Public Security***

The Police of the Republic of Mozambique (PRM) is a public body and paramilitary force organized on a central, provincial and district level, of administrative post and locality, including within municipal boundaries.

Within (as well as outside of) municipal boundaries, the PRM is principally responsible for maintaining order and public security. Within the same urban space, the Municipal Police is a municipal service exclusively exercising functions of the administrative police, acting only within the municipal territory and subordinated to its respective Municipal Council. The competences of the Municipal Police include the inspection of compliance with municipal regulations and application of the legal rules in urban domains such as construction and land use, traffic and transit flows, urban transport safety and compliance with established routes, vehicle parking, regulation of markets and commercial activity, environmental sanitation, defense of natural resources and environmental assets, control of noise pollution and protection of community resources and cultural assets. It should be noted that municipal police are empowered to ensure, through coercive measures if necessary, the execution of the municipal regulations and administrative acts.



In terms of inter-institutional relations, the Municipal Police and PRM must maintain coordination between themselves within the municipal territory regarding routine policing activities. However, in case of alteration of the public order the Municipal Police shall be subordinated, immediately and within their own terms, to PRM within the respective municipal territory.

### ***Solid Waste Removal***

The intervention of the State bodies in the domain of solid waste management is the responsibility of the Ministry of the Environment (MICOA) and is directed, among other aspects, to the preparation and publications of rules, licensing of installation or places of storage or elimination of wastes, and inspection of the compliance with regulations.

In general, the legal framework on basic sanitation, and in particular on management of urban solid waste, remits to the *autarquias* the attributions and competences related to rubbish removal, public cleaning, and associated investments for waste treatment and disposal. Thus, the municipalities are responsible for the collection and transport of non-dangerous urban solid wastes, employing the proper means, methods, and collection processes, based on what is technically relevant in each situation in order to guarantee hygienic conditions so as not to endanger public health and the environment.

Equally important is to mention the regulatory competence by the State and which is reserved to the *autarquias* in respect of waste management on the areas under its jurisdiction, namely on approval of specific provisions on waste management, removal processes, treatment and deposit of solid waste and others (see chapter 8 on solid waste management).

### ***Health***

Nationally, the Ministry of Health (MISAU) is the responsible body for the health sector. Municipal legislation itself refers to health matters only insofar as the *autarquias* have competence in the public investment of health units for primary care. But this does not explain clearly the limits of the competences of the *autarquia* in this sector. Decree 33/06

goes much further in detailing responsibilities to be transferred to the municipalities. It provides that as long as the regulations, codes and standards of quality defined by MISAU are respected, the municipalities would be entrusted with health sector functions including: prevention of diseases through individual and community hygiene; operational management of primary level health units; environmental sanitation programs and inspections; ensuring preventive maintenance and rehabilitation of the of Primary Level health units, Hygiene Centers and other similar facilities; the current management of cemeteries, crematories, morgues and funeral ceremony rooms; providing systems of transportation of patients; and issuing opinions and elaborating proposals for the development of the primary health network in the geographical area of the municipality.

Among health professionals and at MISAU itself there remains considerable uncertainty regarding the transfer of primary level health services and units to the municipalities. The units are considered to be the basis of the National Health Service (SNS). Many believe that turning them over to the municipalities could both increase costs and compromise the quality of the service delivered as well as significantly compromising coordination among diverse units within the health sector.<sup>4</sup>

### ***Education***

The Ministry of Education and Culture (MEC) is the central body of the State which conducts and develops educational and cultural activities, contributing for elevating the patriotic conscience and reinforcing national unity and Mozambican culture. Taking into account the local, common and specific interests of the population, the *autarquias* were granted attributions in the education field. In this context, *autarquias* may invest in: Establishment and administration of primary schools and boarding centers; Management of the administrative staff of the primary schools and center boarding-schools; Management of private teaching on primary level; Participation on defining local curricula; Acquisition and management of school transport; Establishment, furnish and administration of adult education centers; Supervision of centers of preschool education; and Establishment and administration of social units as nursery centers and similar institutions.

These municipal competences in education are to be transferred according to Decree 33/06, as per the description above. This will permit each municipality to develop its activities with some autonomy in a coordinating relation with MEC, and not necessarily subordinating to ministerial instructions except in few specific matters, such as, in respect of curricula and teaching policy.

### ***Housing Provision***

The attributions related to provision of housing include two aspects, namely, those assigned to the *autarquias* and those to OLEs. Concerning state intervention and the fact that the State had become proprietor of most of the real property of the country per force of nationalizations, the Government established an agency for the administration of State properties (APIE) to manage its property assets. It equally falls to the State to construct real property for sale or lease, as well as practicing other activities related to real property rights.

On the other hand, the Government established the *Fundo de Fomento de Habitação (FFH)*, whose general attribution is to assure financial support to the programs of housing of the Government for families of lower income, qualified labor force members and young couples. Most of the intervention of the FFH is within municipal boundaries. In such cases, the principle of the prior agreement between the FFH and the *autarquia* should govern its intervention.

At the same time, the competencies of municipalities include urbanization, construction and housing. In this context, the *autarquias* are simultaneously with the FFH responsible for public investment in the economic and social housing area. However, neither municipal legislation nor Decree 33/06 is clear, with respect of the nature of the *autarquias* role the resource base and beneficiary criteria, and the modalities for the planning, management and accomplishment of investments in the domain of economic housing.

### ***Social Welfare/Social Protection***

The Ministry of Woman and Social Action (MMAS) is the central body of the State which cover the executions of policies of emancipation and development of women and social action of the country. The *autarquias* were conferred competences for public investment in the following aspects of social action: support activities to the vulnerable social groups and provision of social housing.

The competences of the *autarquias* in matters of social actions are rather limited in comparison with those attributed to MMAS; it can be understood that, in the actual framework, *autarquias* tend to complement activities to be developed by MMAS for the assistance and protection of vulnerable populations.

### ***Promotion of Sports and Culture***

In spite of their apparent similarities, the legal and policy frameworks for municipal intervention in sports and culture are significantly different, with much greater emphasis being placed on the role of the *autarquias* in cultural activities than in relation to sports.<sup>5</sup>

Decree 33/06 clearly details municipal responsibilities in the area of culture, including: The establishment and management of culture houses, culture centers, theaters, museums and municipal libraries; The maintenance, restoration and recovery of cultural goods within the scope of the *autarquia*; The promotion of public investments in support of cultural assets, landscape and urban structure; The promotion of construction of cultural infrastructure and facilities; The elaboration of proposals of classification of cultural heritage goods within the *autarquia*; The execution of protocols with public or private entities for maintenance and recovery of cultural assets of the classified areas; and The organization of competitions, conferences, etc. to promote culture and contribute to the valorization of the artistic production on the *autarquias* level.

### ***Disaster Preparedness and Response***

Formally, disaster response is the responsibility of the National Institute for Management of Calamities (INGC) which provides resources and technical assistance to relevant

public sector bodies in order to prevent, mitigate and respond to humanitarian emergencies and natural disasters.

While formally the prevention, management, aid to victims and reconstruction of damaged infrastructure in case of disasters are not attributed to the *autarquias*, the role of *autarquias* in mobilizing and organizing communities and providing services directly to affected neighborhoods and families is recognized by the INGC and the other state agencies and bodies with which they work. Thus whether in the case of the explosions of the arms cache in Maputo, of the flooding in Xai-Xai, or the cyclone damage in Vilankulos, municipal authorities were not only involved but often assumed leadership roles in coordinating the provision of assistance, both immediate relief and longer term reconstruction, to affected populations.

## **Municipal and Deconcentrated State Roles in the Promotion and Regulation of Economic Activities**

### ***Licensing and Regulation of Land and Land Use***

In Mozambique, land is the property of the State and may not be sold or in any other way transferred, mortgaged or pledged. The conditions of use and exploitation of land are determined by the State. The Right to Use and Employ Land (*Direito de Uso e Aproveitamento da Terra*, or *DUAT*) is granted to natural or legal persons based on the social or economic purposes to which they mean to put the land.

In urban areas, DUATs are granted by municipal authorities based upon approved Urbanization Plans. Urbanization in such areas must include not only the allocation and organization of spaces for private and public use but also plans for basic transit access, public infrastructure, social amenities and public services (e.g., health, education, drainage and access to commerce, among others).

Although land cannot be sold or otherwise transferred, DUATs may be. The transfer between private parties of DUAT which pertain to urban structures (“*prédios urbanos*”), i.e. those whose principal value is in constructed assets rather than in land itself, do not

require authorization of the entity that approved the initial grant of use rights (i.e. the municipality). By contrast, the transfer of DUAT related to land-based structures (“*prédios rústicos*”), wherever located, requires the authorization of the entity that approved the initial grant thereof. This provision for autonomous transfers of *prédios urbanos* allows for the development of a market for tradable land use rights in urbanized areas such as those characteristic of most municipal territories. Within this regime, municipal authorities will function as administrators for land transfers and associated land use regulation and land taxation. In urban areas, DUAT may be acquired from municipalities through several mechanisms including: grant upon request; lottery; public competitive bidding; private transaction; and good-faith occupation (see chapter 6 on land).

The main government entity responsible for environmental management in Mozambique is *the MICOA*. *MICOA* is the entity that approves environment impact studies, monitors the application of environmental management plans and otherwise supervises activities in the environmental sector. *MICOA* is also responsible for environmental licensing and inspection in respect of hazardous wastes and to carry out monitoring air and water quality, including within municipal territories.

While municipalities may establish municipal reserve areas and are responsible for maintaining green spaces and drainage areas within their boundaries, the great majority of powers in respect of the environment are concentrated in the central and local instrumentalities of the State. There is only a very limited role for municipal governments in environmental matters, and no statutory provision is made for cooperation between central and municipal authorities in respect of environmental protection in municipal territory.

### ***Licensing and Regulation of Building Construction***

Construction activity in Mozambique requires authorization by the Government. The authorization takes the form of a license (*alvará*) valid throughout the country. There are two basic types of licensed builders: public works builders and civil works builders.

Public works builders are licensed to carry out construction, reconstruction, repair and adaptation of real property for the State, municipal governments, and public institutes and companies. Private Works are defined as being all those belonging to proprietors who are not from direct or indirect administration bodies of the State or of local municipalities. Licensing encompasses all works to be executed and regarding a phased project, for each phase a license for construction shall be obtained. The competence to proceed with licensing of private works belongs to the *autarquias* or the district administrations, if outside of municipal boundaries.

### ***Licensing and Regulation of Commercial Activity***

The licensing of a commercial activity is to comply with the legal obligation on which the practicing of any commercial activity, in Mozambican territory, is subject of the State authorization. The licensing culminates with the issuance of an operational license which is a confirming document conferring the right to its holder to practice the requested commercial activity.

### ***Petty commerce***

The *autarquias* competences in the area of the petty commerce are not clear. However, the competences in licensing matters and inspection of commercial activities practiced in street stalls and by street vendors have always been entrusted to the municipalities. That inconsistency has been clarified by Decree 33/06, which sets forth the formal transference of the competences above mentioned to the municipalities, specifically including the licensing of petty commerce by municipal authorities. At this moment with implementation of one-stop-shops, *Balcões de Atendimento Único (BAÚS)*, concentrated units for providing public services organized by provincial governments, it remains important to have the *autarquias* represented in the BAÚS and ensure their active role in licensing of petty commerce.

### ***Shops and stores***

The competence for licensing general commercial activity, wholesale, retail, rural commerce, shops and other commercial activities not governed by specific legislation is

held by the Provincial Governor and may be delegated to District Administrators. The existing commercial regulations do not foresee a role for municipal authorities in licensing formal sector commercial establishments.

### ***Licensing and Regulation of Industrial Activity***

The regulation of industrial activity in Mozambique is governed by the Industrial Licensing Regulations (RLAI) which provides the criteria for provision of operational licenses.

Municipal authorities may only provide licenses to micro-scale industrial enterprises which function within their boundaries, i.e., those which meet the following criteria: less than \$25,000 USD in initial investment, less than 25 employees, and less than 10 Kva in electricity demand. Under present regulations, micro-scale industries, i.e. those subject to municipal licensing, do not require technical evaluation and are exempt from project approval and inspection; they are only subject to registration under the terms aforementioned.

For any necessary civil works, the respective projects shall also be approved and licensed by the competent authority, namely, by the MOPH and the Municipal Council. Also, the establishment is located in urban centre, or covered by approved urbanization plans, the application shall only be authorized only within industrial zones that have been planned or, otherwise, against a favorable opinion of the respective municipality or other competent entity and shall further comply with a urbanization program. This zoning requirement demands coordination between state and the *autarquias* regarding the location of licensed industrial enterprises within the municipal territory.

### ***Licensing and Regulation of Agricultural Activity***

In contrast to the procedures regulating other economic activities (e.g.: commercial activity, industrial, etc.), the practice of agriculture within *autarquias* is only subject to DUAT, specifically for the agricultural activity. There is no specific license required; however in accordance with the specific crop being produced (cotton, cashew-nut,



tobacco or other) some specific rules on matters of culture, sanitation safety, use of pesticides, among others.

### ***Licensing and Regulation of Transport Facilities and Services***

Transport provision is defined as conducting people or goods from one place to another for payment. Mozambique's local government legislation attributes to the *autarquias* powers to provide and regulate collective transport exclusively carried out within the municipal territory. *Autarquias* are also granted powers for licensing the urban public transport of passengers and cargo, as well as the transport of people in trucks, with limits of up to 7000 kg of weight and in buses up to 25 seats. Public transportation is transportation that is not classified as private, i.e. providing services to various persons, following routes and timetables previously set.

In the case of Maputo and Matola municipalities, collective public transport services are carried out by an autonomous public enterprise (TPM) supervised by Ministry of Transport and Communication (MTC). It carries out its activities not only in the City of Maputo but also in the peripheral zones of Maputo Province, including other jurisdictions as long as duly authorized by the Minister.

### **Shared and Shifting Mandates for Urban Services**

The preceding sections show that the allocation of roles and the definition of relationships between Mozambique's *autarquias* and the various state actors intervening in the urban space are increasingly complex and dynamic. While these relationships and roles stabilized during the first decade of municipal governance based upon the original definition of municipal competencies, i.e. those contained in the 1997 legislation, a cycle of change in intergovernmental relations has already begun and can be expected to accelerate during the next mandate from 2009-2014.

In the governance domain, the implementation of the LOLE and its regulations as well as associated policies empowering provincial governments to exercise tutelary and other regulatory functions vis-à-vis *autarquias* have shifted a significant nexus of

intergovernmental relations outside of Maputo. This represents a change from the concentration with central government of central-local relations embodied in the original *pacote autárquico*. By reinforcing the regional dynamic of state-municipal relations, these tendencies have increased the risk of the evolution of the municipal model being conditioned more by the relationships among powerful local bodies and actors and less by universally defined policy guidance and technical rationality as reflected in centrally defined standards, procedures, and operational guidance.

In the service delivery domain, the legally required implementation of Decree 33/06 regarding the transfer of competencies from the state to municipalities will be the major stimulus of change during the coming years. Decree 33/06 was deliberately designed to give great flexibility to the municipalities and the central/provincial governments in the scope, manner and execution of the transfer of competencies. It would seem, however, based on comments by various municipal presidents,<sup>6</sup> that some see that very flexibility not as an invitation to creative dialogue but as an intimidating lack of clarity.

The response to this ambiguity may not be, as some advocate, to increase the volume and specificity of legislation governing transfer of competencies. Rather, the implementation of functional decentralization may be more effectively supported by developing technical and methodological instruments to guide the formulation of required transfer agreements for each sector. Significant investments are required to clarify the technical aspects of this process, including the calculation of resource requirements for each sectoral transfer. It is also essential to strengthen the capacity of the municipalities to use the prerogatives of Decree 33/06 with due confidence, and eventually to integrate and manage newly transferred competencies within municipal administrative structures. Throughout this process, the role of central ministries, including both core ministries (Finance, Public Service, Planning and Development, and State Administration) as well as relevant sectoral ministries needs to be well defined and appropriately integrated. There remain significant risks that if inadequately specified and supported, the transfer of competencies process could lead to damaging disruptions in public sector organization, with potentially negative implications for coherent fiscal policies and resource management, for coherent

institutional reform on both the state and municipal sides of the transfers, and most seriously of potential degradation in the coverage and quality of public services delivered to citizens in urban areas.

An additional aspect of this shifting landscape in the governance and management of public services in Mozambique's urban areas is the increasing need for effective collaboration between *autarquias* and state structures at provincial and district levels. Shared mandates for urban services are often the result of a natural overlap of subject matter jurisdiction rather than a backdoor reservation of political authority. Both the *pacote autárquico* and Decree 33/06 clearly grant the OLEs and the municipalities the power to establish partnerships to pursue the public interest without prejudice to their respective competencies. This means that there is legislative coverage already in place to permit agreement on the contours of shared competencies as distinct from competencies to be transferred. As in many instances, the use of this prerogative depends on the capacity, creativity and political will of the parties to accept the opportunities provided by legislation to work out locally effective partnerships in cases of shared competencies.

In addition to the consistent attention and effort required by central ministries to support shared and shifting municipal competencies, the National Association of Municipalities (ANAMM) may have a particularly useful role to play in supporting effective intergovernmental reform. Although still limited in some sectors, the list of competencies to be transferred under Decree 33/06 is sufficiently long as to tax the limited management capacity of many municipalities. ANAMM could help the municipalities develop management criteria — specific both to the municipality and the services to be transferred — that can be applied, in addition to appropriate political criteria, to decide which competencies municipalities will assume first, and then to develop a phasing strategy for subsequent transfers. ANAMM may be particularly helpful in assisting ambitious but often capacity-constrained municipalities in articulating their concerns and establishing adequate analytical tools, methodological guidance, and negotiating approaches to support both transfers of competencies and collaborative agreements vis-à-vis provincial governments and central ministries. Such assistance may

involve developing model transfer plans (suitably modest in scope) and coordinating the engagement of key ministries such as the MF, the relevant sector ministry and the particular municipality. It may also involve the formulation and implementation of pilot agreements in order to test and improve the tools and procedures to be more widely applied. Further assistance may also be required for the identification of municipal priorities for capacity building and technical assistance and in mobilizing resources and expertise in response to these demands.

## **2.3 Analysis and Recommendations for Improving the Performance of Urban Governance and Management Institutions in Mozambique**

### **Policy Framework for Municipalization**

**Issue:** The technical basis for planning the continued expansion of the local government system is not defined in a clear and replicable methodology, which would establish standards and targets for adding additional municipal towns and introducing small rural *autarquias de povoação*.

**Diagnosis:** In spite of the law defining gradualism, since the creation of the local government framework only ten new municipalities have been created. There has been little transparency to the process of analysis and discussion leading to the selection of new areas for the establishment of *autarquias*. In the selection of towns for municipalization, political considerations appear to have outweighed technical ones, often leading to behind-the-scenes lobbying by ruling party elites in pursuit of access to local government.

**Recommendation:** There is a need for a medium to long term strategy for decentralization/municipalization which defines an approach to gradualism over a 10 to 20-year time frame. Clearer criteria for towns and *povoações* to become municipalities should be defined and disseminated, and a transparent process of evaluation of “candidates” for municipalization should be established.

## **Role of the State Agents in the Municipal Territory**

**Issue:** There remains a lack of clarity regarding the role of named Representatives of the State in urban areas, both as policymakers in areas of joint service or regulatory responsibility and as an agent of governance vis-à-vis decentralized territorial and community structures.

**Diagnosis:** The forms of horizontal articulation, i.e., between *autarquias*, district administrators and other representatives of the State, are not clearly defined by the existing legal framework and constitute a potential zone of coordination problems in governance, development planning, and service delivery management. Central government efforts since 2006 to establish mechanisms for State representation in all municipalities have resulted in cases of ambiguity and overlap in “horizontal relations” between OLEs and municipal authorities. In some cases, citizens have difficulty identifying responsible entities to respond to specific concerns, in others—such as commercial regulation— the law and regulations require harmonization between State and municipal standards and procedures, as well as clearer communication to citizens. Because the cases of district towns, provincial capital cities and Maputo as the national capital are very different from each other, several institutional solutions will be required to clarify how the *autarquias* and State Representatives should interact.

**Recommendation:** Government should clarify the role, powers and duties of the representatives of the central bodies in the urban context, from *povoações* to large cities, as well as formulate, in consultation with municipal authorities and ANAMM, written guidelines for this purpose. The latter should be disseminated as a basis for the case-by-case development of understandings between OLEs and State Representatives and municipalities, perhaps including the drafting of Memoranda of Understanding where necessary to avoid overlap, coordination problems and even potential institutional conflict and to facilitate effective and transparent management and regulation. Communication to citizens regarding the role of State Representatives vis-à-vis Municipal Councils would also assist in improving governance and service provision in urban areas.

## **Exercise of the Municipal Tutela**

**Issue:** The delegation of responsibility for *tutela* of the *autarquias* to Provincial Governments creates the potential for conflicts of interest among provincial officials in the relation to municipalities.

**Diagnosis:** Provincial governments and their subordinate districts share responsibility as well as space and/or boundaries with the *autarquias*. The interests of provincial governments and district administrations may not coincide with those defined by municipal authorities. At the same time, current regulations delegate the State's tutelary authority, originally vested in MAE, MF and MPD, to Provincial Governors. This places Provincial Governors in the simultaneous role as players in the “game” of local governance and referees (i.e. rule enforcers through the exercise of *tutela*) in the same “game.” In some cases, this arrangement may result in increased intergovernmental conflict rather than improved governance and service delivery in urban areas. Additionally, a “*terceira tutela*,” regarding spatial planning and land use, which effectively will be exercised by MICOA, has been introduced through recently approved legislation regarding territorial planning.

**Recommendation:** Reconsider the delegation of the administrative and financial *tutela* to the Provincial Governments. It is advisable to maintain the formal tutelary responsibility with central government institutions. Without relinquishing their ultimate authority and responsibility, central ministries may delegate technical/administrative functions such as data collection and even investigation to OLEs, specifically to provincial governments and their Permanent Secretaries (who formally respond to the Prime Minister) and their Finance Directors (whose continue to respond to the Minister of Finance as well as the Provincial Governor). However, the ultimate authority for deciding whether municipal authorities require administrative discipline or even legal or political sanctions would be better exercised by central ministries, because they are more likely to maintain an objective and neutral posture than the OLEs which interact in many ways and regarding many subjects with the municipal authorities within their territory. Furthermore, it is necessary to clarify the forms of MICOA’s intervention in urban planning.

## Transfer of Functional Competencies from the State to Municipalities

**Issue:** The process of transferring competencies to the *autarquias*, very likely to be a principle focus of municipal policy and reform during the next few years, is not yet fully elaborated, especially in terms of the methodology for defining the links between services and administrative functions to be transferred and the financial, human and material resources required to ensure their viability when undertaken by the *autarquias*.

**Diagnosis:** Current regulations stipulate that the transfer of competencies is to be implemented through formal agreements between provincial governments and *autarquias*. The voluntary nature of these agreements provides a clear and coherent point of departure for this process. However, there is currently no formal requirement for participation or agreement on the part of the sectoral ministry responsible for the functional services involved, nor for the participation and agreement of the MF which will be responsible for the recurrent budget resources to be transferred to the *autarquias*. (N.B.: *autarquias* do not receive their fiscal transfers via the provincial budget, but rather are budgeted and funded directly by central government). Although an Inter-Ministerial Technical Commission has been created to prepare for the transfer of competencies, the commission's work is significant behind schedule and there appear to be few links between the work of this commission and broader public sector reform; sectoral decentralization policies, plans, and processes; and changes to intergovernmental fiscal policy and mechanisms.

**Recommendation:** Develop clear and practical guidelines for involving the key ministries such as MF, MPD, MAE and the *Ministério da Função Pública (MFP)* as well as relevant sectoral ministries to ensure the success of the process of transfer of competencies to *autarquias*. The involvement of line ministries and the MF, MPD, MAE and MFP is essential to ensure the coherence and sustainability of the methodologies employed and the financial, organizational and technical elements required. This process should properly be seen as part of the sectoral decentralization component of the national public sector reform program, and preparation and support for municipal service delivery should be fully incorporated into the reform strategies and plans being formulated by

each ministry and linked to fiscal policy and reform. Technical assistance from the public sector reform unit (i.e. UTRESP) may contribute importantly to the planning and implementation of the transfer of competencies. Coherent and consistent methodological guidelines are required to assist the various institutional actors involved in this process: core ministries, sectoral ministries, OLEs including both provincial governments and in some cases district administrations, and the municipalities themselves. Both urgent intensive and long-term technical assistance programs targeting local State authorities and municipalities will be required to ensure the coherence and success of the transfer of the transfer of competencies, likely to be the most significant dimension of decentralization and municipal reform during the next five years.

### **Territorial Aspects of Municipal Representation**

**Issue:** The lack of a territorial dimension to the system of representation by which Municipal Assemblies are elected appears to weaken responsiveness and accountability to less favored constituencies within the *autarquia*.

**Diagnosis:** The party-list proportional representation model is by its nature poorly adapted to create strong links between specific neighborhoods and the municipal assembly members who are meant to represent the diverse citizen interests within the municipality. Since all candidates are selected by the competing parties and are formally at-large representatives for the entire *autarquia*, there is no legal or formal political relationship to specific communities. In some municipalities, parties and their corresponding delegation to the Municipal Assembly informally assign specific members to represent specific neighborhoods or interest communities, thus compensating for the structural absence of such links in the municipal electoral system. However, these are ad hoc arrangements and cannot substitute for formal responsibility and electoral accountability between assembly members and urban neighborhoods.

**Recommendation:** Enhanced responsiveness and accountability of Municipal Assemblies could be achieved by modifying municipal electoral legislation to foresee area-based representation including all existing areas in the *autarquia*, to improve Municipal Assemblies' equitable participation and performance. By combining one- half to two-



thirds area-based electoral representation with proportional at-large representation for the remaining seats, Assembly-community links could be made more significant and more effective as a basis for improving municipal governance.

### **Territorial Institutions and Municipal Governance**

**Issue:** There is a lack of clarity and consistency between the broader municipal framework in the role and nature of neighborhood structures and other forms of community representation within the *autarquias*.

**Diagnosis:** General legislation regarding the role of community authorities vis-à-vis OLEs has been complemented by specific regulations pertaining to the relation between community authorities and municipal institutions. This specific regulation includes both the role of “traditional authorities” and that of “modern” socio-political authorities (neighborhood secretaries, i.e. *secretários de bairro*) and their relationship to municipal structures. Traditional authorities are frequently influential in peri-urban neighborhoods of larger cities and in small towns; guidelines have been established for their selection by communities and recognition by government and for their consultation by and collaboration with governmental authorities in the interest of their respective communities. The selection, status and relationship of *secretários de bairro* is less well defined; in many cities and towns *secretários de bairro* retain the legacy of their origin as part of the FRELIMO party-state and continue to be perceived as political agents and not as neutral administrators.

**Recommendation:** Strengthen the territorial aspect of municipal governance (formalize the role of neighborhoods and municipal districts), taking into account the variation of local conditions which characterizes Mozambique’s municipalities. More effective strategies for community organization and participation in municipal governance development, especially at the neighborhood level, are needed, in order to build upon the legitimacy and capacity of traditional authority and *secretários de bairro*. Clear national guidelines are needed to further depoliticize the role of *secretários de bairro*, complemented by municipal-level legislation, namely *posturas* which define acceptable

rules for the selection and functioning of *secretários de bairro* as nonpartisan community-based representatives and leaders.

### **Relationship between Representative and Executive Organs**

**Issue:** The overlap between membership of municipal deliberative bodies (assemblies) and executive bodies (councils) weakens lines of accountability within the municipal framework.

**Diagnosis:** Law 2/97 stipulates that “at least half of the municipal councilors (*vereadores*) are chosen from among the members of its respective Assembly.” These Assembly member-*vereadores* may or may not be given individual executive responsibilities; even if they are given executive duties they will be voting members of the Council as a deliberative body. This joint membership of some Assembly members in the two collective municipal bodies has the advantage of facilitating communication between them and thus potentially strengthening the Assembly’s comprehension of initiatives taken by the Council and President. However, this overlapping membership clearly confounds the logic of separation of powers in which a key role of the legislative body is to hold executive bodies accountable for implementation of policies and plans approved by the legislature. This may weaken the accountability relation between Assembly and Council.

**Recommendation:** Short of revising the Law 2/97 to eliminate the required overlap in membership between Assembly and Council, little can be done to mitigate the potential for conflict of interest among joint members. In order to ensure the most effective accountability relationship between legislature and executive, amending this provision of the current legislation should be considered.

### **Status of “Rural” Areas in the Municipal Territory**

**Issue:** Few municipalities effectively engage with and provide services to the peri-urban “rural” spaces within their boundaries.

**Diagnosis:** Municipal service provision places significant demands for service coverage and quality on generally low capacity municipal administrations. The relatively high population density characteristic of urban settlements provides opportunities for economies of scale in the organization of service provision. These models are often quite different from those employed to serve for low-density rural populations. The territorial boundaries of many existing municipalities encompass significant “rural” areas within nominally urban local government areas. Residents and community leaders in these peri-urban areas may not be satisfied by the mix of services made available by municipalities.

**Recommendation:** MAE is reportedly considering reducing the territorial extent of existing municipalities as it prepares a proposal for comprehensive revision of the national territorial division. This may help address service deficiencies and mismatches in “rural” peri-urban *bairros*. However, the difficulty of further readjustment of municipal boundaries, which under the Constitution requires parliamentary legislation, creates a disincentive for municipalities to support such a proposal since they may have difficulty responding to future demands for urban growth beyond revised, significantly narrower boundaries. It may therefore be advisable to legislate, along with short term reductions in size of some municipal territories, streamlined procedures for incremental future annexation of territory to local government areas through simple negotiated voluntary agreement between the Government and a petitioning municipality. It would seem reasonable that a ministerial decree from MAE, or at most a Cabinet decree at MAE’s recommendation, would be sufficient to safeguard national interests while allowing for modest gradual expansion of municipal boundaries, should urbanization warrant such changes.

## **Municipal Administrative Organization**

**Issue:** Many municipalities continue to be organized as they were before or immediately after the creation of the local government. Their structure and staffing are often poorly matched to their current governance, management and service provision responsibilities.

**Diagnosis:** While municipal legislation provides significant autonomy for *autarquias* to define their organizational structure and staffing tables based on the models defined by

MAE, this prerogative has not been fully exercised by a majority of municipalities. Many municipalities have incrementally adjusted staff allocation but few have employed a functional analysis (or similar) methodology in order to systematically reorient their internal structure and staffing based on the external demands for governance and service delivery which are their *raison d'être*. Thus, in many cases, municipalization has effectively grafted a new political “head” on an old administrative “body” characterized by excessive numbers of under-skilled staff, many of whom are more engaged in routine administration than in promoting urban development and providing urban services. Alternative, i.e. indirect administration and entrepreneurial modes of service delivery have also been little explored by Mozambique’s *autarquias*.

**Recommendation:** Reduce intervention and regulation by the State in the management of municipal human resources. Promotional efforts are necessary to raise the awareness of municipal officials regarding the potential for more flexible, efficient, and responsive organization and more productive staff allocation within municipalities. Technical and legal assistance to municipalities supporting administrative restructuring linked to improved governance and service provision potentially provides an important contribution toward enhanced municipal performance. Greater creativity in service delivery arrangements, such as the creation of semi-autonomous municipal services and municipal enterprises as well as concessions of municipal service facilities to private operators and the establishment of public-private partnerships for municipal service provision, also offer significant potential to leverage the few resources available to municipalities in the interest of greater service coverage and better quality.

### **Municipal Administrative Organization**

**Issue:** Rigidity in human resource management rules and methods often hampers the hiring and maintaining of qualified municipal staff.

**Diagnosis:** It appears, among other things, that existing regulations limit the flexibility of the municipal councils’ and municipal assemblies’ choice of appropriate forms of administrative organization. There is also a lack of specific professions and career paths for urban and municipal management. Indeed, because they operate within the legal

structure and administrative procedures mandated by the EGFE as enforced by the Administrative Tribunal, *autarquias* have limited flexibility in hiring, firing, and compensating their staff in ways which support increased individual and organizational performance. While regulations have been enacted to facilitate adequate mobility for municipal personnel as they may move among *autarquias* and between *autarquias* and the State civil service, in order to enhance the opportunities and incentives for career path advancement among municipal staff, the financial and material incentives available for qualified staff often remain unattractive in Mozambique's often competitive labor market, and particularly for those with professional engineering, legal, finance and management expertise.

***Recommendation:*** Improved legal frameworks and greater flexibility by both state authorities and municipalities is necessary to enable the recruitment, placement, and retention of qualified, skilled and experienced technical and management personnel. Reduced regulation by the state for *autarquias* in personnel management is required, as are more creative solutions in the provision by *autarquias* of career incentives and attractive remuneration packages, including both salary and non-salary elements, which may prove attractive both to well-qualified and experienced public officials and to potential recruits from the private sector. Additionally, the scope of the *fiscalização prévia* by the Administrative Tribunal should be reduced and process expedited in order to make the recruitment less bureaucratic.

### **Management of Urban Land and the Urban Space**

***Issue:*** The regularization of urban land use requires the full implementation of the Urban Land Regulation, including the provision of land use right documents (DUATs) based on indicative spatial plans (*planos de urbanização*).

***Diagnosis:*** The Urban Land Regulation offers new opportunities to accelerate the private development of Mozambique's urban spaces. However, to achieve full benefits available there, *autarquias* need to invest in preparing the three types of urbanization (basic, intermediate and complete) for which the Urban Land Regulation makes provision. This requires reinforcement of basic planning capacity, particularly in respect water and

electricity provision. Once an intermediate level of urbanization is achieved, the method of land allocation by auction may legally be used. This method can both raise funds for *autarquias* to support further ordered expansion as well as establish useful benchmarks for the urban land market.

**Recommendation:** Strengthen the role of *autarquias* in the planning and control of the use and development of urban land. It is necessary to reinforce the land use planning and administration capacity of municipal governments with a view towards enabling *autarquias* to take full advantage of the Urban Land Regulation. Give particular priority to basic and, where possible, intermediate urbanization in peri-urban areas so as facilitate both private investment in land development and the broader development of urban land markets. Improve coordination with the firms providing urban water and electricity services so as to maximize, in the shortest space of time possible, the areas qualifying for declaration as “basic” and “intermediate” urbanized areas. Technical assistance to organize the first DUAT auctions in new areas that reach the “intermediate” urbanization level could also have an important demonstration effect on municipal land markets in general.

### **Planning of Urban Development and Environmental Management**

**Issue:** Ambiguity and overlaps between the respective roles of State institutions and municipal authorities frequently complicate urban land and environmental management.

**Diagnosis:** As is understandably the case in any system that provides both for progressive transfer of competences as well as shared exercise of certain competences, ambiguities and overlaps can contribute to inertia and failures in administration without clear, corresponding responsibility. This is particularly true in respect of urban planning and spatial development, which the legislation regards as the shared domain of the municipal governments and the OLEs. The lack of planning capacity at the municipal level has in practice meant that few planning initiative depart from the urban level. And without urban planning, as noted above, the opportunities to rationalize the use of urban land through the Urban Land Regulation cannot effectively be realized.

**Recommendation:** *Autarquias'* capacities for land use planning should be reinforced, either at the individual municipal level, collectively through ANAMM or through financing of the purchase of such services from private sector providers. Thereafter, relations in respect to the exercise of shared competences in this area may be managed by contract between the two levels of government in the same way the transfers of competences are under the terms of Decree 33/06.

### **Provision of Infrastructure and Urban Economic and Social Services**

**Issue:** In practice, the role of *autarquias* in the provision of basic infrastructure and social and economic services is still very limited.

**Diagnosis:** The lack of provision of basic infrastructure and social and economic services is intimately related with the asymmetries of development between different regions of the country, and the still strong dependence of local government in relation to central government, which have been obstacles to the process of decentralization. As a result, many basic and important urban services continue to be managed and provided by central government bodies or their agents. On the other hand, the revenues of *autarquias* derived from municipal taxes and fees for services provided remain quite limited as a proportion of total public sector spending. This resource imbalance between local and central bodies is associated with the lack of autonomy and capacity of the *autarquias* to manage and control the collection of the taxes and their use for the provision of public services. These constraints significantly limit the financial autonomy of the *autarquias* to prioritize, finance, organize and manage investment in various social and economic services.

**Recommendation:** Increase the range of competencies subject to transfer in the economic sectors and institutionalize mechanisms for coordination between municipal councils and sectoral provincial/district directorates in the provision of urban services. Additionally, it is necessary to develop norms and legal instruments to increase the flexibility of *autarquias* in the provision of urban services through the creation of semi-autonomous municipal services, municipal public enterprises, and the concession of public services to the private sector, as well as the public-private partnerships and to transfer from the State bodies to *autarquias*, some of the revenue related to the provision of public services to

finance municipal investment in the respective sector (e.g., water, public transport, public lighting, etc.).

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### End Notes:

<sup>1</sup> Interviews with National Directorate of Municipal Development (*DNDA*), Ministry of State Administration officials in Aug 2007.

<sup>2</sup> A creative example of collaborative relation between a municipality and EDM is the commercial contract between the Maputo Municipal Council (CMM) and EDM.

<sup>3</sup> Information collected in interview with Ms. Dalmásia Castanheira Cossa, Advisor to the Minister of Health, on 13 July 2007.

<sup>4</sup> In spite of the general mention in the municipal framework law of attributions in the culture, free time and sport areas, there is no mention of sports in the same decree regarding the transfer of competences.

<sup>5</sup> Workshop on urbanization and municipal development in Mozambique, held on 17-18 June 2008 in Maputo.



## Chapter 3 Urban Governance and Planning

### 3.1 Introduction: Objective and Methodology

This chapter focuses on: (a) planning and coordination for municipal services and (b) urban governance. Its specific objectives are to present an overview of the municipal governance and planning constraints and achievements of the municipalities of Mozambique by analyzing both (i) the engagement of the community in the planning process and the coordination with the public sector for local service delivery, and (ii) the relationship between municipal citizens and the local government in terms of voice, transparency, accountability, equity, participation in planning, implementation and monitoring, including the relationship with the private sector and civil society. As a result of the analysis, the study identifies key challenges in municipal governance and planning and points out a number of areas that must be addressed both at the municipal and the national levels in order to increase the capacity of municipalities to face the challenges of urbanization.

The notion of urban governance, even if widely accepted, varies a lot. It is not the intention of this chapter to discuss the various definitions at stake. This chapter uses the definition of UNDP that defines governance as “the exercise of economic, political and administrative authority to manage country’s affairs at all levels. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate the interests, exercise their legal rights, meet their obligations and mediate their differences. Good governance is among other things, participatory, transparent and accountable. It is also effective and equitable. It promotes the rule of law. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision making over the allocation of development resources” (UNDP 1997).

In order to analyze and understand the various municipal governance and planning issues, three different tools were applied in a series of field visits of a number of municipalities: (i) The *Urban Governance Index* (UGI) which is composed of 25 variables organized in

four sub-indexes or dimensions: Effectiveness, Equity, Participation and Accountability. These variables allowed for a systematic and rigorous organization of the collected data.

(ii) The *mapping of stakeholders' relations* focused on the tensions and the closeness that exist between some of the key players in urban governance and planning, primarily between: municipalities and the citizens, both organized and non organized; between municipalities and the formal and informal sectors; and among the organizations that constitute the civil society such as religious sects, traditional structures and community based organizations (CBOs).

(iii) A *constraints and opportunities analysis* was carried out to assess: (a) the physical planning practices, (b) the planning for municipal services delivery and (c) the links between the municipal planning system and governance.

As of field visits, the team visited a sample of five municipalities, defined jointly with the National Association of Municipalities (ANAMM), which reflect a variety of urban situations and the different categories of cities and towns that fall under the generic term of “municipality”: Montepuez and Ilha (Northern region), Beira and Dodo (Central region) and Vilankulos (Southern region). In addition various meetings were held at Matola and Maputo municipalities.

## **3.2 Main Findings and Challenges**

### **Urban and Municipal Planning**

An important challenge to be faced in terms of governance and planning in Mozambique is rooted in the existence of a dual legal-political framework: in 43 municipalities (33 at the time of the study) the Mayors and the city councilors are elected whereas in the districts, the administrative posts and the localities, elections are not taking place and the political representatives are appointed by the central government. Beyond the understanding of their administrative and political origin, from governance and planning viewpoints, two major situations have to be differentiated:

1. The first case corresponds to districts, therefore composed of different administrative posts (postos administrativos) that were turned into a municipality. This is for instance the case of Ilha do Mozambique or Beira. For these few cases (a handful within the 33 municipalities), a double system of governance coexists represented by two different officials: on the one hand an elected mayor as in any of the municipalities and, on the other hand, a State Administrator (Administrador do Estado) who is appointed by the central government and who is directly under the Provincial power. As the name indicates, the State Administrator should have a managerial role and an administrative profile, but in reality retains an important political power. The division of responsibilities, the coordination and the relations between the elected local authorities and the Representative of the State are delicate questions of governance that affects the planning exercise of the concerned municipalities. The tensions between these two actors vary greatly from one city to the other, according to the personalities and the political parties in place.

2. The second situation, much more frequent, corresponds to administrative posts (therefore fractions of a District) that have been transformed into municipalities, such as Montepuez or Dondo. In these cases, the seat of the district is located within the boundaries of the municipality. For instance the seat of Dondo *District* managed by an appointed official who reports to the Regional and to the Central Governments is located in the urban areas of the *Municipality* of Dondo, under the political power of an elected government. The overlap between the district planning and the municipal planning and the relations between both systems is still an issue to be addressed and solved both in practice and in theory (see chapter 2 on the legal and policy framework).

### ***Urban and Municipal Physical Planning***

The most significant structural factor influencing urban and municipal planning in Mozambique is the dual legal-political framework for urban governance previously described. The partial mandate of municipal councils vis-à-vis state institutions at the local level create a challenging environment for planning of local public sector interventions. While in general the mandate for spatial development planning is more

clearly (though not exclusively) concentrated with municipalities, public investment and public service delivery are subject to a complex web of overlapping and interdependent mandates among municipalities, provincial/district authorities, and state chartered public enterprises and specialized agencies (*institutos publicos*).

In the decade since Mozambique's municipalities were created, the normative basis for urban planning has been unclear, rooted in scattered regulations based on colonial legislation and state-socialist planning models. The technical basis for urban planning was developed during the early post-independence period by the National Institute for Physical Planning (INFP), but aside from routine local exercises to demarcate roads and plot boundaries in order to provide an orderly geographic framework for urban expansion zones, little prospective planning has been undertaken in recent years.<sup>1</sup> Since the passage of the *pacote autárquico* municipal capacities for plan formulation and implementation have in general been extremely limited, mostly concentrated in large cities where they often play only a marginal role in municipal decision-making and management due to the absence of both a clear legal basis and of coherent municipal policies toward spatial development.

A new framework law for territorial planning (Law for Territorial Ordering) was developed by the Ministry of the Environment (MICOA) and promulgated in 2007 that clearly allocates a leading responsibility for spatial planning to the municipalities. Such Law provides for three basic instruments for spatial planning in municipal areas: Urban Structure Plans, Partial Urban Plans, and Detailed Plans. While the Urban Structure Plans provide the overall framework, policies and rules for the use and development of urban space, the Partial and Detailed Plans provide the technical details regarding permitted, restricted and prohibited land uses, as well as the location and standards for basic urban infrastructure and public facilities. It should be noted that under the terms of the Regulation for Urban Land (Decree 60/06 of December 26, 2006), land use rights (DUATs) cannot legally be allocated to private parties except in the context of land use regimes duly authorized by an approved Partial Urban Plan. This provision establishes the principle basis for the exercise of municipal regulatory authority regarding zoning,

environmental management and other public concerns as a precondition for formalizing private rights to urban land tenure (via the granting of usufruct rights) and use under Mozambique's land regime. However, it also conditions the economically important and politically sensitive issue of land rights to the existence of partial urban plans, thus creating pressure for the rapid approval of plans in an environment often characterized by ill-defined urban development policies and very limited planning capacities.

The planning law and the draft regulation clearly allocate leading responsibility for spatial planning within municipal boundaries to municipal authorities. Municipalities are however required to harmonize their plans with national policies and guidelines<sup>2</sup> with respect to matters of general interest such as infrastructure standards and environmental protection requirements. In addition, Urban Structure Plans, and through them Partial Plans, are to be harmonized with district, provincial and regional plans developed by local state bodies (OLEs). The regional dimension of these plans –which require technical and substantive linkage among spatial development strategies, transport links, drainage patterns, and other environmental management concerns across political-administrative boundaries– demand a level of intergovernmental collaboration at both political and technical levels which thus far has not been evident since municipal reforms were introduced in 1997. To ensure this coordination, provincial authorities are granted the power to ratify municipal plans before they are legally binding, potentially empowering the local state to the disadvantage of municipal authorities in cases of differences in priority regarding environmental matters, infrastructure location, and land use. Thus there is some risk that the demands of adequate coordination of spatial planning between OLEs and municipalities, both within and across municipal boundaries, may exacerbate existing tensions within the intergovernmental regime.

Some of the municipalities visited have created expansion areas based on partial urbanization plans. The creation of expansion areas increases the population that lives in organized urban areas, enhancing access to basic infrastructure. But municipalities often face problems providing infrastructure to these areas (for example: Bairro de Chibuene in Vilankulo and Bairro Tchumene I, in Matola), thus spreading scarce resources and

limited services across larger areas. In other cases, such as the case of Bairro de Mafarinha in Dondo, municipal plans are merely reactive, consisting mostly in the remediation of dire environmental situations created by an illegal and uncontrolled occupation of lands. In Ilha de Moçambique, to reduce the population living on the island, the municipality decided to transfer many to the mainland. However, the new living area has not been provided with the basic characteristics of an urban settlement (there are no clearly marked roads, the houses are disorganized, etc.) and may not provide a long term solution to the resettlement problem.

### ***Planning For Municipal Service Delivery***

Intergovernmental issues also figure prominently in the planning and budgeting processes linked to public investment and public service delivery within municipalities. A single national framework for public finance, SISTAFE, covers the whole country -- including municipalities. Municipal budgets, including all sources of revenue, are annexed to the state budget proposal for the information of the central government. Nevertheless, these plans and budgets are not integrated into the provincial plans and budgets; they are at most coordinated with local state plans and budget priorities. The mechanisms and procedures for ensuring coordination between municipal plans and local state plans remain *ad hoc* and often neglected. Moreover, municipalities often make their annual plans based on the political program or “*manifesto eleitoral*”, rather than on more structured and stable spatial and public investment plans. These *manifestos* are rarely based on realistic estimates of available resources. This approach to planning poses some problems: during their mandate municipal authorities often feel bound to their *manifestos* that reflects the vision of a political party and which may not be consistent with needs and priorities which emerge from technical and participatory planning processes.

Public infrastructure investments within municipal boundaries include those programmed by municipalities and those programmed by coterminous OLEs (provinces and/or districts). Municipalities have primary planning responsibility within their core functions discussed in chapter 2 — including location, priority setting, and level of resource allocation, though they may be funded and/or managed with support of central

government or OLE agencies. Other functions remain the purview of state/OLE planning and financing within municipal boundaries, including both those eventually to be transferred to municipalities such as primary education and primary health, and those not specified for transfer such as judiciary, policing, civil registry, and some social welfare services. Formally, municipal authorities have no standing in the formulation of plans and budgets for these sectors; they may be voluntarily consulted by provincial or district officials or not consulted at all. Even the locational prerogatives expressed in municipal spatial plans may or may not be respected by state bodies managing public investments within municipal boundaries.

No formal mechanism or guidelines for intergovernmental planning and budgeting linking municipalities with their coterminous provinces and districts have been developed and disseminated by the central government. In some municipalities, informal arrangements such as joint planning workshops have been employed to improve communication and increase coordination among local territorial authorities' plans. These have been especially effective in provinces where participatory district planning is better developed and those where technical assistance is available to assist in the articulation between district strategic development plans (PEDDs) and municipal investment plans.

Planning that supports improved municipal service delivery, requiring more than just infrastructure improvements and equipment purchases, has also been problematic. Initiatives to reform municipally administered services by changing work processes and organizational arrangements, resulting in substantially restructured (and not just incrementally increased) plans and budgets for service delivery, have been rare. Even more profound changes in service delivery which include major roles for private sector firms through concessions, management contracts, and public-private partnerships—and thus would result in profoundly different kinds of plans and budgets—are even less common.<sup>3</sup> Comprehensive maintenance plans and budgets for municipal infrastructure and assets are also the exception rather than the rule. Thus “planning for improved service delivery” is in general a less accurate characterization of contemporary municipal

budget planning in Mozambique than would be “planning for municipal infrastructure investment” and “planning for municipal capacity strengthening.”

Education and health services are examples of the way municipal authorities deal with citizen expectations as well as with the promises they have made in the *manifesto eleitoral* even when their legal mandates are at best partial. Almost all the municipalities visited have invested in building schools and small health care units in neighborhoods where local people have asked. The municipal planning for these buildings was often based on the mayor’s *manifesto eleitoral* and not on a municipal strategic plan or on the confirmed priorities of the ministries of education and health. While municipal authorities build schools and health care units, the responsibility for management is still in the hands of the state bodies and their sectoral departments. These investments without the effective transfer of recurrent responsibilities, as discussed above, often causes problems in terms of allocation of personnel and equipment; some even remain unused or under-used for quite some time.

Meanwhile, there are some municipal service delivery achievements that should be underlined, like the improvements in solid waste in Beira and Matola; the building of morgues in Vilankulo and Beira; (the latter is the biggest in the country); and the built of a transportation terminal in Montepuez. Such terminal offers parking to all public and private transport, so it has not only enhanced transport access but has also created a local source of revenues, as drivers pay to park and to load their vehicles.

### ***Experiences with Urban and Municipal Planning and Governance***

The gradual improvement of normative framework and technical aspects of spatial and public expenditure planning under Mozambique’s municipal regime has been accompanied by an increasing emphasis on civil society participation in municipal planning and accountability regarding plan implementation.

In all municipalities visited, citizens’ participation in the governance and planning processes was perceived to be an essential element of good governance. This



participation is seen to enable citizens to steer processes that concern their own development, to strengthen the responsiveness of municipal decision-making, and to improve the mutual relationship between municipal officials and citizens. In many instances, divergence between citizens and the municipal councils was attributed to lack of communication. The following methods of communication have been employed, with varying degrees of effectiveness across municipalities:

- ◆ Councilors visit the neighborhoods (*bairros*) to identify the community's needs and priorities. Municipal Assemblies in all municipalities have also set up commissions that are working in the *bairros*.
- ◆ Mayors receive once a week, on a regular schedule, local people who have some complaint or suggestion in his office (e.g. Matola).
- ◆ Community radios are used for civic education and to publish municipal activities (e.g. Montepuez and Dondo)
- ◆ The municipal budget and its execution are posted in the hall and the citizens have free access to this financial information.
- ◆ Municipalities practice participatory budgeting. In general this is done with the supported of donor projects (e.g. Dondo, ADA and Montepuez, SDC).

The field visits and the interviews allowed to identify innovative participatory governance practices for municipal planning and for the improvement of the delivery of services at municipal level such as: *associação para services comunitarios*; Municipal Forums (Dondo); Participatory Budgeting methods (Maputo); Community based water committees (Matola, Montepuez), methods for needs assessment and priority setting (Vilankulo, Gurue), and a growing involvement of local associations for service provision (Montepuez).

In sum, municipal planning is increasingly seen as not only a technical process of priority setting and resource allocation, but rather as an integral part of municipal governance. Increasingly, structured and institutionalized participation and accountability mechanisms are being employed by municipalities of various scales and promoted by a variety of

technical assistance and capacity building programs. However these experiences are new, and depend on the continuing development of municipalities' resource base, technical planning capacity, and management systems for carrying out investments and service delivery improvements as reflected in municipal plans and budgets. In this way, planning processes and the monitoring of plan implementation provides a critical link between improvements in municipal governance and more equitable and dynamic urban services. Good and innovative practices exist in Urban Governance and Planning but are generally poorly documented and little known. One challenge is to document them on a regular basis and measure their contribution. This would offer a first step in facing the challenge of finding mechanisms for exchanging 'know-how' between concerned actors.

### **Urban and Municipal Governance**

One central finding of the study is that over the last ten years of municipalization in Mozambique, progress has been made in each one of the four dimensions of urban governance that were analyzed: *Effectiveness, Equity, Participation and Accountability*.

The *effectiveness* of the Mozambican municipalities is relatively good, if one considers their very limited financial resources (see chapter 4): (i) Despite very limited municipal resources (between US \$3 to \$20 /per capita per year) they have been able to deliver some of the services they are responsible for; (ii) Municipalities spend a fair portion of their budgets on investments; (iii) A municipal tax culture is emerging, even if the outcomes of these tax collection efforts are still very low in absolute terms; (iv) The number of municipal employees is generally limited in number and this is particularly the case for the technicians and professionals. Such a dire situation adds value to the achievements of some of the municipalities; (v) Part of the municipal budget is drained beyond the official mandate of the municipalities particularly in case of natural hazards and disasters, primarily in coastal areas.

The *equity* dimension, and particularly the gender issue, appears poor, despite some isolated progress, and requires a high level attention in the perspective of improving governance: (i) The proportion of women councilors is generally very low, with some rare exceptions; (ii) The number of women in key positions is even lower; (iii) Pro- poor

pricing for water, that is considered an important equity variable, is not practiced. The double system of water supply composed of public wells and piped water is introducing *de facto* a substitute for a pro-poor pricing policy, where the poor have access to a cheaper water of, however, a different quality; (iv) Despite their limited financial capacities, the municipalities visited have provided support to informal business and traders primarily through the improvement of markets, and therefore reinforcing the traditional role of most municipalities as market towns.

The *participation* dimension is fair in terms of formal democracy (representative democracy) yet it is poor in terms of political participation: (i) The participation (turnout) to municipal elections is still limited. The notion of municipal power is still new, and not always understood by the new voters; (ii) Public forums and channels of participation are limited, but those that exist are innovative and promising examples to learn from; (iii) Despite being generally weak, the civic associations, because of their diversity and their density on the municipal territories, are an asset in terms of governance; (iv) So far, participation is more a practice than a policy and there is a lack of a framework for participation; (v) The relations among the civic associations are not very strong. At the same time, the role of traditional powers, even if recognized officially, is still not well defined. Therefore, one big challenge to generate more participatory governance requires at least to find mechanisms to increase the number of voters in municipal elections, and to strengthen the civic associations in their diversity and strengthen their relations with the municipalities.

The *accountability* dimension is poor against most of the variables considered in the Urban Governance Index: (i) The publication by the municipalities of contracts and tenders is not a common practice; (ii) The budgetary reporting methods are relatively straightforward, but the publication of budgets and accounts is limited; (iii) Some interesting municipal codes of conduct sometimes exist (e.g. *Regimento Interno da Assembleia*), but they are not known by the citizens; (iv) Facilities to receive complaints from citizens rarely exist, though with some exceptions like Beira; (v) Anti-corruption

agencies not do exist as such, but some anti-corruption programs are funded by international aid.

### 3.3 Recommendations

The main recommendation of this chapter is that municipal governance and planning for a better delivery of services should be strengthened. The decentralization and municipalization processes that have taken place since 1997 has given some positive results, but they need to be deepened. The opinion of the team is that municipal decentralization is the best way to address the challenge of urbanization. Nevertheless, under present conditions, municipalities are not in a position, politically, financially and administratively, to face these challenges and to deliver services to a growing population, especially the poor.

Legal and policy changes at national and local levels are necessary to create a more enabling environment to address the limits of partially attained municipal governance and planning delivery detected in the diagnosis. This last section first discusses a number of legal and policy recommendations and then presents specific actions at the national and municipal levels to improve governance and planning. Finally, it presents a summary of recommendations.

#### Legal and Policy Recommendations

***Reconsider the concept and implications of “gradualism” in the context of Mozambique’s decentralization policy***

***Summary of Issue:*** The prevailing concept of gradualism limits both the functional and geographical scope of decentralization in Mozambique. On the one hand, the majority of Mozambique’s citizens who live outside towns and cities do not have access to democratically elected local governments. On the other hand, those democratically elected municipal councils that do exist in the towns and cities are significantly limited in their ability to respond to citizen demands for improved services by the continuing prominence of “de-concentrated” state bodies.

**Recommendations:** Both democratization and decentralization policies in Mozambique are highly constrained by the doctrine of gradualism. The demonstrated benefits of municipal reform should be broadened and deepened by undertaking a systematic expansion of decentralized governance over a 10-15 year period with clear targets for expanding its geographical scope to include all rural towns and the rural districts, which surround them. In addition, a timeline for the transfer of functional competencies to municipalities should be defined and a clear program of capacity building and fiscal reforms linked to the broader public sector reform process should provide the basis for strengthening and empowering municipalities to provide services to citizens who are able to effectively hold their officials accountable.

***Establish clear mechanisms for strengthening municipal planning and governance capacities, especially for “candidate” and new municipalities***

**Summary of Issue:** In the future, more districts and administrative posts will become municipalities. The technical and methodological basis for this significant transfer of responsibility is unclear. Furthermore, these districts are not prepared for these new responsibilities, requiring new capacities that the existing municipalities have acquired gradually. Some time could be saved and errors avoided if a proper training and preparatory process was put into place before new municipalities are created. What is more, this process should be based on minimal governance and planning conditions. This argues again for a generalized representative democratic system extended to the country as a whole.

**Recommendations:** The vision and the recommendation of the team coincide with the one expressed and developed in the legal and institutional chapter: a clear method for transfer should be established, and clear criteria put into place. In addition, the process should be made transparent and widely publicized. Guidelines should be defined, and a manual elaborated for this end. In addition, a specific capacity building program should be put into place and delivered to the local authorities that have become municipalities. A training program on governance and planning issues, composed of various modules, needs to be designed and implemented. This would guarantee at minimum, that the new

municipalities are prepared to face their new challenges. Such a training program should be addressed in a first instance to the municipalities that were created in 2008.

***Improve the mechanisms of transfer of competencies from Provincial to Local governments***

***Summary of issue:*** The transfer of specific responsibilities, such as health or education from central to local levels should be put into place through formal agreements and, according to the law, in a short three year period. Even if the general principles are well in place, so far the instruments and the rules for such a transfer are very limited. These limitations put in jeopardy the success of the transfer and might significantly affect municipal finances and governance. International experience indicates that the municipalization of education and health in very poor municipalities can drain their scarce budget resources and dry out their already very limited investing capacities.

***Recommendations:*** The transfer of responsibilities from national to local level should be very gradual and over a period of 10 years instead of 3 years. What is more, the terms of the transfer should be clearly established and transformed into financial realities and earmarked budgets corresponding to the new tasks transferred. An annual monitoring system should be put into place in order to adjust what is going to be an empirical process. It is critical to set up a system in order to assess which municipalities are ready, and which are not, to take over new responsibilities. On a case by case basis, a risk assessment of the transfer of responsibilities should be made, primarily in the case of education and health. There should also be default mechanisms in place to ensure that if municipalities are not capable of providing the services, then the central and/or regional government should step in order to avoid potential disastrous consequences.

There is a need for guidelines on budgetary and accountability rules and on the practicalities of the transfer of these responsibilities. A more detailed agreement format than the one annexed to the present law should be developed and put into place. These transfers are an important opportunity to improve accountability and governance at local level.

### ***Increase the volume of financial transfers from Central Government to municipalities***

**Summary of issue:** The municipal budgetary resources are insufficient to deliver the basic services indicated in Decree 29/06 from August 30, 2006. One of the main reasons of these low budgets is that actual transfers from the central government to municipalities are still very low (less than 1% of total public budget in 2006) and have been much slower than the political decentralization of responsibilities. Furthermore the technical criteria to define the levels of transfers are limited, and primarily based on the level of population, a number that is not always known with accuracy.

**Recommendations:** The resources transferred from the central government to the municipalities should increase gradually, according to an overall decentralization strategy that should clearly establish the roles and responsibilities of all tiers of government. In addition, the technical basis for the calculation of the amount transferred to each municipality should be made explicit and the existing criteria should be broadened, to consider other parameters such as poverty levels, and other compensating criteria such as the contribution of municipalities to the national wealth. A key question to be addressed is how municipalities could benefit better from their local potentialities in tourism and industry; receiving a higher share of their contribution to national wealth would stimulate their efforts for local economic development.

### ***Strengthen the capacities of municipalities for tax collection***

**Summary of issues:** One clear finding of the study is that the ratio of mandated to actual tax collection is still low, despite the efforts of various municipalities. Local elected officials in most cases have a clear view of what should be done to increase their level of mandated tax collection, and increase their budget.

**Recommendations:** The capacities of municipalities to increase their rate of fiscal and non fiscal tax collection should be systematically strengthened and be part of the capacity building program that will be presented in the next sections. Furthermore, a study on the decentralization of tax collection and use should be carried out to stimulate a higher involvement of municipalities in generating public resources.

### ***Formulate national and municipal policies on citizens' participation***

***Summary of issues:*** Decentralization in Mozambique has been primarily focusing on setting up a representative democracy system, through municipal assemblies and elected mayors. The current framework is relatively incomplete in relation to participation channels and mechanisms whilst innovative forms of participation are taking place at municipal level. Some countries have been designing and implementing laws at national levels (Bolivia since 1995) or at municipal level (Policy for participation, San Salvador, El Salvador, 2003) that generated an enabling environment for participation and enriched the decentralization process, while at the same time the local representative democracy was reinforced.

***Recommendations:*** Revise the existing legal and constitutional framework in order to introduce a participatory dimension in local plans and to strengthen the existing participatory channels opened up by some municipalities. In municipalities where participation is already a practice, the design and implementation of participation policies should clarify the principles upon which this participation is based and define participatory channels.

### **(vii) Channel international resources for financing municipal infrastructures**

***Summary of issues:*** There is a massive deficit of investment at municipal level for local development, and international aid is more and more concentrated on providing technical assistance. One of the requests from the elected officials is that there should be a better balance between technical assistance and investments. The Austrian aid program in Dondo was given as a good example of this sort of balance.

***Recommendation:*** International aid programs to come, should link up their capacity building and training programs to financing municipal infrastructure. This external flow of resources should not be limited to investment but should consider operation and maintenance as well. Any additional capital investments should be accompanied by a financial plan to cover the maintenance expenses.

### ***Clarify the role of municipalities for disaster prevention and management.***

***Summary of issues:*** The scarce resources from the municipalities are drained locally to meet the effects of disasters especially in coastal areas. Apparently, there is an unclear



division of responsibilities between the local and central tiers of governments in relation to disaster prevention and management. No specific budget allocations or provisions are being made to face the impacts of natural hazards that are occurring regularly. In addition, in the near future, climate change will mean more extreme natural hazards will affect the coastal areas of Mozambique and the existing urban infrastructure.

**Recommendation:** The respective roles of each tier of the government should be better defined for prevention and post disaster management. The municipalities under current conditions are not equipped to manage natural hazards impacts. This should clearly remain the responsibility of the central and regional government levels. However the role of municipalities in disaster prevention should be defined and clarified. Urban planning rules and building standards, primarily for public facilities, should be revised at the local level to improve the adaptation of municipalities to the impacts of climate changes. The corresponding budgetary implications should be made more transparent and operational. Decree 29/06, that defines the competencies of local authorities (*autarquias locais*), should be amended accordingly.

### **Proposal for Action at National Level**

Recommendations at the national level must address the following three issues:

The first is the development of the capacities of two fundamental actors:

1. Municipalities and their national association, ANAMM.
2. Civil society organizations, primarily through
  - ◆ Support to the existing ones and recognition of their positive contribution. The key issue to be addressed is how to shift from participation generally linked to a project, to a more sustainable form of participatory governance.
  - ◆ The improvement of relations and communications among them.
  - ◆ The raising of awareness of the citizens on the potential role of citizens' organizations in municipal affairs. This could facilitate the emergence of new leaderships and civic organizations.

The second is the strengthening of communication and relations between municipalities and the citizens and their organizations. Indeed, bridging the gap between municipalities and their citizens is a central challenge in terms of governance for service delivery.

The third issue is that these “bridges” should be built primarily to address concrete problems faced by municipalities in order to improve some of the basic services that they are responsible for, particularly: (a) planning and the gradual delivery of public and domestic waste collection and treatment; (b) public markets management; (c) economic development.

Therefore, the next four projects that will be proposed hereafter at national / local levels are at the same time an “end” to improving the delivery of services and a “mean” to developing participatory governance at the municipal level. In turn, strong participatory governance should make possible, in a longer term perspective, the delivery of a broader range of services.

### ***Develop the capacities of Municipalities through a Municipal Capacity Building Program***

***Summary of Issues:*** As explained in section 2, most of the municipalities have very limited spatial and sector planning capacities. In the absence of municipal development strategies, the existing projects, of which many are supported by international aid, have been a substitute for planning. There is a clear need to shift from project based municipal development to a planned approach, based on specific local constraints and opportunities. Municipalities, despite their efforts and progress, are too weak to address the multiple tasks that they have to deal with. Moreover, a shortage of professionals that could be in charge of planning has to be addressed: the number of civil servants and technicians is limited, and the salaries and the working conditions are not necessarily attractive for either young or confirmed professionals.

***Recommendations:*** The Municipal Capacity Building Program could have the following components:

1. The creation of municipal planning units in charge of:
  - ◆ Establishing Participatory Local Development Plans (PLDP) as indicated in the recently approved planning law. This proposal will be developed later in the chapter (action proposal at local level).
  - ◆ Coordinating the actions of the various sectors in the municipality and monitoring in a structured way the different plans and programs.
  - ◆ Developing the relations and communication between municipalities and citizens.
  - ◆ Formulating projects for international organizations and for central government programs.

The planning units would act as a liaison unit between the municipality and the provincial/central tiers of the government. They could be directly attached to the Mayors office and should report regularly to the Municipal Assembly.

2. Training of municipal personnel and councilors: This training should be carried out through short term training courses, city to city exchange programs, on the job training, workshops and other pedagogic modalities tailored to the specific needs of each one of the municipalities. Some of them might be weak on the accountability side, whereas others might need support to improve their gender equity. The Urban Governance Index could be a good tool to establish local diagnosis of training needs.

Various international programs such as the URB-AL (European Union funded) or the C2C UNV Cooperation program (financed by the United Nations Volunteers) have been put into place with a good amount of success. They have allowed for transfer of know-how and of knowledge among Latin American and European municipal employees and decision makers.

3. Establishment of a national career system for municipal personnel: So far, working in local government is less attractive for most professionals than working in the private sector, NGO's or international agencies. As it is the case in many (poor) countries, local governments are not a place to make a career, but more an institution where to get some training in order to get a better job elsewhere. This is a structural issue that should be

addressed through the establishing a Career Plan where each diploma, course, or merit acquired should be translated into higher salaries and responsibilities. This is, probably, one of the major tasks to be launched on a short-term basis.

### ***Strengthen the role of ANAMM***

***Summary of Issues:*** The 3 actions proposed previously to develop the capacities of the municipalities (i) creation of planning units, (ii) training of civil servants and councilors and, (iii) implementing a National Career Plan for municipal personnel, need a national champion and a national institution to plan and to implement them. ANAMM is in a favorable position to be this champion and possibly to implement or at least coordinate these activities at national level. Nonetheless, ANAMM is still a young institution. The interviews and field visits of this study revealed how ANAMM is perceived locally and underscored some of its weaknesses. It is part of the present proposal to address these weaknesses in order to develop the capacities of ANAMM, which in turn could play a major role for the capacity building of municipalities.

Some of the challenges identified by the team include:

- ◆ ANAMM's human and financial resources are very limited and do not allow it to fulfill its mandate.
- ◆ ANAMM's action and incidence in the field are still very weak. As nicely expressed by one of the Mayors: "ANAMM should be given wings."
- ◆ ANAMM is by nature a supra political body, and should reflect the different political sensibilities and approaches of the municipalities. It is not always perceived as such.
- ◆ Some RENAMO municipalities consider that ANAMM does not capture enough the political diversity and that its board and some of its commissions (for instance on female mayors) should be more inclusive of this diversity. It is acknowledged that reaching a point of balance where all political parties would be satisfied is a difficult task.
- ◆ Another challenge raised was the limited reaction of ANAMM *vis a vis* the central government to ease out the tensions existing between the Representatives of the State and the Elected Mayors, particularly in those cities where RENAMO is in power.

ANAMM could play a leading role in supporting and strengthening municipal capacities through: (i) Defining a national strategy for capacity building; (ii) Human resources development and labor relations at municipal level; (iii) Performance enhancement; (iv) Assessment of training needs; (v) Research on the role to be played by women in the municipalities and ways to improve their position.

**Recommendations:** Some proposals to strengthen the capacities of ANAMM include:

(a) The number of ANAMM's permanent staff should be increased primarily to comply with its political role. In addition to its political role, ANAMM could gradually get involved in technical and sector issues, probably on a program based approach. Urban planning, fiscal policies, waste management, legal issues, communication and gender equity were among the perceived needs. ANAMM's technical and service support activities should be careful not to duplicate or substitute the role of the different line ministries that are providing technical advice and guidelines to the municipalities. The priority should clearly be to strengthen the existing institutions that provide support to municipalities.

(b) The budget of ANAMM should be increased. The team strongly recommended that aid agencies and the central government consider this as a strategic issue. Financing ANAMM exclusively through a specific program will not be enough to allow it to play a leading role in the building of municipal capacities. The mandate of ANAMM should be made clearer not just to the Mayors, but also to the civil servants, the city councilors and the citizens. Its political role as the unified voice of municipalities should be enhanced. The development of its legal capacity linked to this role is therefore a priority. An extensive communication and information campaign should be put in place in order to clarify and explain its role. As a result of this, ANAMM would be more clearly visible as a political voice that speaks for municipalities in their diversity.

## ***Strengthen Civil Society Organizations and Citizen's Participation***

***Summary of Issues:*** Most municipalities have a fairly dense fabric of legalized and non-legalized civil society organizations of different natures and interest. Most of these organizations are weak, with little resources, if any, and usually with a low level of active presence in planning and in municipal related activities. Nonetheless, they are a clear and important asset.

Even if various organizations do exist, it is clear that their role is still limited. As it is often the case, even in very participatory contexts, the majority of the citizens do not involve themselves either in social or in political participation. On the one hand the turn out of voters is still low or very low and on the other hand, many individual citizens do not participate much in current projects or in existing forums. The lack of confidence in political representatives, lack of communication and information about what is a municipality, or even of knowledge about possible channels of participation, might explain the low level of political and social participation. At the same time, municipalities that have decided to invest in mass communication, in particular through their local media, are reaching a large rate of audiences. Montepuez, for instance, claims an 85% audience outreach for some of its local programs and indicated that the “community radio that was one of the requests of the community, has been one of the most important achievements over the last 10 years”.

### ***Recommendations:***

- (a) An extensive information campaign directed to the citizens of all ages should be put in place. Its main focus should be to inform the population about what is a municipality, its roles and limitations.
  
- (b) An effort should be made to increase the transparency of the municipalities and the level of accountability. Informing about the budgetary resources and their uses, or about the value of public bidding and tangible outcomes are important factors to establish a minimum level of confidence with the civil society

(c) Channels of communication between the elected officials and their electors should be established on a regular basis. The monthly visits paid to each of the neighborhoods as currently done by some municipalities should not be just to “ask for support from the people,” as revealed in some of our interviews, but to give account of what the municipality is doing.

(d) A participation framework leading gradually to policies on participation should be defined, implemented and largely disseminated. Again these policies will contribute to increasing the necessary level of confidence, which is currently limited.

(e) A capacity building program for civil society organizations should be formulated and funded. The funds could be used for the following (i) facilitating citizen’s participation by covering different types of costs during meetings; (ii) city to city exchange programs with other communities; (iii) co-funding of some infrastructure; for instance the resources could help the organizations to get a proper seat for their activities by funding building materials; and (iv) information and communication activities directed to the constituencies of the grassroots organizations.

### **Proposal for action at Municipal Level**

At least three types of interventions to strengthen municipal planning and governance mechanisms should be considered: (i) City consultations and participatory local plans; (ii) Participatory budgeting; and (iii) a National program for the development of *Bairros*.

#### ***City Consultations and Participatory Local Plans***

**City Consultations:** A city consultation is a multi stakeholder process that looks for solutions to a problem considered as a priority by all engaged participating parties (see box 1 in longer version on CD-ROM). It can be for instance the waste collection of a particular neighborhood or the city as a whole, the management of a local market or any of the sectors that are the responsibility of municipalities. City consultation is an entry point for planning for municipalities where this exercise is not commonly practiced.

City consultations have been implemented with the support of the Urban Management Program in 120 cities in the world with a reasonable level of success in most cases. It is slightly different from the City Development Strategy (CDS) approach that is being implemented in Mozambique and could be a complement to it. City Consultation and Priority Action Programs have a lower scope than CDS and are usually short term. They can be complemented by investment resources that would act as a catalyst to channel existing and international financial resources. The range of magnitude for developing City Consultation and financing some actions would be US\$ 5 to 7 millions over 3 or 5 years. The planning units created in each one of the municipalities could manage the city consultations, which will constitute a fertile ground for training. They are a first step towards Local Development Plans that should be designed and put into place according to the Physical Planning law approved in May 2007.

***Risks:*** Too normative and standardized approaches can easily turn into not very transparent processes causing confusion about who are legitimate representatives and who have the political responsibility. The city consultation approach can be used as an inspiration, but is important that they are not used as blueprint processes, but rather carefully tailor-made to fit with the existing Mozambican planning procedures and institutions.

***Participatory Local Development Plans (PLDP):*** The Colombian experience of Territorial Ordering Plans (POT) is a good international practice (see Box 4 in the longer version). This experience could enrich the implementation of the Mozambican Planning Law. Through the years, the POTs have been gradually approved and implemented in many of the Colombian municipalities and, more importantly, have been used as a reference for public programming of financial investment in an integrated way. The experience of Local Participatory Plan from Neiva Municipality in Colombia started as a city consultation. The subsequent step of the process was its consolidation as a PLDP and its approval by the City Council as an integral part of the POT. The Neiva experience that recently obtained the UN best practice award is a good source of inspiration for a program in Mozambique.



In summary, it is suggested to complement the City Consultation and the Action Plans with Participatory Local Development Plans. These plans, are again a multi stakeholder process that should end up addressing the citizens' basic felt needs in terms of basic services. They could be implemented and put into practice either through external or national funding or through the participatory budgeting that constitutes the second proposed program at local level.

### ***Participatory Budgeting as a tool to generate governance and improve local service delivery***

**Summary of issues:** Participatory Budgeting (PB) is a mechanism (or a process) by which the population define the destination of part or the totality of public resources. Currently, around 2000 municipalities s have adopted PB with a high level of adaptation. Mozambique has not been outside this movement and there is so far a fair amount of accumulated experiences in various municipalities such as Maputo, Dondo and Montepuez. However, the Mozambican PB are more of a consultative (called *auscultação*) rather than a deliberative nature. Some progress can be made by giving more voice and decision making power to the participating people.

PB is a good entry point to establish strong links between elected governments and the civil society, even when it is not very strong. In effect, it is being demonstrated that PB generates a high level of Social Capital. At the same time, the existing social organizations are reinforced and new ones tend to emerge, as service organizations, linked in the first instance to obtaining a share of the public resources for very concrete improvement of their constituencies. Also PB has a demonstrated side effect that is the modernization of local administrations and their gradual transformation into more “open to the public” institutions.

Municipalities in Mozambique can still hugely benefit from these types of PB mechanisms and practices. One important element is that the Manual on frequently asked questions on PB originally published by the UN in Spanish is now being translated into Portuguese and published by the same agency for a Mozambican audience. This manual does not only answer the basic questions but introduces a large number of illustrative cases and innovative practices related to PB (Cabannes 2004).

Therefore the second proposal for action at local level is a support program for the introduction and the strengthening of PB at municipal level all through the country. Such a program could have the following components

1. Technical support for:
  - ◆ Information campaign on PB.
  - ◆ Design of general guidelines and operational links with PLDP.
  - ◆ Training of communities' organizations, civil servants and of citizens.
  - ◆ Exchange programs and visits to the municipalities where the process has been taking place.
  - ◆ Evaluation of the performance and current challenges that these cities are facing for the consolidation of their PB process.
  - ◆ Technical support during the first two cycles of the process.
2. Financial support from external agencies to multiply the value of the resources that would be put for discussion by the cities (one to one, or two to one for instance).
3. Monitoring and knowledge management.

The order of magnitude of such a program could be in the range of US \$ 4 million for components (1) and (2), and could vary anywhere from US \$ 4 to 6 million for the investment component (3). The time span could be of 3 to 5 years to reach a consolidated process.

### ***A National Program for the Development of Bairros***

The aim of the National Program for the Development of *Bairros* program is to finance the requests coming from groups of citizens organized in committees and from existing community organizations. It will contribute to the development of bairros and primarily to local economic development in its broad sense as well as to the improvement of small-scale public facilities. These investments are a complement to large scale municipal investments. This program coordinated at national level as a demand-driven grant facility but implemented at municipal level through community-municipal partnerships has been

experimented with success in various countries, particularly in Latin America and the Caribbean (see appendix 7 in the longer version on the CD-ROM).

One important aspect of such a program is that it generates not only local economic development in very poor communities and bairros, but at the same time strengthens the communities in their diversity. Any existing registered non-profit or community-based organization may be eligible and as a result it can participate in local development. In the case that such organizations do not exist, local citizens can get together to initiate a local committee that will be eligible for support. The Program should be open to local associations and should allow grants and credits.

## **Summary of Recommendations**

### ***Legal and policy recommendations***

1. Reconsider the concept and implications of “gradualism” in the context of Mozambique’ decentralization policy.
2. Establish clear mechanisms for strengthening municipal planning and governance capacities, especially for ‘candidate’ and new municipalities
3. Improve the mechanisms of transfer of competencies from Provincial to Local governments.
4. Increase the volume of financial transfers from Central Government to municipalities.
5. Strengthen the capacities of municipalities for own-revenue generation.
6. Formulate national and municipal policies on citizens’ participation.
7. Channel international resources for financing municipal infrastructure.
8. Clarify the role of municipalities for disaster prevention and management

### ***Proposal for action at national level***

1. Develop the capacity of municipalities through a municipal capacity building program
2. Strengthen the role of ANAMM
3. Strengthen Civil Society organizations and citizens’ participation

### ***Proposal for action at local level***

1. Support city consultations and participatory local development plans.
2. Support participatory budgeting as a tool to generate governance and improve local service delivery.
3. Support a National Program for the Development of *Bairros*.

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### **End Notes:**

<sup>1</sup> Five master plans were financed by a World Bank Project (PROL) between 1997 and 1999, but none were legally approved and ratified.

<sup>2</sup> Decree from May 13, 2008 Art 14.

<sup>3</sup> A notable exception is the municipality of Maputo that has established a unit for public-private partnerships and is already conducting a number of this type of operations.

## Chapter 4 Municipal Public Finances

### 4.1 Introduction

As already explained in Chapter 2, over the last ten years Mozambique has embarked in a double decentralization process, combining a process of deconcentration of public services provided through the State Administration with a simultaneous devolution of functions and expenditure responsibilities to a select number of municipalities. This means that, municipalities are the only decentralized entities in the country with devolved expenditure responsibilities and substantive administrative and financial autonomy. As such, municipalities collect own-source revenues and receive transfers from the central government to finance expenditures and investments on a range of municipal services. For the financing of capital investments municipalities also receive external funds and have limited access to borrowing.

The objective of this chapter is to provide an overview of municipal finances in Mozambique, by looking at both revenue and expenditure functions and responsibilities. In order of municipalities to effectively comply with their mandate to deliver local services, they require functioning financial systems both at the local and at the intergovernmental levels. Thus, this chapter seeks to document the main characteristics of such systems and to underscore its main challenges. It also presents a number of actions that municipalities and central governments could consider to enhance the financial capacity of municipalities. Its findings arise from both primary and secondary research. During 2007 and 2008 the team visited 5 municipalities to collect primary data and to conduct extensive interviews with local, provincial, and state officials. A series of interviews were also held with experts in municipal finance in Mozambique.

### 4.2 Main Findings

#### Legal Framework and Municipal Responsibilities

In 1997 the National Assembly approved a number of laws (*Pacote Autárquico*) to define the model of municipalization in the country. Law 11/97 (Municipal Finance Law) established the legal framework for municipal finances that was subsequently regulated

by the Municipal Fiscal Code (Decree 52/00) of December 2000. In January 2008 a new Municipal Finance Law (Law 1/08) was passed (revoking Law 11/97)<sup>1</sup> and the new Municipal Fiscal Code is under revision. Municipal expenditures are also regulated by Law 2/97 and more recently by Decree 33/06 which establishes the framework for transfer of functions and competencies from state bodies to municipalities.

In general, the Municipal Finance Law and the Fiscal Code provide an adequate legal framework for the municipal revenue and expenditure functions and responsibilities. According to the legal framework, municipalities are “subjects to the administrative tutelage of the State and enjoy financial, patrimonial, and administrative autonomy.” Administrative autonomy refers to the power to execute administrative acts within the municipal territory; patrimonial autonomy gives freedom to own and maintain assets; and financial autonomy include municipal powers to: (i) create, approve, modify and execute their working plans and own budgets; (ii) create and approve statement of accounts; (iii) access own-revenue sources, according to the limits established by law;<sup>2</sup> (iv) execute expenditures; (v) manage municipal assets; and (vi) borrow resources, according to the limitations established by law.

On the expenditure side, the legal framework establishes that municipalities are responsible for the provision of a number of services in the areas of: Local Economic and Social Development; Environment; Basic Sanitation; Public Utilities; Health; Culture, Recreation and Sports; Education; Municipal Police; and Urban Development, Construction and Housing (Law 2/97 and Law 01/08). The specific municipal services are presented are discussed in chapter 2.

As already discussed, the decentralization process in Mozambique is characterized by a gradualist approach and it was originally envisaged that some social services should be provided by municipalities; however, this was not established as a practice at the outset of the municipalization process. Whereas in principle, municipalities are responsible for a range of devolved competencies in the areas mentioned above, in practice the transfers of competencies from the State to municipalities has been gradual. With the passing of Decree 33/06 in 2006 there has been a renewed impetus to determine which concurrent

social service functions can be provided effectively by municipalities. This Decree opens up for the possibility that provision, beyond basic infrastructure, of basic health care services, primary education and other social services are gradually decentralized to the municipalities. At this point the central government is still responsible for the delivery and financing of social services (including primary education and primary health services) and also of certain public works, like primary and secondary roads. According to Decree 33/06, each year the State must indicate the transfer of specific responsibilities and the corresponding financial means. Until the transfer of competencies is complete, the State would continue to be responsible for the investments in those areas, as well as of providing municipalities with all related plans, projects and programs for the transition phase.

Decree 33/06 would have to be properly articulated with the law of local organs of state (LOLE).<sup>3</sup> According to LOLE, the district is the primary territorial unit of the state and the basis for the economic and social planning of the country. As Mozambique is a unitary state, the municipal territory is included within the boundaries of provinces, districts and administrative posts. Whilst LOLE provide that municipal autonomy and competencies are respected by the local organs of state, many municipal competencies, such as roads, solid waste, public lighting, forestry and gardens are also district competencies according to the regulation of the LOLE. There is thus potential conflict as to whom is in charge of providing these services –either the municipalities or the districts. To this effect, the actions and plans of local organs of state and municipalities must be coordinated. However, with a dual responsibility for some services there is a risk that neither a district nor a municipality provide a specific service and that there is under provision in some areas. This may be a particular risk in the peri-urban and fringe areas of municipalities and/or in cases where municipalities and districts are governed by different political parties.

The nature and scale of the exclusive functions and responsibilities currently assigned to municipalities in Mozambique are appropriate for their size and scale and consistent with the subsidiary principle. In contrast, there is risk that the minimum efficient scale for

some of the concurrent social functions is not met by some municipalities. In particular, these concurrent responsibilities include the provision of primary health centers, primary schools and main roads.

## **Municipal Revenues**

In order to comply with their functions and responsibilities, municipalities have access to a number of own-sources of revenue, intergovernmental transfers, aid, and borrowing. Own-source revenues are proceeds that derive from the municipal own tax bases and are in direct control of the municipalities. Transfers come from a pool of resources in control of the national government for the financing of both capital and recurrent expenditures. Aid comes from external sources mostly for the financing of capital expenditures. Finally, municipalities are entitled to borrow—within strict limitations. Overall, in Mozambique municipal budgets are very limited. In 2006, the total budget for all municipalities (excluding aid) was of 1.1 billion Mt, equivalent to \$46 million USD. In total per capita terms this means that on average, municipal spending in each resident was little less than 300Mt, with significant variation from 90Mt to 900Mt.

### ***Own-Source Revenues***

According to Law 01/08, municipalities have access to the following own-source revenues:<sup>4</sup>

**Property tax (*Imposto Predial Autárquico—IPRA*):** This tax is levied on the value of fixed properties, which are defined as the whole land parcel, buildings and constructions attached to them and their permanent fixtures. Liability to pay this tax falls on the person that appears on the property registry or on those who have the actual possession of the property. Law 01/08 establishes 3 methods for calculating the value of properties: (i) cadastral value, (ii) self-reported value, (iii) market value. The tax rates are established by law, and vary according to property use from 0.4% (residential) to 0.7% (commercial). Non-profit entities (education, health care, religious, etc.) are exempted. New properties are also exempted for five years.



**Head tax (*Imposto Pessoal Autárquico—IPA*):** This tax substituted the previous tax on National Reconstruction and it is a flat tax on all residents between ages 18 and 60. The tax rate is defined by each Municipal Council on a yearly basis, within the limits of 1 to 4% of the minimum wage depending on the category (A–D) of the municipality. In Maputo, for example, the rate was last revised in 2001 and is currently Mt 50 (about \$2US). The law provides for a number of exemptions, including: handicapped people, people in the military service, students, foreign residents, and pensioners.

**Tax on vehicles:** The base of this tax are all vehicles registered and in use in the municipalities. Previous to Law 01/08 this tax was administered by the national government and 75% of the proceeds were passed down to the municipalities. Currently, the full administration of this tax falls under the jurisdiction of municipalities who are also entitled to keep the totality of the receipts. The rates are fixed by Law 01/08, so municipal authorities do not have the right to set them.

**Tax on property transactions (SISA):** Previous to Law 01/08 this tax was a national tax. This tax falls on the transaction of property ownership that takes place in the municipalities. The rate of this tax is 2% and it is levied on the total declared or patrimonial value (whichever is highest) of the transacted properties.

**Other revenues:** In addition, municipalities have access to other revenue instruments like fees, charges, and betterment levies. Municipalities may charge fees for issuing licenses and for economic activities. Fees could be charged for the provision of a variety of services, including: construction, land use, markets and fairs, publicity, sanitation, cemetery, street vending, waste collection, parking fees, and fees for economic activities, including tourism.<sup>5</sup> Municipalities also have the right to collect user charges for the provision of services directly provided by them. These services include: water supply and electricity; solid waste collection; urban transportation of both people and goods; use of slaughterhouses; maintenance of gardens and markets; and maintenance of roads. Municipal assemblies have relative freedom to set the rates for licenses and fees, as long as they comply with basic notions of cost recovery and do not exceed the limitations set in the municipal regulations (*posturas*). Finally, municipalities may also charge

betterment levies on the capitalization value captured by the properties as a consequence of public investments like, roads, electricity, construction of green fields, etc.

In terms of the importance of these revenue sources, municipal data on revenues and expenditures for the year 2006 show that on average in all municipalities 10 percent of total revenues come from fiscal (tax) sources, 28 percent from non-fiscal sources (fees and charges), 40 percent from transfers (25% from the FCA and 15% from the FIIL), and the rest from capital and other sources of revenue. Budget information for 2007 presents very similar revenue structure.<sup>6</sup> The main observation arising from this analysis is the low relative importance of fiscal revenues, as illustrated by the fact that non-fiscal revenues are almost three times higher than fiscal revenues. In per capita terms, fiscal revenues amount to 25Mt per person (about \$1US). Lack of data does not allow disaggregating the composition of the revenue structure, but box 4.1 presents an illustration for the case of Maputo.

#### **Box 4.1 Public finances in the municipality of Maputo**

From 2003 to 2006 the municipality of Maputo financed half of its budget with own-sources of revenue and half with transfers. From the total budget that in 2007 was Mt 362 million (equivalent to \$US14.5 million), 14 percent came from fiscal revenues, of which 10 percent came from the property tax (IPRA). Non-fiscal revenue represented 36% of total revenues, 7% coming from market fees, 9% from publicity fees and 10% from waste collection fees. In terms of transfers, on average, from 2003 to 2006, 25% of the total revenues of the municipality came from the FCA and 12% from the FIIL. On the expenditure side, from 2003 to 2006, the municipality of Maputo spent 65% of its budget in salaries, and 30% on capital investments. Having the most expansive tax base of all municipalities, Maputo generates enough own-source revenues to cover the total wage bill, but requires additional transfers to finance the high and increasing capital investments that the capital city requires.

*Source:* Data from Municipality of Maputo, Finance Department.

One way to assess the financial viability of municipalities is by looking at the proportion of expenditures that can be financed with their own-sources of revenue. This is a partial indicator highly dependent on the context (as small municipalities simply don't have the tax bases to generate own-source revenues—despite potentially high tax effort), but it gives a good indication of their financial viability to provide services. Mozambican municipalities generate own resources to cover for little more than half (53%) of their recurrent expenditures. If only wages are taken into account, then municipal own-source

revenues cover 93 percent of wage-related expenses. In other words, municipalities do not generate enough resources to cover their wage bill, let alone to have resources for investment.

The above analysis refers to aggregate information of all municipalities; however, the fiscal condition of each municipality is very different. While there are municipalities like Quelimane and Nampula that in 2006 generated more than half of their total revenues from their own revenue sources, others like Ilha de Mozambique only generated 7 percent. The dependency on transfers (or what is called “vertical fiscal imbalance”) is also highly variable, having municipalities like Mandlakazi and Mocimboa da Praia financing more than 80 percent of their expenses from transfers, while others like Dondo and Vilankulos only finance 20 percent of their budgets from transfers. Concerning the proportion of current expenditures financed with own-source revenues, there are municipalities like Quelimane, Inhambane, or Vilankulos that finance more than 75 percent of the recurrent expenditures with their own resources, while others like Mocimboa da Praia, Mandlakazi, and Ilha de Mozambique finance less than 25 percent.

There are a number of elements that contributed to the low proportion of own-source revenues in the total municipal revenues. These include: low capacity, absence of registers, incomplete databases, lack of incentives for tax collection, and limited tax bases. Another important element is the unawareness of citizens of their tax responsibilities, partially derived from a perceived confusion between municipal and national taxes. That, together with a low level of tax enforcement, results in low levels of collections. In addition to these limitations, the current legal framework also presents a number of limitations for using the municipal revenue instruments to its full potential.

### ***Intergovernmental Finances***

Because of the limited own-source revenues, a high proportion of municipal revenues come from intergovernmental transfers. Municipalities in Mozambique receive two main types of transfers from the central government, a municipal compensatory fund (*Fundo de compensação autárquica — FCA*) and a fund for local investments (*Fundo de*

*inversión local* — FIIL). In addition, municipalities may also receive transfers for specific and other investments<sup>7</sup> like the Roads Fund (*Fundo de Estradas* — FE), and extraordinary transfers to address situations of emergency.<sup>8</sup>

The FCA is composed of 1.5% of the fiscal revenues of a given year.<sup>9</sup> The pool of fiscal revenues is composed by all the taxes collected by the national government.<sup>10</sup> These transfers are unconditional, the only prohibition being complementing the wages of municipal personnel. The formula for allocating the FCA follows two criteria: population (75%) and territory (25%).<sup>11</sup> Before the 2008 reform, Law 11/97 established that the FCA should be distributed according to four criteria: population, territory, an index of fiscal effort, and an index of development.<sup>12</sup> The reduction in the number of criteria sought to simplify the allocation of the FCA. However, by getting rid of the tax effort criteria the allocation system removed the incentives of municipalities to increase their collection of own-source revenues, and eliminated the possibility of small and unpopulated municipalities to increase their transfers through their own fiscal effort. High reliance on population as a criterion for transfer allocation conforms to international standards; however, this could be problematic in cases of high population mobility, as the annual allocation of the transfer allocation are usually calculated with either outdated or ill-projected data. The total distribution pool and the distribution coefficients are presented each year in the State Budget. The total allocation of transfers to each municipality is disbursed by the national government on a monthly basis.

The FIIL are earmarked transfers for investment projects. The distribution of this fund is done according to criteria and priorities set annually in the budget law. Neither Law 11/97 nor Law 01/08 establishes a formula for the allocation of the FIIL. However, a simple correlation between population and the allocation that each municipality receives from the FIIL shows that it is overly distributed on a per capita basis.

As already mentioned, a high proportion of municipal resources come from intergovernmental transfers. However, as a proportion of the total revenues of the country, municipal transfers represent a very small allocation. Table 4.1 shows that, on average, from

2005 to 2007 the total amount of resources that municipalities received through the FCA and the FIIL did not even reached one percent (0.74%) of the total revenues in the country.

**Table 4.1 Evolution of Municipal Transfers as a Proportion of Fiscal and Total Revenues (Thousands of Mt, Nominal Terms).**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Average</b>
<b>FCA</b>	220,882	257,106	290,677	256,221
<b>FIIL</b>	150,000	150,000	200,000	166,666
<b>FCA + FIIL</b>	370,882	407,106	490,677	422,888
<b>Total Revenues</b>	46,783,366	52,880,554	70,896,574	56,853,498
<b>Fiscal Revenues *</b>	16,721,000	23,393,000	25,694,300	21,936,100
<b>FCA / Total Revenues (%)</b>	0.47	0.49	0.41	0.46
<b>FIIL / Total Revenues (%)</b>	0.32	0.28	0.28	0.29
<b>FCA+FIIL / Total Revenue (%)</b>	0.79	0.77	0.69	0.74
<b>FCA / Fiscal Revenues (%)</b>	1.32	1.1	1.13	1.18

Source: State Budget. \* Banco de Moçambique in Ilal and Toneto 2008.

In terms of the FCA, between 2005 and 2007 the total pool of resources transferred to the municipalities amounted to 1.2 percent, which did not even reached the 1.5 percent limit established by law. As a proportion of total revenues, the FCA represented 0.46 percent. As of the FIIL, the law does not establish a minimum percentage to be distributed, but the total allocations are even smaller than those of the FCA, representing less than one third of a percent of total revenues. Since the FIIL represents one of the few stables channels through which municipalities finance their infrastructure, this very low numbers raise serious concerns about the role municipalities can play in the provision of local infrastructure. Despite the low proportion of the transfer pool on the total revenues, from 1999 to 2007 both the FCA and the FIIL have been increasing in real terms, at 3.5% and 9.7% respectively. Together, both transfers grew at an annual rate of 5.7%.

In terms of the total municipal allocation of transfers, on average from 1999 to 2007 the FCA allocated to all municipalities was 187.7 Million Mt equivalent to 7.5 Million US per year. In the same period, the total FIIL allocated to all municipalities was 94.3 Million Mt equivalent to 3.8 Million US per year. Together, the average annual allocation of these transfers from 1999 to 2007 was of 282 Million Mt equivalent to 11.3 Million

US per year. In per capita terms, these allocations represent a total average of 65Mt or \$3US per person per year (see table A3 in full report).

In addition to the total proportion of transfers allocated to municipalities (vertical allocation), it is important to look at the distribution of those resources amongst the 33 municipalities (horizontal allocation). As already explained, the allocation of both the FCA and the FIIL is strongly correlated with population, so it is natural that the most populated municipalities receive large shares of transfers. In the case of the FCA, the two extremes are represented by the municipalities of Maputo and Metangula with 24 and 0.3 percent respectively—on average for the 1998-2007 period. The case of the FIIL is similar, but a little less polarized, with Maputo receiving 22 percent and Metangula 0.4. More generally, between 1998 and 2007 the four largest municipalities (Maputo, Matola, Beira and Nampula) concentrated 50 percent of the total transfers, while 20 other municipalities received each less than 2 percent of the total transfers.

Because population varies so much amongst Mozambican municipalities, it is important to analyze the horizontal allocation of transfers in per capita terms. In this case the variation does not come across as highly unequal, especially if two outliers (one on the lower end and one on the higher end) are excluded. The two outliers are Gurue that from 1998 to 2007 received an annual average transfer allocation of 25Mt per person, and at the other end Mandlakaz that received 210Mt per person, eight times more. If these two extreme cases are excluded, then the ratio between the highest and the lowest values is 2.7, which means that the maximum difference in per capita terms is little less than 3 times. The coefficient of variation (C.V.) between the municipalities is of 0.26.<sup>13</sup> It is noticeable that the allocation of the capital transfers (FIIL) is two times more unequal than that of the current transfers (FCA). In comparison to the allocation of transfers to the provinces and districts, there is a more unequal allocation on the capital than on the current revenues (table 4.2). In terms of current transfers, both the coefficient of variation and the ratio between minimum and maximum values are similar between municipalities and the provinces and districts. However, in terms of capital transfers, their distribution is

significantly more unequal in the case of the districts and provinces than in the case of the municipalities.

**Table 4.2 Horizontal Allocation of Transfers**

	Municipalities			Provinces and Districts*	
	FCA	FIIIL	FCA + FIIIL	current	capital
<b>Coefficient of variation (C.V)</b>	0.19	0.40	0.26	0.24	2.5
<b>Ratio max/min</b>	2.5	3.6	2.7	2.5	7
<b>Mean pc Mt with</b>	46	30	76		
<b>Mean pc US</b>	1.8	1.2	3.0		

*Source:* Own calculations. \* Boex and Nghuenha (2008)

In addition to the FCA and the FIIIL municipalities also receive resources from the roads fund (FE) for the financing of some of their responsibilities in the urban roads sector.<sup>14</sup> The FE is integrated by 10 percent of the taxes on petrol (75% on the tax on gas and 50% on the tax on gasoline). This 10 percent is distributed to the municipalities and has amounted to about 5 million US dollars per year, since 2005 — that is when the fund was created. The allocation per municipality is done with 2 criteria: the density of the road network in each municipality and the typology of each municipality, depending if they are cities or villages. However, it is not clear how much weight is given to each of these criteria. In terms of the operation of this fund, each municipality receives a share of the fund in a separate municipal account.<sup>15</sup> Anecdotal evidence suggests that some municipalities have trouble managing this fund and as a consequence do not disburse all the allocations. Other municipalities, such as Maputo, disburse the entire fund and consequently sometimes get a replenishment coming from the undisbursed funds from the other municipalities.

In total between 2005 and 2007 municipalities received 15.2 million US through the FE. In per capita terms, that amounts to 92Mt or \$3.7US per person, which is equivalent to an average yearly allocation of 30.5Mt or \$1.2US. Although the quantum of this transfer is small, it represents about one third of the transfers that the municipalities receive in capital and current transfers, so its importance is not negligible. Concerning the allocation of the FE between municipalities, it is relatively equal with a coefficient of variation of 0.25. On one extreme there are municipalities that received on average 2 million Mt from

2005 to 2007 like Mandlakazi and Moatize, and at the other extreme Maputo and Beira with 15 and 6 million Mt respectively. However, on a per capita basis the allocation is more unequal, showing a coefficient of variation of 0.9. In this case the contrast is inverse, with municipalities like Maputo, Matola and Beira receiving less than 15Mt per person per year and municipalities like Metangula and Mandlakazi, receiving more than 200Mt per person per year (see table A4 in full report).

### ***Other Sources of Municipal Revenues: Aid and Loans***

Municipalities in Mozambique also have access to aid and loans. Aid often amounts to several times the total size of the municipal budgets. Aid, however, do not represent a regular source of revenue, as their amounts vary according to the specific investment projects from each donor. Also, these resources are mostly earmarked revenues assigned to specific capital investments and to technical assistance. Data on these revenues is not collected and systematized in national statistics and municipalities register these transfers in different ways.<sup>16</sup> Also, data on aid is imprecise, but according to information provided by the donor-supported database on aid (OdaMoz),<sup>17</sup> from 2004 to 2007 municipalities received \$US385 million in aid, and the projection up to 2011 is of \$US649 million. 147 projects account for those \$US649 million from 2004 to 2011. These numbers reflect projects executed in the municipal territory, but do not specify the role that municipalities played in those projects. Eight municipalities concentrate most of that aid: Maputo, Beira, Pemba, Matola, Xai-Xai, Montepuez, Nampula, and Ilha de Mocambique.<sup>18</sup> In comparison to the other sources of municipal revenue, foreign aid represents by far the most important financial source. From 2004 to 2007 municipalities received a yearly average of \$15US million in total transfers and \$6US million in capital transfers. That compared to an average annual allocation of aid of \$96US million, shows that aid is more than 6 times bigger than the total transfers and 16 times bigger than the municipal capital transfers. However, this analysis only holds for comparing the relative importance of the different sources of revenue at an aggregate level, as not all municipalities have access to aid and in the same proportions.



The horizontal allocation of aid across municipalities shows that from 2004 to 2007 only 4 out of the 33 municipalities (Cuamba, Metangula, Gurue, Mandlakazi) did not receive aid. The distribution varies from \$1US per person in municipalities like Monapo and Angoche, to more than \$50US per person in places like Pemba, Moatize, Manhica, Chimoio and Marromeu. The average annual allocation across all municipalities is of \$23US per person. In per capita terms, this means that on average between these three years municipalities received \$80US or 2,000Mt every year. Because aid is not a regular source of revenue, that is consistently distributed to the municipalities according to their budgetary plans and in a transparent and predictable manner, the allocation by municipality does not reflect any type of pattern.

Concerning municipal borrowing, Law 01/08 establishes that with few exceptions municipal borrowing is only allowed in specific circumstances and for the following purposes: (i) productive investments and social and cultural investments; (ii) to meet unexpected compensations of expenses arising from disasters and calamities; and (iii) to meet the needs of financial restructuring. Public municipal enterprises may also be entitled to borrow, on the basis of specific regulations established by a decree from the Council of Ministers. According to Law 01/08, municipalities may contract short-term loans from national credit institutions, to cover financial burdens. The amount borrowed can not surpass the equivalent to three months of transfers of the FCA in the respective municipality. Similarly, the Law states that loans must be repaid during the same fiscal exercise in which they were contracted. The contract of multi-annual loans requires the ratification of the Minister of Finance.

In a number of decentralized countries, the use of local borrowing is seen as an efficient and equitable way for the financing of local infrastructure. However, in order of borrowing to become a viable financing tool, a number of conditions should be in place, mostly to avoid potential fiscal imbalances. At the moment, the financial condition of municipalities in Mozambique are not, in general, suitable for the use borrowing as a regular and viable financing mechanism. Credit markets require mechanisms of control that are inexistent in Mozambican municipalities. There is a general lack of data; systems

for disclosing general information and audits of the public accounts are weak; financial markets are fragile; and there is a lack of instrument to assess financial risks. Because of this situation, Law 01/08 establishes strict financial controls on the use of municipal borrowing.

### **Municipal Expenditures**

The municipal budget cycle consists of three stages: planning and preparation, execution, and control.<sup>19</sup> The first stage is the *budget planning and preparation*. In principle, municipalities enjoy autonomy in terms of planning, budget preparation and execution, public investment and management of public assets. Municipalities elaborate annual plans and budgets with specific areas of intervention guided by the 5-year program of the municipal governments.<sup>20</sup> Despite this autonomy, municipalities are partially linked to the national system of planning and budgeting. In accordance with the budget guidelines issued annually by the MF, municipalities must take into account the national priorities as defined in the 5-year Government Program and the poverty reduction strategy (PARPA) to ensure the harmonization of sectoral and territorial development in the elaboration of plans and budgets through a process of coordination and consultation between institutions at different government levels.<sup>21</sup> (see box 3 in full report)

As is the case with planning, there is a link between the municipal and the central budgeting processes. Municipalities elaborate their budgets annually, according to the provisions of the State Budget Law (SISTAFE) and the annual budgeting guidelines issued by the MF. The budget guidelines are very thorough and present the budget classification, which is uniform across all budget entities of the state, including: central, provincial and district governments, as well as municipal governments, independent institutions and public utilities.

Whilst municipalities are autonomous in terms of planning and budgeting, they are still subject to central control. For example, once the budget is approved, it can be changed up to three times, but only insofar that expenditures are kept at the originally planned level or, for the revenue side, that the planned revenue collection is maintained at a certain minimum level. Further, revisions to the budget cannot include transfers between

recurrent and investment budget categories or transfers between “goods and services” to staff budget categories. In other words, municipalities cannot shift resources planned for investments to pay for recurrent costs such as salaries.

The second stage of the cycle is *budget execution*. The planned level of expenditures for all municipalities in 2007 was 1.1 million Mt and for 2008 the budget projections are of 1.6 million Mt.<sup>22</sup> On average, between those two years, each municipality budgeted to spend 35 million Mt or about 1.5 million US dollars per year. Data on budget execution from 2006 shows that the level of executed expenditures was 991 thousand Mt, 17 percent lower than in 2007 (see box 4 in full report).

**Table 4.3 Budget Composition, All Municipalities, 2007–08**

	06	07	08	06	07	08	07-08	06	07	08
	Executed Expenditures (Thousand Mt)	Budgeted Expenditures (Thousand Mt)		Percentage Share			Grow th	Per Capita		
Recurrent Expenditures	640,653.5	748,315.1	960,103.5	65	64	61	28.3	127	148	190
Personnel	390,683.2	459,323.8	545,758.3	39	40	35	18.8	77	91	108
Goods and Services	185,724.5	239,196.9	285,829.3	19	21	18	19.5	37	47	57
Recurrent Transfers	9,217	26,408.1	28,142.8	1	2	2	6.6	2	5	6
Other recurrent Expenditures	55,028.8	23,386.2	100,373.1	6	2	6	329.2	11	5	20
				0						
Capital Expenditures	350,566.2	414,323.4	621,063.6	35	36	39	49.9	69	82	123
Construction	157,465.5	249,582.4	332,178.5	16	21	21	33.1	31	49	66
Equipment	93,140.1	125,841.4	176,081.1	9	11	11	39.9	18	25	35
Other Capital Expenditures	99,960.5	38,899.6	112,803.8	10	3	7	190.0	20	8	22
Total Expenditures	991,219.7	1,162,638.5	1,581,167.1	100	100	100	36.0	196	230	313

Source: Own calculations based on: Anexo Autarquico 2007; 2008, DNO/MF, MAE, INE Population data Census 2007, preliminary results.

In terms of composition, from 2006 to 2008 the budget has been fairly consistent, with allocations of two thirds of the total expenses going to recurrent spending (64 percent, in

2007) and one third going to capital expenditures (36 percent in 2007). Recurrent spending goes to the regular operation of municipalities (payroll, equipment, maintenance, etc.) and capital spending to the creation of new assets and infrastructure. This proportion of current to capital expenditures comes across as relatively high in comparison to international standards, as municipalities in developing countries commonly spend the vast majority of their resources in recurrent expenses (mostly wages). In the case of Mozambique, this high ratio is in part explained by the fact that the FIIL is earmarked for capital expenditures. Relative to other tiers of government, in 2007 the central government spent 45 percent on recurrent and 55 percent on investment spending, whereas the provinces spent 82 percent on recurrent and 18 percent on investment. The breakdown of the budget into individual spending categories shows that the three largest items of spending relate to personnel cost, goods and services and construction. For recurrent spending, the largest expenditure item is personnel costs, which represent 61 percent of all recurrent spending. For investment 60 percent is spent on construction (table 4.3).

Data on budget execution are not easily available at an aggregated level. Central level officials in the MF as well as municipal level officials argue that overall budget execution is close to 100 percent for the municipalities. Data from a Project on Municipal Governance (ProGov) on 7 municipalities shows that the level of budget execution for the FCA and the FIIL is close to a 100 percent, while the execution of own-source revenue, external donations and transfers from the FE show more varied execution with rates as low as 50 percent in some municipalities.<sup>23</sup>

The third stage of the cycle is budget control. In Mozambique, the systems of public accountability and control are still nascent with audits at the municipal level being relatively recent. The GoM has recently established an Office for the Combat of Corruption and an associated anti-corruption strategy at national level, but implementation so far has been weak and under-budgeted.

Concerning control, the lack of available information severely limits the ability of communities to effectively oversee the performance of the municipal civil servants.

However, the fact that both Mayors and Municipal Assemblies are elected local bodies makes the electoral process a mechanism of accountability. If officials want to remain in office they should perform well, otherwise they can be voted out. Municipal governments, being so close to the communities they serve, are subject to the oversight and control of the citizens they serve. Many municipalities involve their constituents in the planning process through some form of participatory planning and participatory budgeting is currently at an early stage of implementation in the Municipality of Maputo (see box 5 in full report).

In terms of horizontal accountability, municipalities are subject to oversight by the central government. Internal inspections are carried out by the *Inspecao Geral das Financas* (IGF) and external oversight by the administrative tribunal, the *Tribunal Administrativo* (TA). At the minimum, municipalities should be inspected twice during their 5-year mandate by the IGF. Municipalities elaborate quarterly reports for the MF on the balance of budget execution in respect of incomes and expenditures. At the end of the year, a report — the “*conta de gerencia*” on the financial execution elaborated and deliberated by the Municipal Assembly and submitted to the TA which passes a verdict on the reports and submits its deliberations back to the municipalities. However, the limited monitoring and follow up of the audit recommendations and the lack of publicity renders this good practice only partially effective. In general terms, although cases of corruption and misuse of funds have been detected, there has not been yet a single verdict by the judiciary on a corruption case. As about vertical accountability, oversight mechanisms are weak and limited. It is mandated by law that the accounts and annual budget execution reports (*conta de gerencia*) should be available to the public for inspection. To the extent that this is being used, anecdotal evidence from the City of Maputo suggests that very few people use this mechanism.

Finally, in terms of reporting, the MF collects information on municipal budget execution for the preparation of the central budget. Because of this link, the budget methodology includes specific instructions for the municipalities of how and what they report to the central level. The reporting methodology includes two forms, one for revenues and one

for expenditures (see Appendix 2 in full report). The reporting on revenues is done municipality by municipality annually and includes a description of the financial target for the year by source of revenue and according to economic classification. It also includes reporting on the previous year's realizations for revenues and expenditures, as well as forecasts for revenues and expenditure made at the beginning of the year, execution of the first semester of the ongoing year and an estimate for revenues and expenditures execution by the end of the year.

### 4.3 Main Challenges

Municipalities in Mozambique are facing a difficult financial situation. On the one hand, revenues are limited, while on the other, expenditure responsibilities are increasing. On the revenue side, both the different mechanisms of municipal own-source revenues and of transfers have a number of characteristics that must be addressed in order to increase municipal revenues. On the expenditure side, both the creation of new municipalities as well as the decentralization of responsibilities in the social sectors may increase the financial burden of municipalities. Without massive improvements on municipal revenues and a rationalization of expenditures it is not realistic to expect that municipalities would soon become viable agents of service delivery. In general, municipal finances are facing at least four main challenges:

***Municipal finances undress stress:*** Municipal revenues are constrained on a number of fronts. First, own-source revenues are limited (estimated at about 30 to 50 percent of total municipal revenues) and it is not clear that the new Municipal Financial Law 01/08 will result in more own-source revenues—as it will be argued below. Second, Law 01/08 has put a low cap (1.5%) on the limit of the proportion of total fiscal revenues to be transferred through the FCA. Not only, does this proportion is low, but evidence shows that in the last few years that low limit has not even been met. In addition, the fact that ten new municipalities are being created with a fixed proportion of resources to distribute means that each municipality will receive less resources. Third, aid is an important component of municipal finances, but it should be noted that part of those resources go to the financing of technical assistance and also that the part that goes to the financing of

capital investments, generate additional recurrent expenses (once new assets are built), that commonly can not be financed with aid. This calls for a strategic allocation of aid to priority (usually lumpy) projects that could be sustainable. Also municipalities seem to play a very limited role on aid-financing projects that take place in their territory. Forth and last, the borrowing framework of municipalities is very limited and rigid, which the facto renders this source of revenue inoperable in a country like Mozambique. However, such limited use of local debt, is the right approach in the current context of the country.

In terms of own-source revenues that are in direct control of municipalities, there are a series of challenges currently faced. The first element that raises concern is the low importance of the IPRA. International experience shows, that the potential of this tax in urban areas is very high. In order to expand the use of this tax in Mozambique, a number of basic steps must be taken, notably updating of the cadastres values and of the property rolls. Law 01/08 introduced a number of reforms that prevent municipalities to increase their property taxes such as a limitation on the rate from 0.2 to 1% of the property values to a fixed percentage of 0.4% on residential properties and 0.7% on commercial properties. Also, Law 01/08 grants a 5 year exemption to newly constructed urban properties, which could represent a very important tax base for a number of municipalities, especially those undergoing important real estate developments such as Maputo, Matola, or Beira.<sup>24</sup>

Another element to be noticed is the importance that municipal authorities give to the IPA. In the post-independence period when there were strong neighborhood structures that kept control of their residents this was a relatively efficient tax instrument. Now, however, such structures are not as strong and people move much more, rendering this tax instrument less efficient. From an administrative point of view, an efficient collection of this tax requires the existence of updated registers with information on municipal residents. This imposes a series of difficulties to its collection. In addition, the rate is small and some argue that collection costs often surpass the collected amounts. Also, this tax presents some problems in terms of equity, as it is both regressive (its burden is higher on low income groups) and unequal (it taxes differently people with similar

income levels, but that reside in municipalities of different categories). Despite these deficiencies, the revenue potential of this tax is still high as it is believed that currently only 10% of the potential for this tax is being collected.<sup>25</sup> Measures to increase the collection of this tax include: improvements in the collection systems and strong political will to update the rates and collect the tax.

The collection of vehicle taxes, betterment levies, and fees also present a number of challenges. The rates of the vehicle tax are established in Law 01/08 in fixed amounts, rather than in percentages, preventing the values to be automatically updated. The introduction of betterment levies could be a positive step to increase own-source revenues, but to take advantage of this levy, municipalities must keep good and up to date records to constantly capture the capitalization value—that is the base of the levy. International experience in developing countries shows that due to the complexity of calculating and administering this tax, it is not easy to reap the potential benefits of this tax.

Finally, in terms of licenses and fees/user charges, these have been some of the preferred instruments for local revenue generation—as illustrated by the fact that they generate 3 times more revenues than the taxes (see box 4.1 for the case of Maputo). This is probably the case, because municipalities have full autonomy to approve new fees and update their values. Despite their importance they can be improved widely. To do so, it is important to have a complete and updated registry of economic activities. Market fees are one of the main municipal revenues, but because of the lack of complete registries on the sellers, its weak collection structure and the lack of controls it is difficult for the municipalities to efficiently use this source of revenue. Waste collection fees have also a very high revenue potential as illustrated by the case of Maputo (box 4.1). There are other areas in which fees and user charges generate and can generate even more revenues, but it is critical to keep in mind that in exchange they require the provision of specific services—so they are not unconditional sources of revenue.

**Size and number of municipalities:** The creation of new municipalities has various rationales, but from a fiscal point of view, the formation of a high number of small



municipalities may not be optimal, as they may not be able to provide services in a sustainable way. As argued, between one half and two thirds of the total municipal revenues comes from transfers. By and large transfers in Mozambique are allocated on a per capita basis that, although being a good international best practice, harms the small and less populated municipalities. For example, between 1998 and 2007 small municipalities like Metangula or Catandica received less than 50 thousand US per year in transfers (both current and capital) for the provision of services. Despite these low values, the current nature and scale of the functions and responsibilities assigned to the municipal sphere are appropriate for the size and scale of municipal jurisdictions in Mozambique. In contrast, it is likely that some of existing small municipalities will not reach the minimum efficient scale to provide the social functions to be decentralized. Thus, in general, it is important not to create excessively small municipalities, that would not reach the minimum conditions to effectively deliver municipal services.

**Financial management systems:** With few exceptions, municipalities operate with fragmented financial management systems that preclude them to plan execute and control their municipal budgets on an efficient and integrated manner. Also, municipal budgets tend to be input-driven, compromising the usefulness of the budget as a planning instrument to identify and execute priority actions and programs, and to monitor outcomes according to their performance.

**Impact of new Municipal Finance Law:** Law 01/08 introduced a number of reforms whose effects on the municipal finances could not be fully gauged until the Fiscal Code is updated. In terms of own-source revenues, some of the provisions of the Law seem to be restrictive while others open new venues to increase municipal revenues. To a big extent, it will be up to the central and municipal governments to undertake a number of activities to make the most out of the reform. Some of these activities, together with some other interventions that are needed from the part of the central and municipal governments, are next discussed.

## 4.4 Recommendations

### Future Actions at National Level

In terms of own-source revenues, the central government must transfer to the municipalities all the systems and records of the new taxes that were previously under national control. This is the case of the tax on property transactions (SISA) that previously was entirely under national control, and of the vehicles tax, that was previously shared with the municipalities (75%). Now, municipalities will keep the totality of the vehicles tax, but will also have to cover its full administration costs.<sup>26</sup> Also, Law 01/08 sets the rates of the vehicle tax on fixed amounts, rather than as a percentage in reference to the prices of the economy (gas prices, minimum wage, etc.). This means that as time goes by, the value of these fixed rates will be eroded by inflation so it will be important that the central government thinks of ways to update the rates of this tax on a permanent basis.

Another option would be to allow municipalities to benefit from a number of economic activities that take place in their territories like tourism and mining. Currently, tourism can be taxed, through the TAE, but it would be more appropriate if municipalities are either allowed to charge a tax on the total income generated by this activity or receive a direct proportion from what is now charged on tourism activities by the central government. The use of royalties is another case in point, as Law 01/08 does not indicate that municipalities can benefit from the wealth that comes from the mineral resources located in their territories. The laws on petroleum and mining mention that some revenue should stay in the areas where they are extracted, but in practice municipalities does not seem to receive any revenues from these sources. Thus, recognizing these sources as potential revenue instruments, could translate in great benefits for, at least a number of municipalities that have important tourism activities and/or natural resources.

In terms of transfers, Law 01/08 has a number of provisions that limit the use of this source of revenue. Although tax principles state that, to the extent possible, municipalities should rely on their own-sources of revenue, municipalities throughout the world, and especially in developing countries, rely on transfers. It is clear that in the case

of Mozambique a number of municipalities do not have the economic base to raise a high proportion of their required revenues from their own-sources, so they will have to continue relying on transfers. Because of this, it would be useful that at some point the central government looks into reforming the transfer system in a number of areas:

(i) Increasing the proportion of the fiscal revenue pool of the FCA: Previous to Law 01/08, Law 11/97 established that the size of the revenue pool may go from 1.5% to 3%. Now, the limit has been capped at 1.5% and as it was shown that this low limit is not even reached. In 2007 municipalities received 70Mt (\$2.8US) per person from the FCA. This is a very low value (compared to \$14.5US of recurrent grants in Tanzania, for example), that will be even smaller once transfers are being shared with the 10 new municipalities.

(ii) Law 01/08 removed from the formula for the distribution of the FCA the tax effort criteria that attempted to use the transfer systems as an incentive to increase own-source revenues. Although from simplicity reason this might have been a good decision, it has taken away from the municipalities the only way in which they could have influenced the allocation of transfers. In the absence of this criteria, the central government may want to think of other ways to punish or reward the fiscal performance of municipalities, always trying to keep a balance between efficiency and equity principles. Also, since the FCA is mostly allocated on a population basis, the central government must be sure to constantly update their population projections, in order to be fair to those municipalities that experience high mobility rates.

(iii) Neither Law 11/97 nor Law 01/08 set formulas for the allocation of capital transfers, mainly the FIIL. Since the FIIL is, *the facto*, the system of transfers for capital investment, which is one of the few stables channels that municipalities have for capital investments, the central government may think of coming up with a formula that gives municipalities some information on how the allocations are made. Also Law 01/08 continues to state that municipalities “may” only be entitled to the FIIL, and that this will only be established in the budgetary law (annual). Due to the importance of the FIIL for capital investments, it is important that the central government makes capital transfers a more stable, transparent, and predictable source of municipal revenue.

On the expenditure side, it is imperative that the transfer of any new responsibilities in the social sector is accompanied by the appropriate financial, material and human resources. Social services are not easily provided at the municipal level, so in the case of Mozambique it will be critical that municipalities receive constant support from the central authorities and line ministries responsible for these services. Unfortunately, there are many international experiences that show that the transfer of those responsibilities is not simple, and that could create serious problems that ultimately will be born by the end users of those services, mostly the poor who may not have any exit mechanisms. Also, the fact that coverage of local services is limited and their quality is generally low, call attention to the fact that it may be more strategic to improve the coverage and quality of the existing municipal services, before transferring new ones.<sup>27</sup>

Another important element is to define the roles and responsibilities of municipalities versus the provinces and the districts, as the dual system continues to be a challenge that needs to be addressed at central level. In this respect, there is a need for the central government to clarify its vision of decentralization in Mozambique and how the state including deconcentrated and decentralized bodies are organized to deliver key services. In order for the municipalities to be able to fulfill their service delivery role, their mandate must be clear and well defined sector by sector.

Improving the reporting of budget execution is key to improve coordination between municipalities and central government and to increase the visibility of municipalities. Reporting to the TA is mandatory, and budget execution reports are also submitted to the MF. However, there is no central data base on municipal expenditure execution. This makes it hard to assess the overall situation on municipal finance and does not facilitate analysis or discussion on the expenditures of municipalities. It also makes it hard to track how municipalities contribute to the overall budget execution of the state. It would be useful to have a data base or expenditure tracking system that allow the central government, ANAMM and the municipalities to analyze and access data on municipal budget execution. The same goes for the case of aid. OdaMoz must be restructured in

such a way that it more easily provides information on the quantum of grants, and the number and nature of municipal projects financed by aid.

Finally, it is important that the central government realizes that fiscal decentralization does not imply a more restrictive presence of the central government in municipal affairs, but rather a different one. On a number of areas the new Law 01/08 seems to restrict municipalities from taking full advantage of their financial and administrative autonomy to reap the benefits of decentralization. Especially in the area of own-source revenues, the central government could be more flexible in giving municipalities the freedom to autonomously set the tax rates and also some of their tax bases. To balance this out, when it comes to municipal activities, the central government should focus on the areas of analysis, planning, control, monitoring, evaluation, training, and capacity building.

### **Future Actions at Local Levels**

Despite some of the shortcomings of municipal finances, municipalities in Mozambique already have administrative, patrimonial, and financial autonomy. Also, they are the only subnational governments elected and with its own fiscal bases. In addition Law 01/08 provides a comprehensive legal framework for local revenues. This means that conditions at the local level seem to be conducive to have strong municipalities. This depends on municipalities being proactive and engaging in a number of activities, especially in the areas of own-source revenues which is where they have more autonomy, to enhance their resources to efficiently provide services. These include:

(i) Expansion of property taxes. Both theory and practice shows that property taxes are a good vehicle to increase local revenues. The fact that fiscal revenues are one-third the size of non-fiscal revenues is an unusual situation that suggests that fiscal sources (principally the property tax) can become a much more important source of revenue. Currently, for a number of technical, political, and legal considerations, Mozambican municipalities do not use property taxes efficiently. Law 01/08 introduced a number of reforms that could restrict the use of this tax, such as the cap of the rate at 0.7 percent and the granting of 5 year exemptions to new properties. If Municipal Assemblies would have been given full autonomy over this tax, municipalities could have adjusted the rates to

increase revenues. According to theory, this would have been the appropriate way to do it, because in order for municipalities to be autonomous and accountable they should be given control to affect the volume of their own revenues at the margin, through their own policy choices, in particular by choosing the tax rates (Bird and Vaillancourt 1998).

However, in the current context in which municipalities do not have autonomy to set tax rates, the main option that they have is to expand the tax base and to keep it up to date. To do so, municipalities should focus on two things: expand the number of taxable properties and update the property values. In terms of the first element, students of municipal finances in Mozambique have shown concern about the weaknesses of property cadastres. Establishing good property records could be a complex task, but this is an area in which donors have shown interest. Therefore, municipalities can use donor support for this and then update the cadastres with their own resources, which is a simpler and less expensive task. Some municipalities are worried not to tax very low income households; however, having complete cadastres which include all properties do not mean that low income household will necessarily be taxed; low flat rates and exemptions could be granted. Because in a number of municipalities there is a wealthy and properly urbanized area surrounded by a high proportion of precarious dwellings, it will be useful to think of differentiated methods to record and value properties in the different parts of the municipalities.

Regarding property valuation, in reference to the market, the values of registered properties are so low in Mozambique, that adjusting the property values will be an efficient and equitable way to raise property taxes. Unlike Law 11/97, Law 01/08 opens the opportunity for municipalities to levy the tax on the market value of properties (art 55). That being the case, municipalities should place as much resources as possible to update property values using simple valuation methods.

One last thing to which municipalities must look into is the use of non-residential property taxes. Anecdotal evidence suggests that municipal authorities overly think of property taxes only in residential terms. However, international experience shows that in general the potential of the non-residential taxes is much higher, so as a strategy for

revenue enhancement municipalities may decide to take a differentiated approach to collect taxes from residential and non-residential properties.

(ii) Due to the fragility of municipal taxes in Mozambique, municipalities get a high proportion of their own-source revenues from non-fiscal sources, notably market fees. If this is to continue to be an important source of revenue, municipalities should make a number of improvements to the collection of market fees to make the process more efficient and equitable. Market cadastres are also incomplete and collection mechanism not thoroughly regulated, so corruption is not alien to the collection of market fees. The registration of market sales should also be improved and the rate structure of the fees revised in order to calculate the fee according to the volume of transactions rather than on other less equitable criteria. So in general, municipalities should make sure, that to the extent possible, the regulation (*posturas*) on markets and other fee generating services (use of public space, publicity, etc.) are up to date and reflect the current necessities of the municipalities. Finally, new fees such as those on waste collection could be introduced, but always in the logic that such revenues should be completely dedicated to the provision of the specific services that originate them.

(iii) In order to improve their overall performance, municipalities could invest in complete yet simple financial management systems that allow them to perform all financial transactions in a standardized, efficient, and controlled manner. These systems should be fully compatible with the central government's e-SISTAFE. Moving from an input to an output-based budget will help municipalities so start identifying critical actions and programs that may better serve the necessities of their citizens. The donor community has shown interest in the support of such activities, so there seem to be possibilities to move on this direction. Moving to integrated systems (that are by and large automatized) imply a drastic change in the organization, institutional, and cultural structure and operation of municipalities, so authorities must be committed to undergone such changes.

(iv) Finally, municipalities could take a number of actions to improve accountability, such as expanding internal control mechanisms to diminish the scope for corruption in

key areas such as police, inspections, and land use planning. External control mechanism such as external audits should also be a key priority. Recent examples on participatory budgeting in municipalities, like Maputo, suggest that the adoption of such mechanism bring transparency to the allocation of resources as citizens can have a voice in the allocation of public resources and can hold their representatives accountable to their commitments (see chapter 3 on planning and governance mechanisms).

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## End Notes:

<sup>1</sup> The only exception is the area of municipal taxes for which Law 11/97 remains valid until a new Municipal Fiscal Code is approved. According to Law 01/08, 90 days after its enactment, the Municipal Fiscal Code should be updated. However, by the time of this study the Fiscal Code has not been updated.

<sup>2</sup> Municipalities cannot create any revenue source not explicitly established in the Law.

<sup>3</sup> LOLE provides the legal basis for the deconcentration process in the district and provincial governments in Mozambique.

<sup>4</sup> Previous to the 2008 reform, Law 11/97 dictated that municipalities also had access to: municipal corporate taxes (*Imposto Autárquico de Comércio e Indústria—IACI*) and municipal income taxes (*Imposto sobre rendimentos de trabalho—IRT-B*).

<sup>5</sup> Previous to the 2008 reform municipalities had a tax sharing agreement of 30% of a tourism fund that came from the national tax on tourism. This tax represented 3% of the total value of the products and services sold in tourist-related places, like hotels, lodges, camping areas, restaurants, etc. However, anecdotal evidence suggests that the tourism tax was never shared with the municipalities. The 2008 reform abolished this prescription when included that municipalities may levy fees on economic activities, including tourism. It is not clear if the fee on tourism will have to follow the same criteria than the TAE (area of commercial property) or if could follow other criteria like the turnover of tourism related activities.

<sup>6</sup> See Ilal and Toneto (2008), Appendix 1.

<sup>7</sup> These include: the correction of negative effects arising from certain interventions of the central government; the implementation of urban renewal programs when they go over the capacity of the municipalities; and for other actions under the responsibility of the central administration that could have significant effects on the municipalities, such as construction of roads, highways, ports and airports.

<sup>8</sup> The Council of Ministers may define, the conditions under which such emergency transfers could be disbursed from the budgetary item reserved for contingent expenditures.

<sup>9</sup> Before the 2008 reform, the FCA was composed between 1.5 and 3% of the fiscal revenues.

<sup>10</sup> These include: personal and business income taxes; value added tax; specific consumption taxes; excises; SISA, taxes on games; tax on national reconstruction; taxes on inheritances and donations; tax on vehicles; fee on other specific taxes and fees (Ilal and Toneto 2008: 6).

<sup>11</sup> The specific formula is:  $FCAa = \frac{NHa}{NHT} \times 75\% FCA + \frac{ATa}{ATT} \times 25\% FCA$ . Where: NH is number of inhabitants and AT is territorial area.

FCAa = Allocation of the Municipal Compensatory Fund allocated to municipality a

NHa = Number of inhabitants of municipality a

NHT = Total number of inhabitants in all municipalities



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ATa = Territorial area of municipality a

ATT = Total territorial area of all the municipalities public authorities

FCA = Total pool of resources of the Municipal Compensatory Fund

<sup>12</sup> However, a number of interviews confirmed that the last two parameters were never used.

<sup>13</sup> Taking into account the two outliers, the Coefficient of Variation (CV) of the FCA is 0.37 of the FIIL 0.51 and of both combined 0.41. The CV is a statistical measure of dispersion that results from dividing the standard deviation by the mean. The ratio between the highest and the lowest values are for the FCA 8.7, for the FIIL 8.2, and for both combined 8.5.

<sup>14</sup> Municipalities have specific competencies in the urban roads sector. Legislation dictates that they should finance the development, maintenance and management of roads and its related infrastructures. For that, municipalities may decide to introduce fees to finance these functions and will also receive a proportion of the national roads fund.

<sup>15</sup> Initially, funds were channelled to the provinces who opened individual accounts for each municipality. Subsequently, once municipalities improved their management capacity, the funds were directly transferred to them.

<sup>16</sup> Since aid in Mozambique is an important source of revenue, it will be useful to include a budget line in the municipal fiscal statements to record this source of income.

<sup>17</sup> OdaMoz is a EC-funded electronic database that provides information on Official Development Assistance (ODA) to Mozambique. For municipal purposes the database has not been thoroughly used, in part because the way in which it was structured does not allow to easily identify the ODA that is channelled to municipalities. The information presented in this section draws from an ongoing exercise being conducted by a post-graduate international student on the OdaMoz database.

<sup>18</sup> Maputo: 71 projects totaling \$234 million; Beira: 28 projects totaling \$113 million; Pemba: 9 projects totaling \$30 million; Matola: 9 projects totaling \$18 million; Xai-Xai: 9 projects totaling \$9 million; Montepuez: 2 projects totaling \$16 million; Nampula: 7 projects totaling \$18 million; and Ilha de Mocambique: 12 projects totaling \$14 million.

<sup>19</sup> The steps of the municipal budget cycle are defined in the Municipal Finance Law, according to the calendar presented in table 5 in the appendix of the long version on the CD-ROM.

<sup>20</sup> Those 5-year programs are based on the political commitments that candidates make during their campaigns (*manifesto eleitoral*).

<sup>21</sup> For an example of the budget planning and preparation process in Maputo see Box 3 in the appendix on the long version in the CD-ROM.

<sup>22</sup> These are budgeted numbers. Data on executed budgets for those years is not available.

<sup>23</sup> Pemba, Nacala, Monapo, Gurue, Chimoio, Vilankulo, and Maputo. PROGOV (2008). For an example of the budget execution in Maputo see Box 4 in the appendix on the long version in the CD-ROM.

<sup>24</sup> The criteria for exemption are not always clear and some actors take advantage of this to receive exemptions on properties that, in principle, should not be exempted. An additional complexity may arise if the regulations do not clearly define what constitutes a “new property”, especially if improvements could pass on as new constructions.

<sup>25</sup> Interview with personnel from the Finance Department on the Municipality of Maputo (May 2008).

<sup>26</sup> This means that in financial terms, this reform will only benefit municipalities as long as the administration costs are below the additional 25 percent coming from the reform.

<sup>27</sup> For example, in urban areas, access to safe water is 64%, to latrines 72% and to electricity 22% (Fox et al. 2008)



## Chapter 5 Urban Poverty and Rural-Urban Linkages

### 5.1 Introduction: Objective and Methodology

This chapter aims to examine the profile of poverty in the urban areas of Mozambique. It also seeks to assess whether or not the urban poor are benefiting from the economic growth the country has seen in recent years, as well as to understand some of the drivers of urban poverty and growth. Further, it attempts to provide a basis for municipalities to build a local economic agenda to more effectively address poverty. The conceptual approach adopted is one of addressing the issue of urban poverty within the discourse of 'shared growth', whilst exploring the suitability and capacity of municipal authorities to act as the main and effective agents in that area. This is set against the backdrop of ongoing and rising urbanization and the progressive, although politically somewhat ambiguous, decentralization process.

Linking the poverty focus to the exploration of urban inequality and the shortcomings of delivering shared growth is not a novel correlation. In an effort to carry this analysis further and build on relevant findings from earlier studies, the chapter attempts to trace the roots and spatial manifestations of institutionalized exclusion which has restricted access to the benefits of unprecedented growth over the last decade, particularly to those most in need. Further, it attempts to highlight the parameters underpinning the politics of exclusion, by exploring the asymmetrical power relations within urban communities due to the differential social positioning of the various actors in the population on the basis of gender, age, class, religion, ethnicity and/or ability.

Poverty is understood as multi-dimensional, and therefore it ought to be measured not only in monetary terms but also in non-monetary, agency- and rights-based terms. Poverty may involve exclusion from economic opportunity but also the denial of citizenship rights. The emphasis is not only on nominal access (entitlements) but also on substantive access (capabilities) to rights. Filtered through this reading, any poverty reduction scheme should ultimately aim to address not merely economically quantifiable well-being, but also its positive agency to influence policy determination and application.

‘Agency’ in this sense refers to access and control over rights, services, goods etc. These may be differentiated within a municipal territory, and between and within different settlement/urban zones and households.

Further, the urban poor are differently inserted into the urban economy on the basis of their social position and their resulting different access to and control over resources and assets. In order to meet their needs and exercise their rights, the poor make decisions and adapt survival strategies in response to internal factors like changing lifecycle demands and external factors like the urban economy and spatial growth. An understanding of these and their strategies for developing their assets in a dynamic context, including their perceptions of the way the public sector supports them in this process, is essential for effective municipal and national level action to address urban poverty.

Given the rates of urbanization in Mozambique (see chapter 1), it is also important to recognize the economic and social dynamics of change at the peri-urban interface as urban areas grow and change. The notion of a ‘peri-urban interface’ makes reference not just to the fringe of the municipality but to a context where both rural and urban features tend to coexist, in physical, environmental, social, economic and institutional terms. The ‘edge’ of urban areas is plagued by conflict and ambiguity in terms of jurisdiction and governance, and changing rural-urban land tenure and land uses. Nevertheless, peri-urban areas are essential spatial locations for both the natural and productive resources important to urban economic growth as well as the expansion of urban areas. They also present the peri-urban poor with a range of opportunities for livelihood diversification as urban economies change and expand.

To address the diverse nature of poverty, the analysis builds on several types of instruments. It involves fieldwork in six municipalities and statistical analysis in eight small and medium-sized municipalities (with a combined population of over one million people, or 16% of the urban population) embodying a range of development trends in the north, centre and south of the country. Primary information was collected through interviews with government officials, NGOs, donors, entrepreneurs and ordinary citizens, as well as through focus groups with poor people in different locations in three

municipalities. Economic profiles as well as poverty profiles of the municipalities studied formed a background to the poverty analysis. In addition, a poverty mapping exercise based on small-area estimation methods gave some insight (see full report on CD-ROM).

## **5.2 Main Findings**

### **Urban Poverty and Inequality**

On a national level, one of the most remarkable facts about Mozambique's recent history is the significant reduction in poverty witnessed after the end of the civil war. The most recent nation-wide quantitative assessments of poverty in Mozambique are derived from the living standards surveys (IAFs) of 1996/7 and 2002/3. According to the IAFs, overall headline poverty dropped from 69.4% in 1996/7 to 54.1% in 2002/3. This reduction was more pronounced in rural areas, where it decreased from 71.6% to 55.2%, than in urban areas, where it fell from 63.9% to 51.6% in the same time period. Notwithstanding, poverty remains very high in Mozambique and varies significantly by region. Poverty fell most dramatically in the central region, and less sharply in the north, while in the south it actually increased. In Maputo, the largest city, poverty rose nearly six percentage points (Paulo et al. 2007).

Efforts to measure and characterize the nature of poverty at the level of municipalities are rather limited in Mozambique and are usually restricted to Maputo. Table 5.1 shows the sample of municipalities covered in the study and highlights that headcount poverty is systematically lower in the sampled municipalities than in the provinces where they are located, a confirmation of the earlier observation that nationally urban poverty tends to be lower than rural poverty.

**Table 5.1 Population and Poverty in Selected Municipalities and their Provinces**

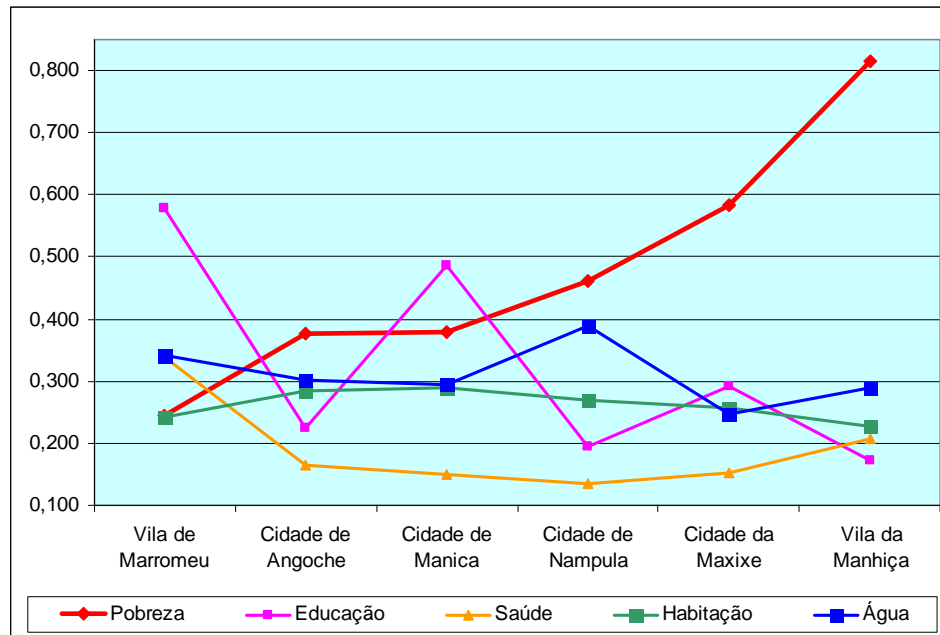
Municipality	Municipal Population (2007)	Provincial Population (2007)	Headcount poverty (2002/3) %		
			Municipality	Province	
Cidade de Nampula	477,900	4,076,642	46.1	Nampula	52.6
Cidade de Angoche*	134,174	4,076,642	37.6	Nampula	52.6
Cidade de Ilha de Moçambique	48,839	4,076,642	n.a.	Nampula	52.6
Cidade de Dondo	113,461	1,654,163	n.a.	Sofala	36.1
Vila de Marromeu*	29,379	1,654,163	24.4	Sofala	36.1
Cidade de Manica	46,348	1,418,927	38.0	Manica	43.6
Cidade da Maxixe	105,805	1,267,035	58.2	Inhambane	80.7
Vila da Manhiça	43,272	1,259,713	81.4	Maputo	53.6
Average	--	--	47.4	Mozambique	54.1

*Source:* 2007 population census and MÉTIER calculations based on IAF 2002/3.

\* Not included in primary data collection work

In trying to measure the multi-dimensional nature of poverty, beyond household consumption of foods and non-food stuffs and somewhat reductionist monetary measures, it is important to seek to isolate the effect that access to basic services might have on such poverty. Such an effort is warranted insofar as it may influence policy decisions to improve access to basic services that may have a more immediate (and perhaps even more long-lasting) effect on people's livelihoods than having access to cash (although the two increasingly go hand in hand). In the absence of updated statistics, one such rough attempt is summarized in Figure 5.1, showing correlations between headcount poverty and access to a range services for the original six municipalities selected for study (i.e. including Angoche and Marromeu, but excluding Ilha and Dondo).<sup>1</sup> The low degree of representativity of the data and the impossibility of further disaggregating the information within each municipality restricts the use of the results merely as indications of general trends.

**Figure 5.1 Headcount Poverty and Access to Services in Sampled Municipalities, Various Years**



Source: MÉTIER calculations using different sources, including IAF 2002/3

Given the lack of coincidence in time of the different indicators, this is arguably a somewhat crude attempt at examining a different facet of poverty. Nonetheless, Figure 5.1 shows that the poverty indicator collated through the IAF surveys seems to show a significantly different picture from that painted by other indicators of social well-being. It would seem, for example, that poverty levels in Marromeu by and large coincide with low levels of health and water coverage, as well as poor housing quality. Similarly, apart from health coverage, there seems to be some degree of coincidence between poverty and the other indicators in Angoche and Manica. However, as one moves to the right of the graph, the poverty indicator drifts increasingly apart from the other indices, so that in Maxixe and Manhiça, where the other indices converge at levels slightly lower than in the other *municipalities* (though not too dissimilar to them), poverty levels shoot up and bear little relation with the other indicators. Note, however, that sound conclusions cannot be drawn from such analysis as it correlates the level of poverty with the level of access to services in both poor and rich households, thus it can not be investigated if the poor in each municipality has greater or lower access to those services.

In general, this study found a pattern of low access to key services, with notably more access in the core urban areas than in the rest of the municipal territories. In Nampula, for example, that is the third largest urban center of Mozambique, 39% of people has access to piped water (97% in urban core), 66% to latrines (93% in urban core), and 30% to electricity (84% in urban core). In terms of housing: most people (81%) live in precarious adobe brick houses or *palhota*, some in cement buildings and very few in straw/wooden/tin houses. Illiteracy is pronounced at a level of 48% (higher for women, 64%). The smaller municipalities of Ilha de Mozambique, Maxixe, Dondo and Manhiça exhibit a different trend than the large urban center of Nampula. In the small municipalities the majority of people live in houses made out of straw and access to piped water, latrines and electricity are limited.

Despite these low levels of access to services, in the last years Mozambique has had sustained economic growth rates and recent research has argued that economic growth in Mozambique has been pro-poor, in part due to the relatively low levels of prevailing inequality (Arndt et al. 2005 and Fox et al. 2008). Whilst not doubting the nation's significant economic achievements in the past ten years, the perceptions of many of the people interviewed were more ambivalent and frequently spoke of widening inequality. This research found that many urban and peri-urban Mozambicans feel that the gap between the well-off and the poor is rising and that complicated processes of social differentiation are taking place. There are significant differences between the urban elites and poor residents of peri-urban areas but, perhaps just as important, are the complex gradations of social differentiation that suggest it is very difficult to speak of the poor as if they were a homogenous group (see Tvedten et al., 2006 and Paulo et al., 2007). Perceptions of widening inequality are perhaps more intense in the south, given recent trends in the development of Mozambique's economy. Many of the rapid changes that have marked the country's development in recent decades have had a visible spatial dimension, where the south, and particularly Maputo, has witnessed the fastest processes of capital accumulation and thus the most rapid widening both in social inequalities and in perceptions of these inequalities. This has led Arndt et al. (2005: 19) to remark that



“the benefits of economic growth (in Maputo City) do not appear to be reaching its poorer residents” (Arndt et al. 2005:19).

### **Livelihood Strategies — What Do the Poor Do?**

In terms of livelihood strategies and ability to overcome poverty among the urban poor, access to employment and associated income generation is essential, particularly in the urban economy where by and large, formal jobs for unskilled workers tend to be poorly paid. Living costs in the cities tend to be quite high, once basic expenditures on food, transport, service infrastructure and social services are taken into account. For the urban poor it is difficult to avoid a monetary economy. Many private sector employers, particularly in poorly regulated domestic work, pay considerably less than the legal minimum wage.

In this respect, agriculture remains a key sector, from which more than 50 percent of the urban population derives its main source of income, demonstrating the importance of agriculture for urban livelihoods. Estimates by Arndt et al. (2005) show that mean consumption relative to the poverty line of the urban agricultural head of household is lower compared to non-agriculture urban heads of household as well as lower than both agricultural and non-agricultural rural heads of household. This makes urban agriculture an important element in urban households' survival strategies and a key factor in understanding urban poverty. Although the share of the population involved in urban agriculture is higher in the smaller municipalities, agricultural employment shares remain high also in the larger *municipalities*. Further in terms of gender, a disproportionately high share of women are involved in urban agriculture.

In terms of employment in the urban areas, between 1996/7 and 2002/3, the proportion of people employed in agriculture-related activities saw an impressive decline from 71% to 53%. During that same period, the proportion of self-employed in non-agricultural activities increase from 9% to 19% and wage employment also increased from 20% to 27%. Formal sector employment has obvious benefits, such as a steady salary and degree of security and also considerable social prestige and standing. In the focus groups conducted many of the respondents mention that finding work was associated with

networks with the central government and the political and economic elites. Those who secure a formal wage employment are not automatically guaranteed a way out of poverty, as formal jobs for unskilled workers tend to be poorly paid. Also, because the large numbers of unemployed workers, private sector employers can get away with paying less than the minimum legal wage, as labor supply outstrips the demand.

Most urban employment can be classified as ‘informal.’ However, estimates of the share of the urban labor force involved in what could by most definitions be classified as ‘informal’ varies considerably. In this research, many informants tended to define their position in the economy according to the degree of vulnerability they felt. Respondents describe themselves as ‘employed’ when they worked on a regular basis, with an actual contract and when paid a salary on a monthly or weekly basis. The causes of the growth in informality are many. In Nampula for example, the *vereadores* said that many people come to the municipality to work on construction and then move into the informal sector when their contracts are finished, and the same can be said of the more steady seasonal work. However, while much of the informal sector is a ‘last resort’ option, there are occasions where people have quit formal jobs to make higher earnings in the informal sector (Tvedten et al. 2006). Overall though, respondents expressed an urgent desire to be able to obtain formal work.

The informal economy is also crucial in the smaller, more rural, towns and the peri-urban areas of larger ones. In Manhiça as in others, many sell their goods on the major roads to passengers of cars and buses. It also allows many women the chance to market their agricultural goods. Another major sources of ‘informal’ income in the peri-urban settings were informal land transactions which involved tilling somebody’s land in exchange for payment. Thus those with a longer connection to an area who have become landholders often hold a significant advantage over newcomers.

In general, the municipal officials interviewed have a negative view of the informality experienced in urban areas. For many of them the informal economy is associated with urban (or quite often peri-urban) poverty and ‘disorder’. In their view it is most commonly associated with more recent migrants and the unemployed youth and the

distinction between their activities and outright criminality is vague. For them, informality represented a lack of purpose and the movement of rural poverty to the urban setting and a lack of knowledge of urban life. Unsurprisingly, the business class tends to agree with this assessment. A prominent member of Nampula's Indian merchant community argued that the informal economy represented the nation's current failings and would lead to a permanent state of poverty for the majority of the municipality's population. He felt that the primary cause was mistaken government policies. "This country has possibilities in many areas, but no one is paying any real attention to the productive sectors of the economy. There should be a growth in medium sized mills and plants, but there is no political will and it is incredibly hard to get credit from the banks. 90% of the goods moved through Nampula come from some other country, even the rice. We have become a nation of middle men". And in his view, because informal traders do not have fiscal costs, they represent unfair competition to formal establishments. However, this view of formal entrepreneurs disregards the reality that many informal sector traders source their products from formal sector ones, thus providing crucial outlets without which many would barely survive. Glaring examples are the many traders who buy large stacks of mobile phone pay as you go cards and to sell them individually on street corners, or the tens of buyers of live chicken who re-sell them not only in markets in Nampula but in locations across the region.

### **Urban-Rural Linkages and the Peri-Urban Economy**

In examining the potential of municipalities to foster economic growth and reduce poverty, it is important to recognize that the economy of 'urban areas' is intricately linked to that of 'rural areas'. As seen from the previous section, with over four-fifths of the labor force engaged in farming and many tertiary occupations dependent directly or indirectly on farming, any analysis of municipal economies must be located within the regional context of municipalities and the mechanisms through which urban areas actively engage with rural areas. In a context such as Mozambique's, where few urban areas and few economic sectors are highly specialized or capital intensive, the economic and social interaction between urban and rural areas remains an important component of a successful development policy.

This interaction is embodied in the notion of ‘rural-urban linkages’ which refers to the flows of people, goods, money and information between areas that might be classified as ‘urban’ and ‘rural’. In Mozambique these linkages are central to the livelihoods of many (and in some municipalities, most) households and - importantly in a context of economic uncertainty or volatility — they provide an avenue for diversifying household incomes. The notion of linkages also refers to the interaction between different economic sectors, although a sector like farming which in high income countries is associated exclusively with rural localities, in Mozambique is much more ubiquitous, with much activity found not only in rural but also in urban and peri-urban localities.

### ***Urbanization without economic growth***

A striking feature of the decentralization program in Mozambique is the diversity of territorial units that have been classified as municipalities. This diversity highlights the difficulties of drawing a firm line between the urban and the rural. Urbanization in Mozambique increased dramatically during the war, at a time when the resources to incorporate a stream of newcomers were at their lowest point. While the economy has grown significantly since the end of the civil war, the contraction of manufacturing industry and the effects of structural adjustment and fiscal austerity measures, alongside overall economic changes, such as the growing importance of the service sector, meant that people have been incorporated into the ‘urban’ economy in a complicated variety of ways and with strong linkages to rural areas (Paulo et al., 2007).

This has led to concerns about Mozambique’s urban population growth not being sustained by a demand for labor in urban-based manufacturing industry and services (See, for example, Jenkins 2003). Concern for ‘urbanization without growth’ has also been widely expressed in the context of other countries, including sub-Saharan Africa as a whole. The phenomenon of urbanization has now become a more or less permanent and virtually irreversible feature. No reliable statistics exist, but it seems that only a relatively small proportion of people displaced by war returned to their rural origins. For example, the population in the town of Mocuba, in Zambezia province, reached an estimated 90,000 at the end of the civil war to drop to around 70,000 a decade later. A similar

picture emerges from other towns such as Montepuez, in Cabo Delgado province (Jenkins 2003). Thus, while much of the municipalities' population comprises comparatively recent migrants, a factor our interviews and focus groups brought out repeatedly, there is a generation of people who came of age in the cities, which they regard as their home and have little desire to leave. Coupled with this is the fact that the war destroyed much of the rural economy while the little transport infrastructure that existed deteriorated or at the very least was not maintained. Insofar as many small urban centers are dependent on agricultural activities and trade with their hinterland, the towns' own economies also stagnated. In the case of the market town of Mocuba, for example, rural stagnation meant that by the early 2000s only 25 of the town's 74 commercial establishments were still in operation.

### ***Income diversification***

Urban dwellers' linkages with rural areas vary across the municipalities studied. In the south there is a long history of labor migration to South Africa providing crucial remittances. There is evidence of families creating intricate strategies where some members move to provincial towns, while others try their luck in the capital and still others attempt to find work in South Africa. As a bid to increase their chances, many households thus become multi-local.

Flows of goods, people, money and information are central to supporting livelihood and income diversification across the rural-urban spectrum. In our sample cases we found evidence of a number of such flows. One important source of flows is peri-urban and rural farming. This consists largely of movements of people who farm or market agricultural produce.

Both rural and peri-urban farming are an important element in households' survival strategies: according to the 1997 census, in the larger sampled cities of Nampula and Manica as many as 35% and 37%, respectively, derived their main source of income from this sector. In the smaller municipalities these shares were considerably higher, reaching 55% in Maxixe and 73% in Manhiça. Although we have not come across detailed

systematic studies of this phenomenon, anecdotal evidence and focus group evidence suggests that urban and peri-urban agriculture tend to involve a larger proportion of women than men, a fact also backed up by the 1997 census figures as well as the IAF surveys. For those who own a piece of rural land some distance from the municipality, it involves one member of the household commuting for periods ranging from one week to five months to work on the land. In the case of Montepuez, the distance to a *machamba* could be up to 30 km (Jenkins 2003: 128), although there are documented cases of *machambas* located some 60 km from a town like Dondo (Verissimo 2008). Those who work in plots closer to the municipality — where *machambas* tend to be smaller due to pressures on land from the growing municipality, and are controlled either by the municipality or traditional authorities — the commuting involved is of a daily nature, but yields tend to be smaller and perhaps destined for the household's immediate needs.<sup>2</sup> There is also evidence of low-income urban workers employed as waged labor in privately owned (peri-urban) farms.

There is a constant interchange of remittances and goods from the urbanites (who also often send their children to stay with rural family members in various periods) and food items from rural family members when crops are good. Often, regular farming cultivation is the responsibility of one adult in the urban household, usually women, whilst other adults help whenever their own income-earning activities allow them. For the urban poor, access to a cultivable plot of land is an important component of their livelihood strategies, particularly in a context where the economy is becoming increasingly monetized. In focus groups the main worry of many of our respondents was the lack of land (often considered the most important asset) and unemployment (especially for their children). Money obtained in exchange for some types of work, such as petty trade, is essential to pay for utility or health bills and basic goods, whilst subsistence farming requires relatively small amounts of cash (mostly for transport). Similarly, for the rural poor living in small villages within relatively short distances to an urban centre, the sale of farming produce in municipal markets is a crucial source of cash (Verissimo 2008). Other important sources of flows across urban and rural areas are firewood and charcoal. As forests have become depleted in the proximity to cities, firewood has to be collected

and charcoal increasingly produced in more distant rural locations either by urbanites spending time in their *machambas*, or by rural inhabitants who sell it in city markets (Verissimo 2008).

The constant movements between urban and rural areas by individual workers and household members are often a central part of their livelihood strategies. They also highlight a certain fragility in the formalized agricultural production chains and the underlying infrastructure which seem unable to support trade along long distances (except to large municipal markets in the north such as Nampula or Nacala, or those closer to major production centers such as South Africa). To this must be added farmers' livelihood strategies, increasingly linked to local economic circuits and who are increasingly forced to enter the monetary circuits in search of cash to pay for basic services and goods usually found in cities and towns.

In addition to the importance of such linkages, it is difficult to underestimate the importance farming has for many urbanites in the six municipal case studies. Many Mozambicans have some form of connection with rural areas, from the *quintas* (country houses) of the elite, to the *machambas* of the poor. A number of our peri-urban respondents, especially in municipalities with a rich agricultural hinterland, such as Nampula, Manica and Dondo, combined farming in their livelihood strategies. Some practiced urban agriculture, while many others had land at a distance outside of the town and family members would spend from a week to a month or more at a time working on their *machamba*. As shown earlier, agriculture is especially important for women who combine it with work as hawkers in streets or markets.<sup>3</sup> In this, municipal governments may unwittingly be playing a role, by making farmland accessible through road improvement or construction projects, and demarcating land for residential use. However, in only one municipality, Nampula, did we find an officially designated municipal 'nursery' (*viveiro*) site, though it is unclear if this is being cultivated by local residents.

Much evidence points to serious problems in creating a development strategy that focuses on rural areas without taking the linkages to cities into account. Remittances from those involved in the urban sector can significantly alleviate rural poverty and the blurred

boundaries between the cities (and small towns) and the countryside, with a population that appears to frequently move back and forth and one that tries to take advantage both of rural production and urban opportunities suggest that any development strategy should take both into account.

A final issue that merits mention is that the study found significant evidence of urban agriculture in the sampled municipalities. Due to time limitations, the linkages with urban poverty could not be explored, though from evidence in other Sub-Saharan countries and elsewhere, this suggests an important area where a pro-poor urban development policy would need to be explored further. This would point to issues such as identifying a profile of urban farmers, the degree of security of tenure enjoyed by these farmers, the health implications of farming close to residential areas (e.g. the risk of stagnant pools of water for water-borne diseases), and so on. It would also involve exploring current attitudes by municipal governments to these practices, and the extent to which they are in a situation to support them within pro-poor strategies. More generally, they should also be seen in the broader context of a policy towards food security which favors the poor.

### **The Role of the Municipality in Poverty Reduction**

A decentralized system like that experienced by municipalities in Mozambique is no guarantee for the automatic delivery of gains for the poor, particularly when it takes place against the backdrop of ongoing, pressing urbanization involving the rapid movement of people in and out of municipalities. However, municipalities are in charge of an array of functions that have the potential to have an impact, direct or indirect, on urban and peri-urban poverty. Research performed for this study found that in general, municipal managers still consider themselves quite inexperienced from the point of view of institutional action, which implies difficulties in conceiving more strategic and systematic action in this field. In this sense, the action of municipal officials is marked by a learning process derived from responses to demands by the population rather than by a more systematic strategy of poverty reduction. Interviews with government officials, revealed that they are aware of their limitations in terms of management experience, of available



resources and of the distance between the huge challenges of poverty reduction and the instruments the municipalities can count on.

Beyond their formal attributions, facing poverty is one of the priorities of action for municipalities. This commitment is usually included in the electoral manifestos, but although municipal authorities can play an important role in poverty reduction at the local level, their role is still limited vis-à-vis that of the central government. Further, municipalities have so far been given a limited role in the PARPA implementation, despite the significant potential they hold for poverty reduction. In the sampled municipalities, it was seldom possible to identify an explicit relation of municipal action with the plans of the central government, except in very peripheral ways. In all municipalities the interviewed managers said, and showed, that they are making efforts to reduce poverty. Such initiatives are related to actions by the central government, but without revealing a more formal articulation with the contents and aims set by PARPA. Only in Maxixe it was possible to identify some explicit articulation, as the municipality tries to link itself with civil society through the Poverty Observatory at provincial level.<sup>4</sup>

Although municipal authorities can play an important role in poverty reduction at the local level, their role is much more limited than that of the central government to which the key instruments have been bestowed. For example, efficient redistributive policies can only be implemented in the upper tiers of the government that have the economic and fiscal tools to do so. Moreover, the institutional structure of the Mozambican government is still very centralized, which limits the range of actions that can be implemented by local governments. The distribution of the state's revenues limits the resources and the division of responsibilities reduces the municipalities' role. Despite this, municipal authorities can contribute to poverty reduction in three broad dimensions. The first dimension include a series of actions, projects, programs and policies that are related to the access to urban public services, and which directly affect the material conditions of the life of the population. The second dimension relates to the action of the municipal government on the economy, i.e. the initiatives that contribute to job generation, income and local economic development. The third dimension is more intangible and involves

the cultural and political aspects of the action of municipal governments, whose impact is more subjective and has to do with political participation, empowerment and development of the citizenship of the poor.

In terms of service provision, this study found that municipalities have played a positive role in improving school facilities by construction of new schools and class rooms and the effort was seen as a main achievement by municipalities, both by officials and community members. Although modest, according to a community leader in Maxixe, good results in poverty reduction were precisely related to the expansion of school facilities: “We can see it by comparing what we were before and what we are now. To fight poverty it is necessary to combat illiteracy. Poverty often stems from lack of education”.<sup>5</sup> Moreover, with Decree 33/06 that gives municipalities more responsibilities for building, equipping and managing primary schools their role in this area will become more prominent. The same is expected in the area of health, in which the role of municipalities will be expanded.

Housing can also have direct impacts on the poor. In the sampled municipalities the municipal governments are engaged in some form of planning and implementation of housing and basic infrastructure projects. In some cases, this involves resettlement of families from areas of risk, unregulated settlements, and areas marked by high density and inadequate living conditions. In some cases, such efforts are also attempts to generate additional revenues, like in Nampula,<sup>6</sup> but more often, like in the case the other municipalities visited, municipal officials see housing estates as part of their poverty reduction strategies, rather than as revenue generating schemes. In principle, the fact that the state owns all the land implies that it is able to allocate it at below market prices to low-income residents. This may lead to low-cost housing which can benefit the poor, as local traditional building techniques enable fast and low-cost construction, though also poor quality housing. The picture that emerges from the focus groups, however, is more complex. Respondents felt that access to land tended to be mediated by the market. This involves free land allocation by the state (or by traditional authorities, especially in rural areas) to some groups and individuals who then sell it on to others. This seems to be more

prevalent in peri-areas with some potential for commercial (agricultural or residential) use (see chapter 6 on urban land).

In addition, municipalities are in part responsible for water, electric power, and road maintenance. In the focus groups held in Nampula, Manhiça and Dondo, road surfacing was presented as one of the main achievements of municipal governments, especially by the dwellers from peri-urban and rural areas who now have easier access to urban markets and services. The expansion of water and electric power networks is one of the main changes in the municipal arena, significantly improving living conditions among the poor. Such service provision, however, is not always the full responsibility of municipalities but of public utilities, that do not respond directly to the municipal governments. Also the provision of some of these services (water and electricity) demands the payment of tariffs that although technically justifiable, are often prohibitive to the families that usually live on a subsistence economy. This was highlighted by many interviewees, that remark that on one hand people have access to services that improve their life, but at a cost of further and irreversibly entering a monetary economy.

Finally, municipalities also have mandates on sanitation, environment, and solid waste that could contribute to the reduction of poverty. As explained in the sectoral chapters, municipal action in the area of sanitation is still limited. Due to high costs, there are no sewerage networks except in limited areas in the ‘cement cities’. The study found no reference to wastewater treatment plants in any municipality. This is probably one of the major problems currently facing municipalities, with actions largely limited to awareness raising.<sup>7</sup> As of street sweeping and solid waste management it seems that in most of the ‘cement cities’, street sweeping is done regularly, though much less frequently in the peripheral slums. Disposal of solid waste is another serious problem. The collected rubbish is often dumped in the municipality’s periphery, or burnt without any kind of systematic care, with little attention to health, environment, or safety concerns.

As for the promotion of local economic development, the role of municipalities is limited by statute and, above all, by few resources. Nonetheless, it was possible to identify efforts by local administrations in this area. For example, promotion of public works, in which

municipalities explicitly seek to hire local labor and promote labor-intensive local projects, seems to hold some promise. Municipal public works can thus have a direct effect on the economy and generation of jobs. In the municipality of Manica, for instance, serviced plots in some neighborhoods were delivered by local building companies, who were required to employ local labor. Likewise, in Dondo, the creation of urban infrastructure in newly serviced *bairros de expansao* allows the hiring of local labor with a subsidy equal to one minimum wage (1,500 Mtn). Moreover, municipalities also share with national government initiatives of adoption of subsidies for emergency work in street sweeping and road maintenance, with the aim of reaching the most vulnerable segments of the poor.

Despite their limitations, municipalities try to attract new investments, especially of industrial units that may generate jobs and income. The interaction of municipalities with already existing companies shows that it is possible to enter into partnerships. Maragra, a sugar company in Manhiça, coconut oil processing companies in Maxixe, mineral water bottling *Vumba* in Manica, *Lusalit* (building materials) and *Cimento Mozambique* in Dondo; all have a systematic interface with municipal governments. But such collaboration is more turned to partnerships on social projects rather than to development policies.

These development efforts, however, are hampered by limited operational and financial capacity of municipal governments. Also the fragility of the local private enterprises, associations of growers, fishermen, traders, and so on would certainly demand a higher level of support by municipal governments. Support is currently limited to the articulation of political initiatives, sometimes to the training of association members and addressing demands of local economic actors to central and provincial governments. The municipality of Dondo has a head start over others, as it has prepared a Municipal Development Plan. The actions of the municipality try to be integrated with a medium and long run view of the municipality, and to build a partnership with local social actors and with the national government aimed to stimulate local development.

An interesting initiative that is currently under discussion refers to ‘Municipal Companies’. This proposal, introduced at the level of the ANAMM Congress in November 2007, aims to give a higher operational capacity to municipalities to intervene in the economic sphere. This is still under study, as it must conform to central government legal requirements related to the creation of state-run companies, but may offer an alternative to municipalities to act in the area of local development. For the president of the municipality of Maputo, it is important that municipalities are able to develop their own enterprises, “mainly in the areas of urban public transport, solid waste management, managing of cemeteries, water, sanitation and electric power” (O Bangwe 2007: 1).

Another important element of incidence of municipal governments on local development is the support to associational life as a way of supporting livelihoods for the poor. In Manhiça the municipality has stimulated the creation of associations of young people for agricultural projects, seeking to foster an interest in farming, all but forgotten by young generations. Also, Maxixe municipality stimulates associations among citizens. With activities of training, infrastructure and financial resources, the municipality has already encouraged the creation of two associations of growers and one of fishermen, and is facilitating two more associations of fishermen and three of farmers. A similar case was documented in Nampula where the municipality supports an association of poor peri-urban farmers to whom it gives access to land, technical support and inputs, such as fertilizers.

Another area of action of municipalities on economic development involves their role in promoting and controlling trade activities, as they regulate the trade activities within the municipality. With the exception of Ilha, this study found active formal and informal trade, in open-air tents and often along the main roads. They are important for the poor, providing both outlets for products, and places to buy. In all the sampled municipalities, they try to improve the structures of local markets. The reform and improvement of existing facilities, construction of markets in the poorer neighborhoods, improvement of the conditions of access and hygiene are initiatives found in some municipalities.

Municipal authorities responsible for the markets interact with small traders, seeking to meet their demands and help stimulate commercial activities. Dondo has a structure of participatory management in the central market, with the municipality delegating a commission of local traders to administer the market.

Agricultural activity is part of the survival strategies of the poor (even of those who live in typically urban areas) and in Mozambique municipalities try to play a role in terms of supporting local production—specially by providing technical support to primary production. This support, however, is uneven, depending on the reality of each municipality. In Manhiça, for instance, the appointed councilman complained about the lack of resources, arguing that the National Department of Agriculture should send more technical advisors to help improving the quality of production. In Maxixe the municipality supports the creation of associations in the rural areas. In Manica, the municipality has the support of GTZ in a rural local development project. In Nampula, support to the association of poor peri-urban farmers lies largely with an overstretched technical person who lacks higher education or technical college qualifications. In Dondo, the municipality undertakes a strong extension activity by providing technical support and organizing growers in order to maximize the potential of the primary production of the municipality.

This provision of technical support is part of a more general strategy of municipalities to combat poverty and stimulate economic development. Municipal authorities concur that, to combat poverty, it is required to go beyond subsistence agriculture, allowing the generation of a surplus that may be traded. Support for urban agriculture reaches not only the typical peasantry, but also has a strong incidence on the urban population. In Dondo, for example, a significant part of the urban population, especially women, has agriculture as the main income source. Every morning women head for the *machambas* in peri-urban or even rural areas of the municipality to work in farming. In this sense the support to production in the field has a clear, though quantitatively limited, impact on urban poverty reduction.

The final dimension of municipal interventions against poverty has to do with political participation and empowerment, which is also discussed in chapter 3. Although hard to measure, from a political and cultural sense, municipal governments are well placed to contribute, even modestly, to overcome situations of poverty and dependence.

The fact that municipal governments are elected periodically creates an effective possibility of change in power, which makes elected officials more accountable to their voters (rather than to the provincial superiors like in the past) Also, having a time-limited mandate, with an opportunity for re-election, stimulates responsiveness from the authorities to the citizens needs. Municipal elections, however, are not a panacea and the focus groups expressed several types of dissatisfaction with their municipal authorities. Reports of corruption at the local level are not uncommon, involving patronage in access to jobs and difficulties in accessing land, which are linked with poverty as they limit the access to services, and create constraints in accessing assets (Mate et al. 2007: 19). Also, there is the perception that programs and policies usually benefit more those who have political or family links with the authorities. Despite these problems, overall people express a positive view of democracy.

As argued in Chapter 3, more than the legitimization every five years of their achievements through the electoral process, many municipal managers seem to be genuinely trying to involve citizens in the everyday actions of the government. This involvement takes several forms from consultations and neighborhood meetings (Manhiça and Maxixe) to more formal systems of participatory governance with more permanent forums for consultations (Dondo and Maputo). Another important element in the relationship between municipal governments and the poor is the pedagogic dimension of participatory practices. The experience of participation, resulting from demands and local problems, contributes to learning about political participation and creates a sense of citizenship. Although this is a slow process, municipal governments can make a real contribution, especially because there is still a long way to go before a truly democratic political culture takes hold. Awareness among citizens of their rights is still very limited, especially among the poor. For example, according to the Poverty and Vulnerability

Survey “only 15% of urban households and 11% in rural areas have any knowledge of how to obtain a land title under the current law” (Fox et al. 2008: 22).

Another important role played by municipalities from the point of view of poverty reduction is the interlocution with private enterprise. As much as possible, local governments try to interact with local companies and build cooperative actions that benefit the poorest. In the case of Vila da Manhiça, Maragra, a big local sugar-producing industry, financed the installation of the water network and construction of schools in the neighborhood of Maciana, in a process that benefited over 15,000 residents. Finally municipalities also engage in the poverty agenda by stimulating the traditional local culture in order to rescue the symbolic values and elements that contribute to the integration of wide sectors of the population. Contrasting with the formal education at schools, which tend to be Western-oriented this rescue attempt of cultural roots (including the preservation of local languages) contributes to boosting the self-esteem of the population and favoring the inclusion of considerable sectors of the population into the local political process.

Despite efforts on all three dimensions, municipalities face severe limitations in their promotion of local economic development and poverty reduction. As shown in Chapter 4 municipalities not only have limited financial resources but they also have limited technical capacity. According to a 2003 study by the MPD, 95% of the permanent staff in the 33 municipalities only had basic education (Allen and Johnsen 2006: 34). Another limiting factor is the lack of a clearer view about government officials on the role of municipalities as partners for local development. It seems that among the local authorities prevails the same development concept that drives many projects of the national government, in which development is equated with injections of cash from outside the municipality. There is no clear view about the endogenous potential of local economies. The outlook of strengthening local economic actors, support to networks of small business, search for adding value to local products are seen as secondary when economic development of the municipalities is mentioned. The fragility of the local private sector, shortage of affordable private capital, and a lack of resources in municipalities to support



economic activities certainly contribute in a decisive way to this difficulty of thinking about a development project emerging from local initiatives and resources. There are some limited experiences of micro-credit and micro-finance but they are not really connected to municipal government development strategies.

Inadequate formal education and a shortage of skilled labor is the last identified constraint to local economic development, despite the increase in extension of schools and Mozambique's overall progress in the education sector. A representative of private enterprise in Maxixe highlighted a more practical dimension in formal education, pointing to the absence of vocational training that qualifies the technical labor force: "there is a shortage of carpenters, joiners, electricians."<sup>8</sup> In an interview with representatives of the civil society of Dondo, the criticisms of formal education moved towards another direction, less linked to professional training. "Schools have not met the practical needs of the people. Education is much more universalistic, little related to concrete life. Children study biology at school but get home and do not wash their hands before eating."<sup>9</sup> In this sense, the pure and simple extension of school facilities does not necessarily mean that the teaching is in fact contributing to reducing the problems of poverty in the country.

### **5.3 Main Challenges**

Municipalities in Mozambique face a number of challenges that have been preventing them from become effective agents of development and poverty reduction. These include:

(1) Decentralization: The GoM appears to be committed to promote decentralization by further increasing the number of municipalities across the country. However, this occurs at the time when it directs few resources to municipalities and more to districts under a 'rural growth poles' strategy, and where there is a lack of clarity, and overlap, of attributions between municipalities and districts. Municipalities still have some way to go towards building both their capacity and political awareness, as well as position themselves in a more innovative manner in local governance arrangements vis-à-vis, and in alliance with, their citizenry and other local actors. Decentralization and municipal

development are long and complex processes, so the big challenge is to ensure long-term, sustained efforts and political commitment to decentralization across both the national and the municipal levels.

(2) Rural-urban linkages: The current development paradigm driving Mozambique's urban poverty reduction efforts is one that assumes that if poverty is addressed in the countryside, the rural-urban migration flow will diminish and urban poverty levels will improve. However, this view should be revisited in light of the fact that urbanization is already happening, and may not be an either possible or desirable process to reverse. Urban areas generate a high percentage both of GDP and of central government revenues, part of which are used to fund rural development programs. Thriving and dynamic urban areas can therefore be a condition for effective rural development programs. Municipal officials face a big challenge in the sense that they (and the municipal budgets) are ill prepared to understand and face rapid urbanization processes and the consequences of a more highly concentrated population demanding land, services and jobs. And yet, there are clear positive externalities, for the economy as a whole, for the central government, for the private sector and for the poor themselves, resulting from higher levels of agglomeration and proximity to services.

(3) Diversity: Poverty is not a static, uniform or homogeneous phenomenon, but a wide-ranging, diverse and highly complex one. The study found that the profile, spatial location and nature of poverty presents significant variations when moving from the cemented core of the municipality (the urban core) to the peri-urban fringes and, lastly, the rural areas under municipal territorial jurisdiction. Each of these municipal zones has a distinct land-use and land-tenure pattern determined by either formal, informal or traditional rules; a variable urban design or character; and a different economic structure, where livelihood strategies range from subsistence agriculture to public servants or a mix of formal and informal economic activity.

However, nationally conceived poverty-reduction policies and programs, such as a PRSP, are not easily operationalised on the ground in urban centers, particularly when the urban context is so diverse and much more complex than the rural one. In this spirit, one may

not assume the mechanical application of the focus and efforts embraced by PARPA in municipalities across Mozambique. Instead, there needs to be deliberation on how best to facilitate the operationalisation of actions relating to the PARPA II pillars and the technical and administrative capacity and jurisdiction that needs to be in place for that purpose.

(4) Informality: The currently observed informal activity in the municipalities should be acknowledged and properly managed. By its nature, informality is extremely difficult to capture in hard data, and as such, identifying its precise nature or the role it plays in the livelihoods of the urban and peri-urban poor residents and workers is a difficult task. The official discourse at the municipal level, however, rejects informal activities both because they are associated with ‘disorder’, and because it means reduced revenues for municipalities for which market fees represent a substantial source of income. Dealing with informality is a complex issue and clearly more data and analysis is required; however, it is to be recognized that it also absorbs labor and generates linkages with the formal sector for which informal traders and businesses offer cheap and efficient outlets for their products or sources of services. Any policies to address these issues should be careful not to lead to higher costs both to informal workers and to formal businesses, who depend on them, thus limiting its potential as a buffer to absorb a rapidly growing urban labor force.

(5) Data limitations: There is a pressing need for compiling disaggregated, relevant, timely and reliable information and knowledge to formulate and implement more effective and appropriate policies at the municipal level. There is excessive reliance on a very limited set of data which offers only a quantitative ‘snapshot’ of some aspects of social development while disregarding more complex processes of social interaction and pictures of the livelihoods of the poor at the urban and peri-urban level. The role of migration, remittances, and urban-rural linkages in the current urbanization process in Mozambique is an area that urgently requires further quantitative and qualitative data and analysis.

## 5.4 Recommendations

Specific recommendations emerging out of the study towards securing an effective and progressively evolving pro-poor municipal governance in Mozambique may be grouped under the categories below. Attempts are made to identify the governance levels they are addressed to; however, in certain cases there exist clear overlaps as they can variously and simultaneously be taken up by ANAMM, central government, donors and municipalities.

### Future Actions at National level

(1) The creation of effective and sustainable synergies between district and municipal policy and governance levels is of the utmost significance, if the national government wants to progressively build on the lessons learnt in this past decade of municipal experience. In that sense, in parallel to reinforcing the existence of two competing systems that inevitably vie with each other over jurisdiction, political power and limited financial resources, the central government should review its ‘rural poles of growth’ strategy and consider carefully the role, place and future of municipal development therein. Also, it would be desirable that such a strategy includes an urban and peri-urban dimension whereby urban development is seen as complementing and supporting rural development.

(2) If municipalities are to play a central role in the reduction of poverty and inequality, it is essential to think of ways to utilize them (including not simply the municipal representatives and authorities, but the local citizenry and the private sector, too) to that end. At the moment, this pursuit is set against the absence of any overarching, local development plan guiding action in those areas. In some of the municipalities visited, several local initiatives were observed, whether originating from the municipal leadership or the grassroots level of community-based organizations. However, these appear to be ad-hoc and to rely on the leadership of particular individuals. It is crucial that policymakers revisit PARPA II and any future poverty-reduction efforts and consider carefully how such an effort is to be operationalised at the municipal level; hence consider issues of participatory governance, utilizing tools of participatory budgeting,

combating corruption and clientelism since this is something that the majority of respondents were vociferous about with respect to access to employment and education, and, finally, exploring how to overcome risks posed by political rivalries across different governance levels (central-district- local). Multi-stakeholder participatory planning is a useful starting point that could prove useful in the case of Mozambique.

(3) Reinforcing and utilizing linkages: In terms of investment of resources, there needs to be perseverance in the production of infrastructure since in economic terms this carries double benefits: it translates in the employment of higher numbers of people, as well as allowing both urban and rural residents to access markets. Equally, more knowledge of the role (domestic and international) that remittances play in urban development would be desirable.

(4) A further dimension worth exploring concerns the potential of urban agriculture to support and/or enhance people's livelihoods in municipalities either from a subsistence or productive view, particularly in the light of its implications for a clearly identified gender/unskilled labor nexus that is prevalent in the country's agricultural sector. Encouraging comparative information from other urban African cities clashes with a predominantly negative view of urban agriculture encountered in Mozambique, contrary to evidence of this constituting a widespread practice across all municipalities visited, including Maputo.

(5) Given the high labor force participation in agriculture and the likelihood that this will continue to be an important component of urban and peri-urban residents' livelihoods for the foreseeable future, both national development policy and international donors should encourage agro-processing enterprises close to urban centers. This has the potential not only to create direct sources of income for employees (see the case of chicken farming in Nampula in the full report) but a successful outsourcing system can provide sustainable livelihoods for small farmers (quite apart from the nutritional and exchange rate implications of consuming locally produced chicken instead of frozen imports). This ought to include other initiatives, one of which was identified by a private sector

interviewee as involving medium-sized agro-processing activities (e.g. mills and processing plants) in and around cities.

### **Future Actions at Municipal level**

(1) Municipalities can have an important role in articulating local social capital in development processes. Programs granting support to local entrepreneurs could be implemented by municipalities in association with the national government, in partnership with NGO's and the private sector. The municipalities would require both capacity building as well as devolved funds, with donors assuming a central role. The Brazilian experience of SEBRAE (a national service of support to micro- and medium-sized entrepreneurship) may serve as an example to be studied.

(2) One last area in which municipalities can play a central role in the poverty agenda is by promoting further participatory mechanisms to involve citizens in the everyday actions of the government. This involvement takes several forms from consultations and neighborhood meetings to more formal systems of participatory governance with more permanent forums for consultations. Mozambique has already some experiences on this (e.g. Dondo and Maputo) but there are a vast number of experiences that local authorities can look at to empower its citizens to play more substantive roles in the management and governance of their municipalities.

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## End Notes:

<sup>1</sup> For each of the variables, a composite index has been calculated that seeks to capture the incidence of the variable at the municipal level. Each index is drawn from available data and does not necessarily correspond to the IAF year. Education: per capita coverage of schools by level; health: per capita coverage of health facilities by level; housing: quality of construction materials; water: coverage of residential areas, and quality of water; traders: share of labor force working as traders; waged: share of labor force who were waged according to 1997 census data. Although no reliable data exist, provisional estimates do not indicate a clear correlation between poverty and those variables.

<sup>2</sup> A case was also identified of a Municipality-supported farming collective in Nampula.

<sup>3</sup> Women are heavily involved with the sale of vegetable products and food stuffs in the informal economy; see Fox et al., 2008.

<sup>4</sup> Poverty Observatories are structures created by civil society organization to monitor PARPA actions.

<sup>5</sup> Interview with Lourenço Agostinho João, líder of the bairro Pecém/Akitima.

<sup>6</sup> In Nampula there is a case of a housing project clearly aimed at middle income families where the municipality has entered into a partnership with a private developer; in this case the developer leads the process and the municipality provides the land.

<sup>7</sup> In Manhiça the municipality tries to persuade residents to build latrines and bury domestic solid waste. In Dondo the municipality develops an environment education program in an attempt to reduce health problems related to poor or non-existent sanitation. In Manica, the municipality has built public toilets and enhanced latrines. In Ilha, the district government recently built public toilets, though maintenance is left to the cash-strapped municipality.

<sup>8</sup> Interview with Joseph Jakes, director of the Associação of Hotelaria and Turismo of the provincia of Inhambane.

<sup>9</sup> Interview with Jerônimo Alberto Cessito, pastor of the Baptist Church, Dondo.





## Chapter 6 Urban Land Management

### 6.1 Introduction

In Mozambique a great deal of the responsibility for urban planning lies with municipalities. The objective of this paper is to look at how the municipalities have dealt with urban land management and, to a less extent, with low-income housing questions in the first 10 years of their existence. The study carried out a rapid review of the growing literature in these areas in Mozambique; conducted interviews with key informants during a two week mission to Mozambique and made a field visit to Dondo and Beira municipalities in Sofala Province. The specific objectives of this study are:

- ◆ to diagnose of the current conditions and the experiences to date of urban land, housing and building issues in municipalities
- ◆ to examine how the urban poor access land for housing and economic activities
- ◆ to identify bottlenecks in access to land
- ◆ to examine policies and implementation of policies linked to these issues
- ◆ to identify examples of good projects and services
- ◆ to identify models of improved land management, and support to low-income housing
- ◆ to examine how responsibilities have been transferred to municipalities in this area
- ◆ to examine how capacity has been built for these responsibilities.

### 6.2 Main Findings

#### Urban Land Management and Informality

Mozambican *municipalities* consist of two parts. On the one hand there is a formal part built originally for the colonial settlers and provided with infrastructure and services. These areas are mapped and have a cadastre, though it may not be up to date. On the other hand there is an informal part in which about 75 per cent of the urban population live and which have not been developed in accordance with a plan. Since 1975 the population has grown more quickly in areas of informal, unplanned occupation than in the formal, planned areas.

Forjaz (2006) estimates that there are about 1,500,000 urban families and that of these 1,000,000 families live in informal areas. He estimates that urban population growth in one year (2007) will be about 51, 350 families, of whom 36,750 will be in informal areas. For the residents of informal urban areas the major problems are poor access to water, to energy and to basic sanitation, poor drainage, poor security and difficult access from their homes to employment or services. They are also affected by insecurity about the legitimacy of their rights of occupation of the land and construction where they live. Richer social strata, who mainly live in areas of formal housing, notice the problem of housing through overcrowding, through occupation of housing that doesn't fit with their social expectations or through the high costs of housing compared to their income.

Visually the distinction between formal and informal is very clear. However none of the terms that are used to describe the two distinctive parts of Mozambican municipalities correspond strictly to their reality. The "formal, planned areas" of cities do have a plan but may not have been developed strictly in accordance with that plan and some buildings may not have been built legally. The names used for the "informal, unplanned areas" (*caniço*, precarious, illegal, spontaneous, peripheral, suburban, irregular) may not be strictly accurate either. In Maputo few houses are now built of *caniço* and throughout the country many houses in these areas are now built of durable materials. Some parts may not be completely illegal and they may have had some planning interventions. They may neither be peripheral nor totally spontaneous. Formal and informal are the terms which will be used here as they are the most frequently used term in Mozambique though with the reservations mentioned above (Bhikha and Bruschi, 1999b; Carrilho, Di Nicola and Lage, 2005).

The real difference between formal and informal parts of a Mozambican municipality is that formal areas are linked economically to the modern, globalizing economy and attempt to operate according to the rules and standards of the global economy, while the informal parts have different rules and standards. The formal areas are obliged to aim for the rules and standards of European or North American cities as they have to compete with other cities of the world and most people in the formal areas of cities have formal

employment. The rules and standards of the informal areas can include customary rules, modern rules and various combinations, which are continuously evolving as the linkages of its own inhabitants with the formal city and thus the modern economy evolve. Most families gain their living through subsistence agriculture (outside or on the outskirts of the municipality) and informal activities, mainly in small-scale trading and services. Most municipalities and towns of Mozambique have significant rural characteristics, with large areas of agricultural land within their areas of jurisdiction, and according to the 1997 census, more than half of economically active population of urban areas work in the agricultural sector.

There has been a tendency in Mozambique to ignore planning questions in informal settlements, because they fail to operate according to preconceived rules and standards. There has also been a tendency to spend considerable amounts of money on outside consultants for long-term municipal master plans that try to visualise what municipalities will be like in 10 or 20 years time: these are unlikely to be put into effect because of the scale of transformation that they imply. However at the same time decisions are often taken that contradict these plans in important areas, and there appears to be a lack of capacity, or willingness, to implement “spatial discipline”. The consultants witnessed in Beira a case where new areas for housing were being set out by the Municipality in a marshy area a long way outside the corridor that had been defined for development. Interviewees mentioned other cases where master plans had been changed so as to accommodate ad-hoc developments rather than follow the discipline of the plan. It was reported that in Xai-Xai and Nampula the municipal plans could not be located less than five years after they were developed. More appropriate would be simplified structure plans that clearly indicate the environmental and social constraints on development in the various areas of the municipality, the preferred land use in each area and the priorities for development. These could be more easily understood and enforced.

## **Rules of Land Access and Use**

### ***Formal Rules of Land Access and Use***

A land use system is the totality of norms, rules and legal rights, written or unwritten, that determine the way in which people have access to land, the way in which land is used, the way in which the products deriving from that land are used and the way in which rights to use and occupy the land are transmitted (Negrão, 2004). The written rules for land access in Mozambique are defined by the Lei de Terras of 1997 (19/97), which was passed after extensive popular consultation. The passing of this law was followed quickly by a Regulation for rural areas. Together they established the right to use land acquired through occupation according to customary norms and practices (provided that they did not contradict the constitution). This was a marked rupture with previous Mozambican practice as Mozambique never codified customary laws and practices (Negrão, 2000). The result is a law that gives legitimacy to practices already followed by the vast majority of the population, while also offering secure conditions for new private investment in rural areas. However the registration of land has been very slow and Ministers appear to be more concerned to fast-track access by private investors for agricultural land than register community land (Hanlon, 2002). This illustrates how passing new laws and legal instruments is only the first part of a complex transformation. Case studies in Mozambique and Kenya show that legislation and regulations can be modified, reinterpreted or simply ignored when it comes to implementation, when local level power relations become critical (Kanji, Braga and Mitullah, 2002). It is only when any new legal package is actually implemented that specific interests emerge, such as in this case the vision of development through private, often foreign, investment rather than transformation of small-scale agriculture. Changing deeply rooted ideas is an extremely complex challenge (Tanner, 2002).

### ***Urban Land Law***

No regulations for urban land management and administration were approved after the previous (1997) Land Law. However after the passing of the 1997 Land Law it was agreed in 1998 that a specific Urban Land Use Regulation was required and a Working

Group was formed. This Working Group met 14 times between March and June 1999 and produced a draft of the Regulation for public discussion in late July 1999. Written comments received on the above were published in October 1999. From then on the process of developing the Regulations for Urban Land was much less open and transparent than the process for developing the 1997 Land Law itself and its rural regulations. There has never been a similar wide-ranging discussion about land in the urban context and, until the 1997 Land Law had been passed, there had been no serious consideration of the implications of this for the informal areas of urban land occupation, which make up the majority of urban land.

The Regulation for Urban Land was published only in late 2006, almost 10 years after the 1997 Law and is thus very recent. The Regulation has been developed from a technical viewpoint in that it only recognises areas with an urban plan and requires the intervention of formal survey and planning before rights of occupation can be acknowledged. It has ignored the legal viewpoint that the state has to implement the 1997 law as it stands and has to find mechanisms to recognise the occupation rights in the Law. Some of those interviewed for this study stated that the legality of the Regulation is questionable as it contradicts the 1997 Land Law in a number of places. Overall, informally settled areas have never had a set of written rules for land access and the new Regulation appears not to change this. Mozambique legislation has evolved to the point where customary rights and occupation-in-good-faith are recognized after ten years but not to the point of clarifying how this applies to the informal city and how people can be given titles (Bhikha and Bruschi, 1999b). The new Urban Regulation does not pay much attention (and avoids legitimising) to practices in informal urban areas, and appears to assume that land in informal areas will be regularized by the same processes used in formal areas of towns and cities.

### ***Reality of Informal Land Access***

Most research shows that registration is not accessible to low-income groups because of lack of information and high costs, many of which are illegal. The formal process of obtaining land accounts for only a small proportion of land plots occupied because the formal process is highly complex and expensive. Meanwhile elites and business people

have the knowledge, time and resources to register land in formal areas and increasingly in informal areas (IIED, 2005b).<sup>1</sup> Even in formal areas there is a great deal of informality. Thus, as the data from Jenkins (2002) in table 6.2 shows, three-quarters of urban land plots are accessed by means that can be classified as informal. Formal provision and allocation of plots was greatest in the 1975 – 1985 period, though still less than the demand. From 1985 onwards there has been almost no provision of plots until recently, when the *Fundo de Fomento de Habitação (FFH)* began provision of plots on a very small scale. About 18,000 plots have been provided in Maputo since Independence but between 1980 and 1997 the population of Maputo grew from 550,000 to nearly 960,000 (4.4 per cent per year). The number of households grew from some 117,000 to 178,000 (3.1 per cent per year) because the average number of inhabitants per household increased from 4.7 to 5.4. The provision of 18,000 plots in this period thus represents only 30% of the potential growth in demand of 61,000 new households (and 20% of the demand if household size had remained the same). Recent studies show that allocation of land by the State only occurs in a few, limited areas of urban expansion or to respond to emergency situations (such as *bairros* like Magoanine “C” in Maputo set up to accommodate victims of the floods of 2000), though this is the only formal land allocation mechanism in urban areas (IIED, 2005a and Negrão, 2004).

Also, there is controversy about the ideal size of plot when new plots are marked out or when old plots are re-demarcated. Forjaz estimate that the present population density in informal areas is about 100 inhabitants (or 20 families) per hectare, which means a plot size of about 250 square meters. Forjaz considers that this is a low urban population density. The costs of provision of services are higher when the density is lower and the plot size is greater: the length of roads, water pipes, drainage pipes and electricity lines will be greater to serve the same number of people. The distance to walk to a public water tap will be higher. The length of the journey to the centre of town will be greater, so public transport costs will be higher. This can be attenuated to some extent by creating plots with a short front (for example 10 meter front and 25 meters depth) which will reduce some of the costs of services: however this does not increase the overall density and so does not reduce all costs. Others commentators however are of the opinion that plots should be larger so as to accommodate informal economic activities on the plot.<sup>2</sup>

Access to land in informal areas is thus usually achieved through informal mechanisms such as unofficial allocation by local levels of the municipal administration, inheritance, ceding within families, swapping, or outright sale. Simple occupation and customary land allocation are frequent around the smaller municipalities, while the market in land is important in the suburban areas and green belts around the major urban centres such as Maputo and Matola (see tables 6.1 and 6.2), with high levels of speculation and informal price levels for the acquisition of land (even although land belongs to the state) (IIED, 2005b). There is a trend away from customary mechanisms and simple occupation towards market mechanisms. Illegal land markets thrive wherever land supports a price (Negrão, 2004), along roads and railways and where there are other basic economic and social infrastructures (IIED, 2005a).

**Table 6.1 Access to Land in Four Bairros of Maputo**

	<b>3 de Fevereiro</b>	<b>Polana Caniço</b>	<b>Mavalane</b>	<b>Mafalala</b>
	%	%	%	%
<b>Purchase</b>	32	43	71	28
<b>Renting</b>	2	2	9	39
<b>Inheritance</b>	9	16	14	17
<b>Municipality</b>	48	1	1	1
<b>Administration</b>	8	37	6	17
<b>Total</b>	100	100	100	100

Source: Assulai, 2001

**Table 6.2 Access to Land in Maputo and Matola**

	<b>Four bairros of Maputo and Matola</b>
	%
<b>Formal through Maputo City Council</b>	16
<b>Formal through relocation</b>	7
<b>Informal through Maputo City Council</b>	2
<b>Informal through local administration</b>	22
<b>Informal purchase</b>	29
<b>Informal ceded</b>	11
<b>Informal rented</b>	2
<b>Informal pre-Independence</b>	11
<b>Total</b>	100

Source: Jenkins, 2002

The market is not just a phenomenon of formally urbanised areas: it is as important, or even more so, in peri-urban areas and the Green Zones as in urban areas, as shown by the data from Negrão (2004) in table 6.3. The overall urban land market is not an organized market with a focal point for buying and selling, but the aggregation of numerous transactions that involve many different types of land plots and constructions (Negrão, 2004). The market is unregulated, lacks free competition and encourages speculation as the provision in the land law which demands compliance with deadlines for the investment plan on registered land is ignored (IIED, 2005a).

**Table 6.3 Access to Land In Urban Mozambique**

	<b>Urban</b>	<b>Peri-urban</b>	<b>Green zones</b>	<b>Total</b>
	%	%	%	%
<b>Customary</b>	15	18	28	19
<b>State</b>	20	10	15	13
<b>Market</b>	60	65	50	62
<b>Occupation</b>	6	5	9	6
	100	100	100	100

*Source:* Negrão, 2004

### **Municipalities and Planning**

The Municipal Finance Law (Law 11/97) gives municipalities the power to prepare and approve general and detailed land use plans, urban development programmes, and land development schemes, in collaboration with relevant central government bodies.

Approval of such plans is subject to ratification by the government. Municipalities may also collect taxes on urban land and buildings, including unused land which has been provisionally attributed. Municipalities are key actors in urban poverty reduction and have the opportunity to improve security of tenure and to use urban land management to improve conditions in informal settlements.

Development of master plans and structure plans has been time-consuming and costly, and in general they have not been used for strategic decision-making. There has been a tendency for municipal and town departments of construction and urbanism to produce ambitious structure plans, or master plans which are nothing but dreams, and then to plan in detail very small enclave schemes. This means that the most pressing problems are



ignored (Muchanga, 2001). This has been because of a lack of political will and understanding of the objectives of structure planning. The plans lack legal status so may be difficult to enforce. The existing capacity for the enforcement and inspection is weak. There is a lack of guidance for putting plans into practice, and a lack of understanding of a flexible and phased approach to implementation, adapted to the diverse problems and needs of the urban agglomerations. There has been a lack of understanding and ownership of the technically sophisticated plans by the local government, local urban communities and other stakeholders, due to lack of participation and inadequate information, and few funds for implementation of the plans (Allen and Johnsen, 2006). Thus, in the majority of cases urban land management has not yet had a noticeable impact on poor access to water, energy and basic sanitation, poor drainage, poor security and insecure tenure.

## **Innovations and Pilot Projects**

### ***History of Pilot Projects***

Before the creation of municipalities, there were a few examples of innovative simplified approaches in urban land management. The Maxaquene Project in Maputo immediately after Independence and the long-term support to Nacala city are two examples. In the last 10 years there have been several pilot projects, almost always in municipalities, which address environmental problems, develop simplified cadastre systems and involve local consultative and participation, which open opportunities for better access to services and improved land tenure security (see table 6.4).

An important pilot project was in Bairro Josina Machel in Manica City (PRODER/GTZ). This experience has been replicated in Bairro Mafarinha in Dondo and in Marromeu (Austrian Development Cooperation), and is now being further replicated in programmes of the Cities Alliance, Cities Without Slums, a joint Austrian, Swiss and Danish programme in northern and central Mozambique (not started implementation yet) and PROGOV/USAID. Although some key informants said that such projects were now becoming standard practice, they are still very localized and restricted to specific *bairros* in a few municipalities. The rate of implementation decreases after the end of aid projects

implying a lack of confidence in municipalities to continue on their own, and *requalificação* has only slowly led to better services and then to income to municipalities from land tax or service fees.

### ***Key Features of Pilot Projects***

These pilot projects of participative “*requalificação*” and “*reordenamento*” focus on informal *bairro* upgrading with the lowest possible negative implications for the residents and without forced removal. Key features are transparent decision-making process among key community stakeholders, rapidity compared to the standard land use planning procedures, low cost and maximising the use of local knowledge and community motivation. They involve participatory planning exercises using sketch map of the area, based on aerial photos or satellite images.<sup>3</sup> The map is used as point of departure for discussion of critical issues such as flooding or lack of services. These lead to draft land use and vulnerability reduction plans, which are subject to a second round of local consultation and which lead to implementation interventions, involving as much as possible the resident community. The Cities’ Alliance and Cities Without Slums<sup>4</sup> pilot projects emphasise environmental protection and reducing vulnerability from floods and other environmental hazards. Other pilot projects emphasise a simple preliminary cadastre system developed from aerial photos and satellite images, with plot demarcation and provisional land titling. A cadastre can improve tenure security and eventually provide a basis for municipal financial sustainability through building a tax-base.

The pilot projects aim to improve understanding of the needs of multiple local stakeholders, maximize use of local knowledge and improve the sense of ownership among local stakeholders. They are action oriented, identifying and prioritizing actions and implementing them. They link planning directly with intervention, with funds available for implementation. This provides practical training for Mayors, Assembly members and municipal staff in planning and implementation and the link between them. They simplify the way in which essential planning objectives are achieved. They are flexible and phased to meet the different needs of different municipalities, for example according to size or environmental conditions and taking into consideration previous

plans. Transparency, accountability and conflict resolution are key elements of these pilot projects and are more important than titling. They also aim to strengthen the local institutions responsible for land management. They avoid costly, high technology options for land registration which may create barriers to access for poor groups and which are only relevant where precise clarification of boundaries is needed. Rapidly developing technology and lower costs provide opportunities for more cost-effective land survey and registration (IIED, 2005b). They usually employ new university graduates on one year contracts in municipalities using external funding. They have been linked to highly qualified and mobile national level team in the Faculty of Architecture and Physical Planning at the University Eduardo Mondlane (UEM). They address small-scale key issues in urban planning, such as:

- ◆ cadastre systems, the development of systems of registers and maps
- ◆ land administration, the administrative processes of issuing titles and maintaining cadastral registers
- ◆ land management, definition of appropriate use of land and the control of its use according to these definitions
- ◆ facilitating the building of suitable housing, in projects where new plots are laid out

**Table 6.4 Innovative Projects from 2000 onwards**

<b>Donor or promoter</b>	<b>Methodology</b>	<b>Municipality</b>	<b>Bairro, area</b>
Cities Alliance/UN-Habitat	Rapid simplified participatory urban (bairro level) land use plan integrating environmental component & action plan and Flood disaster contingency plan and implementation of priority actions in informal settlements	Maputo	DM2, Bairro Malanga
		Chokwe	3' Bairro
		Quelimane	4' Bairro, unidades Manhaua A and B
		Tete	Bairro Mateus Sansão Mutemba; Josina Machel; Fransisco Manyanga
Cities without Slums/UN-Habitat	Rapid simplified participatory urban land use and action plan (bairro level), cadastre and simplified cadastre system for informal settlements	Maputo	Bairro Maxaquene
		Nacala	Bairro Mocone
		Manica	Bairro Josina Machel

<b>Donor or promoter</b>	<b>Methodology</b>	<b>Municipality</b>	<b>Bairro, area</b>
PRODER/GTZ	Rapid simplified participatory urban (bairro level) land use and action plan, cadastre and simplified cadastre system for informal settlements	Manica	Bairro Josina Machel
7 cities/DANIDA	Guidelines for municipal environmental management plans Guidelines for structure plans integrating consultation	Quelimane	
		Mocuba	
		Ilha de Moçambique	
		Pemba	
		Montepuez	
		Nampula (from 2005) Nacala (from 2005)	
PADM/Austrian Development Cooperation	Rapid simplified participatory urban land use and action plan cadastre and simplified cadastre system	Dondo	Bairro Mafarinha
		Marromeu	Bairro 1 de Maio Bairro 7 de Abril
PADEM/Swiss Development Cooperation	Participatory economic planning	Mocímboa da Praia	
		Montepuez	
		Ilha de Moçambique	
		Cuamba	
		Metangula	
PROGROV/USAID		Nacala	
		Monapo	
		Gurue	
		Chimoio	
		Vilankulo	
13 cities, DANIDA, Austrian Development Cooperation, Swiss Development Cooperation	Starting 2008		

Source: Adapted from Allen and Johnsen 2006.

## 6.3 Main Challenges

### Housing Demand

Urban problems in Mozambican cities are significant though not as yet unmanageable. Forjaz (2006) estimates that merely to deal with the annual increase in urban population would require an investment of 185 million US Dollars per year in infrastructure and 835 million US Dollars per year for housing. As Forjaz points out, the Mozambican State does not have resources in this scale: it is not going to be able to resolve directly the problem of urban housing, technically or financially, so will need to facilitate and guide private and municipal activities. The only State institution providing housing is the FFH,

but its contribution to the upgrading of Mozambique’s housing stock is so small (172 houses built in the last year—see box 6.1) that it perhaps only gives the illusion that the State is doing something about housing. It benefits only a small number of middle income clients and government functionaries, who have salaried jobs and can afford this level of payments (although default rate is high).

**Box 6.1 Fundo de Fomento Habitacional (FFH)**

There are two Mozambican institutions that deal with housing. They are the Direcção Nacional de Habitação (which focuses on housing policy) and the FFH (which invests in housing construction). The FFH was created in 1975 and until the end of the 1980s directly administered its programs, which were largely focused at promoting “auto construção” or self-help owner house-building. The program was judged to result in poor standards of housing due to the fact that the FFH had little control over quality. In the 1990s the FFH adopted a policy of indirect administration: eligible contractors were contracted to build housing. After 2000, in-line with prevailing decentralization policies, the FFH has used municipalities and Districts as intermediaries. Funding is currently channeled through third parties such as municipal and district administrations who in turn sign contracts with individual clients, construction companies or commercial housing developers. While it is a national program, the FFH is not present in all provinces at the present time.

The FFH is a social housing fund serving young families and civil servants with low-cost housing loans. 50% of the Fund comes from income from the state housing stock in the form of income from the sell-off or privatization of government patrimony and from rentals. The FFH aims to achieve a return on its investment through two principal products. The first is housing loans valued at about US\$ 30,000. The second is site/plot development loans valued at between US\$ 400 and US\$ 1,000 per lot. Re-payments of loans are usually through a direct debit from the salaries of clients over a 12 month period, though capped at 33% of monthly salary. Repayment rates on loans are about 70% (implying a 30% loss). Interest rates are subsidized and charged at only 12% as compared with commercial market mortgage rate of 25% per annum.

The FFH has carried out some targeted social projects for vulnerable groups such as housing improvement loans for rural families in Cabo Delgado of between MT 10,000 to 25,000. A further special project for handicapped persons loaned funds to buy block-making machines to support self-help house-building. The loan had a 5 year payback period. In the last fiscal year for which data is available 2006–2007, the FFH was allocated MT 500,000,000 in the state budget (US\$ 20,000,000) but only MT 140,000,000 (5.6 million dollars) were actually made available. With these funds only 172 houses were built and about 5000 building lots were laid out. The distribution of projects was as follows:

**Housing and Plots Provided By FFH in Fiscal Year 2006–7**

Province	Housing	Plots
Maputo	100	1050
Gaza	5	400
Inhambane	20	na
Sofala	12	500
Manica	10	400
Tete	5	na
Nampula	20	600
Niassa	na	400

Cabo Delgado	na	400
Zambezia	na	400
Others	na	850
Total	172	5000

*Source:* Interview with the head of the FFH and some written communication that preceded the interview.

## Informality

Urban planning in Mozambique needs to take into account the fact that in countries like Mozambique there are two different parts to every city, each with its own sets of rules. Different sets of rules and standards will need to be developed for urban planning in the two parts of the Mozambican municipalities and these will need to adapt to the local reality. A form of urban planning is required that takes into account the limited capacity for urban planning, that assists in building the capacity for urban planning and that addresses the most pressing problems (such as environmental constraints and pressures from new economic development). The main priority should be to ensure that municipalities have the capacity to maintain a record of land-use and occupation, to record decisions that are taken about land-use occupation at the time that they are taken (for instance in structure plans), and to monitor the implementation of those decisions. There is a need to identify precisely the areas that need to be kept in the public domain for future low-cost housing and areas that cannot be developed for any reason (Bhikha and Bruschi, 1999b), which implies simplified structure plans rather than master plans. Planning must also require to manage pressing environmental problems, and to manage the risks and opportunities posed by new economic investment (such as heavy sands in Chibuto, and tourism and potential bio-fuel development throughout the country).

Government will not be able to directly assist people with housing, nor even provide sites for housing on significant scale. The only solution to the problem of housing in such municipalities is a process of planning the informal city in a way that encourages the initiative of its inhabitants. People will only invest in their housing, and in economic activities on their plot if they have some security (Bhikha and Bruschi, 1999b). Houses in informal settlements are almost always self-built. Building costs can be a barrier. In the south an increasing amount of construction is in bricks and cement, and not caniço

(which is becoming inaccessible) but formal building material costs are high. This is overcome by self-build of houses in stages. In some municipalities where traditional building materials are still used, access to them is becoming more difficult as the municipalities grow.

### **Land Access in Informal Urban Areas**

There are a number of implications of the informality of land use rules in Mozambican municipalities. It is difficult to provide services to these areas as there has been construction in roadways and drainage lines and on land reserved for services. There is an increasing tendency for informal settlements to occupy environmentally sensitive areas. There is a tendency in the larger municipalities for relocation of lower income residents from higher value land close to the urban core further out to the urban fringe or to environmentally unsuitable locations, either officially or through market mechanisms, while their household survival strategies may in fact depend on physical location in inner urban areas. Lower income residents tend to be pushed towards land that is more susceptible to flooding and erosion. Urban agricultural land use in Maputo diminished (from 37 per cent to 16 per cent of the overall metropolitan area since the 1985 Structure Plan) as marginal land is increasingly used for residential use (Negrão 2004; IIED 2000; and Jenkins 2002).

Settlement in informal urban areas is increasingly characterized by a high degree of insecurity in the rights of occupation and land-use. “Informal” implies a lack of clear administrative principals for occupation and difficult access to administrative entities.<sup>5</sup> This leads to a lack of correct information, a lack of transparency and a hesitation to enter into administrative procedures. There is also a lack of juridical instruments for regularization and citizens are not involved in clear and transparent processes and information about regularizing tenure and what advantages this may have. Existing occupiers are unaware of their rights and unable to pursue them through the legal system, which is slow, expensive and heavily affected by corruption (UNCHS, 2006). Responsibilities for administering land are onerous and too broadly dispersed among multiple agencies, and too few resources are spread too thinly to effectively administer

legal and land-administration systems, creating a system of unclear, overlapping, and contradictory land rights (Roth, Boucher, and Francisco, 1995).

Going to meet representatives of the municipalities implies costs of time, transport and documentation that are significant for the poor. The serious delays lead to poor people giving-up the idea of legally constructing a house. On the one hand, this discourages residents of informal settlements from investing in their homes or in income-generating activities on their properties, though on the other hand some residents of these areas respond to insecurity by building in more durable materials as they assume it will be more difficult for them to be removed if they have built in cement blocks. (Carrilho, Di Nicola and Lage, 2005). Disputes appear to be now more common. There are frequent appeals and discussions about irregularities in access to urban land, dual authorisations for land use, illegal occupation of urban land, land transactions without the knowledge of the municipal authorities, occupation of reserved areas, and failure to honour purchase agreements. There are local committees for dispute resolution in some informal urban areas, though not all; furthermore some are not strong enough to enforce their judgements against powerful individuals so poorer and more vulnerable individuals may be forced to move (IIED, 2005a).

So, although the formal land access process is a barrier, it has been overcome by being ignored. Incoming migrants build their houses on whatever land is available. However it is becoming ever more difficult for low-income households in the larger municipalities to obtain land for building a house. There is little suitable unoccupied land left in the towns, there is an almost complete lack of serviced land and the few serviced plots are increasingly far from employment centres. Unplanned settlements are therefore often built on land which is unsuitable for building, such as steep slopes liable to erosion, areas prone to flooding and other hazards, polluted land, and areas reserved for other purposes.<sup>6</sup> Widespread unplanned occupation in inappropriate locations will have long term social, economic and environmental consequences.



## Corruption

It is widely believed that there is corruption at a local level in land management, and that this has a negative effect on the poor. Existing laws don't reflect social reality of informal areas. Laws contain lacunae because they don't reflect reality, but people in the system may be quite content to leave lacunae in the laws as it gives them more discretion. One study encountered many informants who held strong opinions about the degree of corruption among bureaucrats at the local level the fact that the poor often lose out in important land and asset disputes. They concluded that research was required on the extent this allegation might be true, whether this aspect of land allocation creates or maintains poverty, the impact of land use planning and management on poverty reduction and to what extent and how systems may be cleaned up and improved so as to produce positive effects for poverty reduction (Isaksen, Staaland and Weimer, 2005).

In informal areas of municipalities *Grupos Dinamizadores* took over the role of allocating land from the former traditional authorities in the post-Independence period, even though they had no legal right or authority to do so (Jenkins, 2000). In the immediate post- Independence period this was non-monetary and generally accepted. More recently the involvement of *bairro* level authorities appears more often to involve a fee and to be less socially acceptable as it often involves construction in drainage ditches and areas liable to erosion and to involve putting the most vulnerable people in these difficult situations (Negrão, 2004). Where local leaders are involved in acts that are illegal but are initiatives to resolve an important problems they are usually considered positively, though it is not always the case that illegal acts have this objective (Nielsen, 2005). Vague rules are seen as often being manipulated and leading to many members of communities relying on self-promoting, deceptive tactics (Boucher, Francisco, Rose, Roth, and Zaqueu 1995). There are vulnerabilities to corruption in the municipalities, such as the discretion for officials on how to allocate land access permits, despite the requirement for a land use plan (Nuvunga and Mosse, 2007).

## Municipalities and Planning

Municipal capacity for tackling planning issues is low as they inherited a low level of institutional capacity. They suffer from shortages of financial and material resources and lack qualified staff. There are less than 350 survey staff throughout the whole country and less than 20 professionals (DfID, 2003). They inherited cadastres and land registries in a poor state with archaic systems and very poor facilities. Some had been damaged in the transition to Independence and had not been reconstituted. Cadastral records from the colonial period were exposed to damp and vermin in Executive Councils. The Maputo Cadastre Project studied land records and found them completely out of date, while recorded data was very different in the different registers (DCU, 1999). Despite the time that is invested in the process of registering land, in most municipalities do not have a clear visual record of what land has been allocated, and what is on the cadastre is almost never made public. Vested interests have developed in maintaining opaque, complicated cadastres and land allocation systems. They require a major programme of capacity building, training, equipment and refurbishing of office facilities to deal with the problems of outdated registration procedures and techniques, buildings and books in a state of disrepair, under-trained and insufficient staff.

The country's municipalities vary in size and institutional capacity as they have evolved in different ways and have benefited from various assistance projects. The major problems are a lack of skilled staff and low financial capacity to sustain the technical and management strengthening arising from the previous projects. The smaller towns tend to have fewer problems but very few resources. They have a low financial potential to fund the municipal apparatus and development. Some may develop strongly where there are local resources (such as Moatize and Chibuto), but others depend on agro-industry, which is in difficulties, and without strong state support these towns face serious difficulties (Allen and Johnsen, 2006).

Municipalities depend to a large extent on the management skills of the President of the Municipal Council and the nominated *vereadores*, and the most successful municipalities are those with a strong personal leadership, with ideas about development. Capacity also

depends on the kind of previous support received. Nacala is perceived as having better control than other municipalities over use of space and a significant development of both the market and management by the state. This is due to long-term outside support in programmes that included the residents. Negrão contrasts Nacala with Manica, where there is no control on land use or collecting wood on slopes. The difference between Manica and Nacala is more noticeable in peri-urban areas (Negrão, 2004). However there are differences in level of support: in 2006 five municipalities were receiving support from 3 donors (Nacala, Quelimane, Pemba, Maputo and Nampula) while eight municipalities were receiving no donor support.

Municipalities inherited structure plans that were elaborated by DNH/INPF in the 1980s though there was very little implementation, due to a lack of understanding and ownership of plans by the Executive Councils, lack of technical capacity and funding, and the unclear status of the plans. There was substantial effort by the Government and by donors during the 1980s and 1990s to elaborate structure plans. There were usually comprehensive and technically elaborate plans by outside consultants. The status of structure planning in the municipalities in early 2005 is presented in table 6.5.

**Table 6.5 Status of Structure Planning**

Status/decade	Municipality
<b>1980s</b>	Nacala (being revised), Chimoio, Mocuba, Tete, Xai Xai, Chokwe
<b>1990s</b>	Pemba, Nampula, Quelimane, Beira-Dondo, Maputo Matola, Inhambane, Maxixe, Vilankulos, Manhiça
<b>2000+</b>	Montepuez, Lichinga, Angoche, Manica, Milange, Moatize, Chibuto
<b>Under elaboration</b>	Catandica, Metangula, Mocuba
<b>No plan</b>	Mocimboa da Praia, Monapo**, Cuamba**, Ilha de Mocambique**, Gurue, Marromeu, Mandjacaze

*Source:* Allen and Johnsen, 2006.

*Note:* \*\* A rapid diagnostic has been elaborated in these municipalities

### **Continuing To Innovate and Scale-Up**

Innovative projects have been shown to be viable and a challenge is to ensure that they continue and expand, so as to consolidate the ideas and practice and to tackle at least some of the pressing problems of urban informal settlements. They are opportunities of

“planning for real” which can demonstrate to municipalities through practical projects the importance of urban planning and how it can be used strategic decision-making.

It is time to scale-up and replicate good-practices, and participatory “*requalificação*” and “*reordenamento*” of informal settlements need to be recognized as normal planning practice. In practice a lot of effort has gone into getting these pilot projects going, particularly in persuading Mayors and assembly members of their validity. Momentum tends to be lost after the end of pilot projects and the withdrawal of donor funding, so the initiatives remain as pilots covering one *bairro* or part of a *bairro*. Mayors, *vereadores* and Municipal Assembly members appear unclear of the role of land use planning and to lack of confidence in the use of innovative methods. The culture of “*ordenamento*” as creating straight lines on the ground is still quite strong.

Party-based mechanisms are strong in municipalities and the party-list voting system means that residents of informal settlements have little leverage. Municipalities appear to continue to pin their hopes on projects for urbanisation of new areas (expansion areas) rather than in shanty-town upgrading, as expansion areas seem more modern and possibly because they may be a source of funds for political parties. There are still vested interests in maintaining opaque, complicated cadastres and land allocation systems. There is a risk that party politics becomes another vested interest, as parties require funds which, in many parts of the world, come from land and construction. Service improvement does not necessarily follow on from upgrading, due to lack of coordination with other institutions, so some of the advantages of objectives are not achieved.

Behind these local problems lie others at the national level. The signals are ambiguous from central government about such innovations. There is a lack of explicit urban development policy, and a lack of a central government vision of the linkage of urban planning issues with poverty reduction. Mozambique has never had a specific urban development policy. In the two PARPAs there was very little about urban issues. The Government’s Five Year Plan emphasises that rural development is the fundamental basis for the overall social and economic development of the country and contains no references to urban development. Cities Without Slums has produced a strategy document (CEDH,

2006) that is being considered and, if approved by the Council of Ministers, may provide policy framework for peri-urban development but this is taking a long time.

Responsibility for urban issues is spread over four programmes in four Ministries (MAE, Ministry of Agriculture, MICOA, and MOPH) and these which may have differing visions (see box 6.2). In MAE there are two Directorates which touch on decentralisation, dealing with municipalities, and de-concentration, dealing with Districts. The Directorate dealing with municipalities is less dynamic than it was in the 1990s and has been further weakened by creating a *Ministério de Função Pública*, and the impression is that the momentum of decentralisation has been lost. There is a single programme (PPFD) for de-concentration to Districts but no single programme for municipalities. Government as a whole is highly centralized and compartmentalized into sectors, with difficult coordination between sectors, and weak coordination by the Government of Mozambique results in donors often taking the lead.

#### **Box 6.2 Ministerial Responsibility Over Urban Issues**

MICOA/DINAPOT is responsible for overseeing territorial planning throughout the country, including elaboration of policies and legislation, development of methodologies and ratification of land use plans. DINAPOT is essentially the former National Institute of Physical Planning (INPF). As an old-established institution, DINAPOT is relatively well-endowed with buildings, and in recent years has acquired GIS equipment and software which serves the whole of MICOA. MICOA is a coordinating ministry of actions. However, the capacity of municipalities and other local government bodies is extremely limited, and therefore many of the urban plans prepared in Mozambique in recent years have been elaborated by the Urban Planning Department of DINAPOT itself, using its staff from central and provincial level.

MAE/DNDA is responsible for the establishment of new municipalities, and for capacity-building of municipalities. DNDA was created in 2000 and still being established. In 2003, it had 23 staff, including 16 technicians of various levels, considered insufficient for the process of building autonomous local governments.

MOPH has been responsible for preparing the Regulations for Urban Land. Inside MOPH is the National Directorate for Housing and Urbanism (DINAHU) that has responsibilities in the area of urban development which seem to overlap with those of DINAPOT. However in practice it seems to concentrate on formal settlements with DINAPOT focusing more on informal settlements. An autonomous institution under MOPH, the Housing Development Fund (FFH) was set up to provide access to housing for people with few resources. It develops and sells sites for construction of basic housing, though in practice the beneficiaries have been middle-income households, since they are required to build or pay for houses of formal standards.

It is important that these innovative projects are scaled-up. However this is not an area that can be dealt with through sector-wide programmes or budget support. Coordination between different programmes working in this area is a better approach, exchanging experiences and working jointly on policy issues with Government. Responsibility has been decentralised and capacity will need to be built in each municipality. Budget support aid with weak government has risks. There needs to be a lot of attention to detail, correct sequencing and timing of activities, adjusting to circumstances. Key actors and decision-makers (including Mayors, *vereadores*, elected municipal assembly members their staff and ANAMM) need information and training about what is physical planning, appropriate urban planning and about relevant legislation and its implementation. This should be general orientation for all members of the Assembly, in more depth for *vereadores* and specific training for technical commissions with direct responsibilities for urbanism, land and housing. In general pilot projects have been documented only superficially, which hinders replication. More detail is required about the process, results, impact, costs, lessons learned, guidelines and tools.

## **6.4 Recommendations**

In Mozambique, most responsibility for urban land management lies with municipalities. Urban land management in the country is required to manage pressing environmental problems; manage the risks and opportunities posed by new economic investment; and improve conditions in informal areas and improve land tenure security. Municipalities are now key actors in urban poverty reduction and have the opportunity, through urban land management, to improve conditions in informal settlements and to facilitate the provision of better services. Most housing is self-built so urban land management can be used to improve security of tenure and thus facilitate increased investment in housing. Municipal capacity however is low in these fields.

In the last 10 years there have been several pilot projects, which have opened opportunities for better access to services, improved land tenure security and managing the risks and opportunities of economic development projects. However, in practice momentum has been lost at the end of pilot projects, so the initiatives remain as pilots

covering one *bairro* or part of a *bairro*. Mayors, *vereadores* and Municipal Assembly members appear unclear about the opportunities presented by land use planning and to lack confidence in the use of innovative methods.

Pilot projects should continue and be scaled-up, and to be recognised as normal good planning practice. Key actors in municipalities require information and training about appropriate urban land management and about relevant legislation and its implementation. This could be through exchange visits, short courses, and training material, and should be linked to the implementation of practical projects of “planning for real”. An important lesson of previous projects has been that attention to detail is required, and that each activity has to be accompanied with awareness-raising so that its logic is understood and so that politicians recognise the reality of the constraints and choices that planning deals with. Public information will also be needed, such as illustrated pamphlets and posters outlining the basic principals of new legislation, regulations and procedures. This will need to be posted in public places and in the media.

Any programme will also need continued dialogue with the Government to encourage adoption of innovative methods as recognised good practice, to encourage a focus on *requalificação* of informal housing areas recognising their informality and the need to innovate, and to ensure that Government assists municipalities with their planning responsibilities. The “Cities without slums” situation analysis and draft strategy provide a basis for dialogue to promote a sector-wide strategy, which should be taken into account.

### **Future Actions: Local Level**

Municipalities should avoid master plans that try to visualise how they will look like some years in the future. Municipalities should make simple structure plans that indicate clearly social and environmental constraints on development in different areas, and update and improve these plans when the need or opportunities arise. Simple structure plans should be used to implement spatial discipline, for example preventing the occupation of dangerous or environmentally sensitive areas and directing development to areas best suited for that type of development. Municipalities should adapt urban

planning to the local conditions especially in informal settlements, which do not operate to preconceived rules and standards.

Municipalities should be aware that most housing is self-built and that programmes such as the FFH will not be able to assist with housing on a significant scale. Municipalities can best resolve the lack of adequate housing by planning informal areas in a way that encourages the initiative of its inhabitants to improve the housing stock. Municipalities can encourage norms for access to land in informal areas which fit the local reality, and can discourage corruption by reducing the discretion of municipal officials in the allocation of land. .

Municipalities should focus their planning and upgrading efforts on informal urban areas where there are the most pressing problems, and should seek better coordination with service-providers so that upgrading leads to provision of better public services such as water and energy. Also, municipalities should develop cadastres based on simple, new technologies and should ensure that there are clear, visual, public records of land that has been allocated and of the planning strategy for their areas. Municipalities should develop urban regulations and local by-laws (*posturas*) that incorporate “*requalificação*” and “*reordenamento*” of informal settlements and participatory planning and recognise them as normal planners’ tools. Government should ensure that legislation allows these practices to be incorporated into Municipal regulations and *posturas*. Government should recommend that municipalities avoid master plans and that they should make simple structure plans that indicate clearly social and environmental constraints on development in different areas.

Local support programmes should assist municipalities to put these actions into practice, adopting good practices. Mayors, *vereadores* and Municipal Assembly members should be helped to understand the role of land use planning in poverty-alleviation and to gain confidence in the use of innovative methods. They should be assisted in understanding the role of new methods and practices and to move away from the culture of “*ordenamento*” as creating straight lines on the ground. Activities should be linked to



awareness-raising so that the logic is understood and so that politicians recognise the reality of the constraints and choices that planning deals with.

### **Future Actions: National Level**

A national program should not be a sector-wide programs or budget support program. A national program should encourage coordination between different local programs, exchanging experiences and working jointly on policy issues with Government and encouraging good practice. The emphasis should be on:

- ◆ exchanging experiences
- ◆ document more thoroughly the experiences of the pilot projects
- ◆ developing training material (manuals, guidelines and curricula) for Mayors, assembly members etc
- ◆ developing strategies to build capacity within central and local government and civil society
- ◆ developing a regional support structure for physical planning
- ◆ pushing shanty-town upgrading up the policy agenda, getting strategy documents adopted and implemented (for example the “Cities without Slums” draft strategy)
- ◆ addressing the legal lacuna
- ◆ influence the content and the practical application of the laws, regulations and guidelines relating to urban planning and land use.

A national programme should also try to ensure that support is available to all municipalities and that overlap between different support programmes to municipalities is minimised. It should disseminate recent technological improvements that make low-cost “good enough” mapping possible using satellite imagery. It should help to develop and disseminate systems for cadastre that improve tenure security and eventually provide a basis for municipal financial sustainability through building a tax-base. A national programme should assist municipalities to understand applicable legislation and its implementation.

Government should develop a regional support structure for municipal physical planning, with professional expertise pools. These centres could be in Maputo, Beira and Nampula. This should be through an institution, at the national level, to assist municipalities in the elaboration of plans and, during this process, create Municipal capacity to develop and implement plans. The regional centres of this institution would need to have adequate human and material resources, within reach of all parts of the country. It would need to be capable of providing professional expertise and be a technical support structure for physical planning, mapping and legal issues, and to ensure that technical issues are understood by municipalities. This institution could take the form of a public company, a government department (attached to MICOA) or be an institution created jointly by the municipalities themselves.

Government should ensure that training continues for intermediate level planning technicians to serve in municipal administrations to manage local cadastres and implement municipal structure plans. Government should also develop national guidelines for clear, transparent and simple processes for regularising land tenure and occupation. Finally, adequate budget support needs to be mobilised in cooperation between donors and the government. Even though there is no central government institution focused solely on decentralisation, a sector-wide strategy needs to be promoted by Government.

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## End Notes

<sup>1</sup> Small farmers in the Green Zones have also registered land when they are in Associations and receive outside support (IIED, 2005a)

<sup>2</sup> The authors have seen no literature discussing this question and were not able to gather systematic information about plot sizes and the use of land on the plot for economic activities. Informal economic activities in Mozambican cities are mainly agriculture and informal commerce. Both of these activities take place mainly away from the house plot.

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<sup>3</sup> Recent technology advances, using satellite imagery, make low-cost “good enough” mapping possible.

<sup>4</sup> Cities Alliance: Maputo, Choke, Tate and Suleiman; Cities without Slums: Maputo, Manica, Nicola. The Cities Alliance programme contains a specific flood contingency planning component.

<sup>5</sup> Land tenure security refers to the degree of confidence that people have that they will not be arbitrarily deprived of the land rights or of the economic benefits deriving from them. It includes both ‘objective’ elements (nature, content, clarity, duration and enforceability of the rights) and ‘subjective’ elements (landholders’ perception of the security of their rights).

<sup>6</sup> Settlement in areas close to the arms’ dump in Maputo led to many deaths and injuries and significant loss of property when the dump exploded.



## **Chapter 7 Water Supply and Sanitation in Urban Areas**

### **7.1 Objective and Methodology**

The objective of this chapter is to present an overview of the water supply and sanitation sectors in the urban areas of Mozambique. The methodology used consists primarily of a literature review supplemented by a series of interviews with approximately 20 people in key stakeholder organizations, and visits to 5 municipalities where interviews were conducted with mayors and/or senior officials. At the outset it needs to be noted that there is extensive documentation on the water and sanitation sector in Mozambique, resulting from a major effort by government organizations in the country and international partners to rapidly improve access to these services. Despite the vast amount of data available however, it must be noted that not all sources are consistent or up to date.

### **7.2 Some Basic Definitions**

Urban areas in Mozambique are divided in two groups: (i) 23 cities and large towns, all of which have urban municipal councils established to administer them; and (ii) 68 smaller urban areas or towns, 20 of which have municipal councils with the remainder administered by district governments.

In Mozambique the convention is applied of distinguishing urban and peri-urban areas. This sub-division is rather loosely defined and can be divided into two groups (i) urban and (ii) peri-urban. The urban core areas that have formal established properties typically with registered tenure, planned plots and street layouts with storm water drainage arrangements incorporated (piped drains or open channels). By and large they also have formally built masonry dwellings on them but this is not a defining feature. It may be noted that services are provided both by formal and regulated providers and informal providers in urban areas. For example in Maputo about 15% of the urban population living in planned plots with defined street layouts are provided by small scale providers from boreholes. These connections are metered but not regulated. There is also a category

of planned expansion areas where there is typically only very basic infrastructure, but plots are ordered and tenure given.

Most peri-urban areas are typically randomly settled areas where registered tenure is not sought, where town planning is not applied, and where the services typically follow the establishment of the dwelling. These are typically without piped services as it would be almost impossible to provide randomly settled areas with piped services. Over time, however, the goal should be to provide a reticulated service to all areas. All investments should be made with this goal in mind. Boreholes, if used, should be able to be retrofitted for piped supplies.

From a water and sanitation point of view, urban core areas are typically associated with piped water systems and waterborne sanitation, whether this is using septic tanks or seweraged systems. In peri-urban areas water supply using single water points would be typical but there are some small reticulation systems which will serve some yard taps, mainly in Maputo and Matola. Sanitation in peri-urban areas is typically provided by the household in the form of a pit latrine or, to a limited extent, septic tanks when perhaps more than one yard tap is used.

### **7.3 Technology Choice**

In the case of water supply there are four service levels to be considered, each associated with a different technology:

- ◆ Water supplied to a dwelling, either in the yard as a yard tap or as a house connection, with the assumption that this will be metered. The source can be well fields or treated surface water.
- ◆ Public standpipes linked to piped systems or to boreholes which can also metered.
- ◆ Individual water points drawing from single wells or boreholes, with a non-piped source.
- ◆ No adequate service.

There are questions as to whether individual water points will be considered as adequate but there is an acceptance that this will remain an important source of water in peri-urban areas beyond the medium term. With regard to water sources there is a full range of sources used in the country, from surface water treated sources to boreholes and springs.

In the case of sanitation the technology options applied are:

- ◆ Full waterborne, sewerage systems.<sup>1</sup>
- ◆ Septic tanks of varying degrees of sophistication.
- ◆ On-site dry systems, including traditional and improved pit latrines and composting toilets.
- ◆ No adequate service.

Concerning the linkages to storm water drainage and waste water, there is a history in Mozambique for sanitation and storm water drainage to be managed together in one operational unit, whether this be at national or local level.

## **7.4 Current and Future Access to Service Delivery**

Table 7.1 below give an overview of the current service levels in the urban areas of Mozambique.

**Table 7.1 Summary of Current Access to Services (2006)**

Grouping of Cities or towns	Urban Population 2006	WATER SUPPLY**				SANITATION			
		Water to dwelling	Stand-pipe	Private	Total	Sewered	Septic tank	Imp latrine	Total
FIPAG 1&2 (7 No.) - Matola (Incl Maputo for water supply*)	3,496,244	17%	10%	0%	27%	6%	18%	26%	50%
- Maputo	720,775	24%	8%	s/inf	32%	0%	45%	20%	65%
FIPAG 3&4 (8 No.)	1,244,227					11%	16%	40%	67%
Other cities (9 No.)	1,019,556	10%	10%	0%	20%	2%	6%	33%	41%
10 small municipalities	991,267	6%	9%	0%	15%	0%	6%	11%	16%
Next 31 towns	209,933	11%	25%	4%	40%	0%	4%	15%	19%
Last 27 towns	629,473	8%	17%	1%	27%	1%	3%	16%	21%
	426,678	0%	5%	13%	18%	0%	0%	5%	5%
<b>All cities and towns</b>	<b>6,773,151</b>	<b>13%</b>	<b>11%</b>	<b>1%</b>	<b>24%</b>	<b>3%</b>	<b>12%</b>	<b>23%</b>	<b>38%</b>

*Note:*

1. These figures have been abstracted from the data collected as part of the draft Urban WSS Strategy.
2. The reference to FIPAG urban areas is explained later in this report.
3. \* Matola and Maputo, which are part of FIPAG 1 and 2, are reported separately due to their dominance in the urban sector (they are run as one system and water data is available only for the combined system).
4. The figures exclude point source water supplies such as boreholes with hand-pumps (See discussion below).
5. The separation of the 58 non-municipal small urban areas is based on the extent to which they include piped water supply systems (as explained later in the report).
6. Data (for all systems and pop.) are 2006 data, i.e. any investments made in 2007 are not included in this calculation. In 2007 there have been conspicuous investments in some of the major FIPAG towns.
7. Data include standpipes, and HH. They do not include people who have access to water through small scale providers, point sources, and water sold by their neighbors.
8. \*\* This refers to "regulated water services" which are those that are officially provided by AdM, FIPAG, small water companies or government institutions and can be regulated either by CRA or by DNA.

The data in table 7.1 only refers to access to “regulated” water services that are officially provided by Mozambique’s Water Company (AdM) or by the National Water Directorate (DNA) and can be regulated either by CRA or by DNA. It does not cover those who have access to water from small scale providers, point sources and water sold by neighbors. The reasons for this are a lack of data, and point sources are not considered as coverage in urban areas (by DNA). Yet hand-pumps and water resale play a major role and do



allow a large portion of urban dwellers to get access to water. In other words, while coverage according to the definition used is low, access could be much higher. There are a number of studies concerning the small scale providers in Maputo/Matola. There are about 200,000 people being supplied by small scale providers in Maputo. These are providing water twenty four hours a day, seven days a week (24/7) from large boreholes with significant storage. They are not regulated however and do not have any quality control. Discussions are ongoing about the need to revise the definition of coverage. Water resale is likely to be formalized, and options to incorporate small scale private providers are being studied.

Goals for future service delivery are based on the Millennium Development Goals (MDG) for WSS in Mozambique. It is the declared aim of Government that by 2015 the coverage of water and sanitation in the whole country should increase to 70% and 62% respectively. It is also important to note that water and sanitation are critical to the achievement of the health MDGs, which are not only coverage targets but sustainable coverage targets.

## **7.5 Legal Framework**

The general legal framework and an overview of the current WSS legislation are presented in Chapter 2 of the broader study. This section refers only to the key legal documents and the main actors in the sector. The main legal instruments governing water supply are:

- ◆ Law n° 16/91, of 3 August, which approves the Water Law (the LA);
- ◆ Decree n° 72/98, of 23 December, which establishes the legal base that permits the implantation of the Delegated Management Framework (the DMF);
- ◆ Decree n° 73/98, of 23 December, which establishes the Water Supply Asset Investment Fund — FIPAG (“D73/98”);
- ◆ Decree n° 74/98, of 23 December, which establishes the Water Regulatory Council — CRA (“D74/98”);

- ◆ Resolution n° 7/95, of 8 August, which approves the National Water Policy (the PNA).;
- ◆ Decree n° /2007 Establishes the new Water Policy, which amends the 1995 National Water Policy.<sup>2</sup>

In the case of water, the DNA is the unit of the Ministry of Public Works and Housing (the MOPH) entrusted with the strategic and integrated management of water resources, as well as with the supply of drinking water and sanitation to the population.

In December 1998 the government of Mozambique established a framework for delegated management for implementation of the National Water Policy in the five largest urban centers targeted for major investment and private sector participation. The objectives of the Delegated Management Framework are to permit management restructuring and water supply development in order to improve the services and increase coverage, and then progressively organize the transfer of the responsibility to the Municipalities. For this, the government created the Water Supply Investment and Asset Fund (FIPAG), an independent national entity, and the Water Supply Regulatory Council (CRA).

FIPAG is currently in charge of the operation of the water supply systems of the 13 large urban systems.<sup>3</sup> CRA is a public law entity with legal personality and with financial and administrative autonomy, intended to balance the interests of service providers and users while maintaining the economic sustainability of water supply systems, controlling rates in relation to the quality of the service provided, as well as monitoring of performance under the delegated management contracts, among other powers. CRA is responsible for direct regulation of the FIPAG systems.

In addition there are two other institutions in the sector: the Regional Water Administrations (ARAs) and the Coordinating Forum for Delegated Management (the FCGD).<sup>4</sup> On an inter-institutional level, the municipalities are entitled to participate on the Boards of Directors of FIPAG and FCGD in the preparation and approval of projects. In addition, nominally they cooperate with FIPAG, DNA, CRA and the urban water

supply companies through a representative indicated for this purpose. This is the case in Beira, Quelimane, Pemba and Nampula. However, the extent to which municipalities are meaningfully participating in the governance of these institutions is limited in practice.

In the case of sanitation greater emphasis has been placed on delegation of authority to local government. Law 11/97 (art. 25) defines the competences of the municipalities, including sanitation. It also specifies that municipalities can create autonomous departments or municipal public companies. Additionally, Law 2/97 (art. 45) defines the competences of the different organs of the municipalities and assigns to the Municipal Assembly the responsibility of setting tariffs for public services, including the containment and treatment of wastewater. In practice, Municipal Councils and district governments are taking greater responsibility for sanitation than water – but it should be noted that they started from a very low base.

## **7.6 Existing Institutional Framework — Water supply**

### **Investment and Operation**

Decentralization, measured in terms of the responsibility taken by local government as a water and sanitation authority, has only been achieved to a limited extent in the past 10 years. In terms of investment in water supply infrastructure, the responsibility remains mainly at national level as none of the municipalities is yet able to raise capital based on the strength of their own balance sheets. However national government has devolved investment responsibility to FIPAG, which is responsible for raising capital funds and managing the ensuing infrastructure investments which currently includes the appointment of operators. Overall FIPAG has been quite successful at this and has raised about US\$ 500 million for water supply works in the 15 cities under its responsibility. These works include intakes, pump stations, water treatment works, large distribution mains, reservoirs and distributions networks. Under the delegated management framework, operations of the works are delegated to a third party. Municipalities are represented on the FIPAG board, but they have relatively little control over decisions. The national government, through MOPH and DNA also applies fairly direct control of water companies which remain in place in 6 of the northern municipalities.

The remaining 13 municipalities have greater de facto responsibility for water supply as there is no national agency active in their area. But with a low level of support very little investment is taking place. Finally, in the case of the 58 small urban centers which do not have municipalities the responsibility for water supply is being transferred from DNA to Provincial Directorates of Public Works and Housing (DPOPH) and, progressively, to district governments.<sup>5</sup>

Operational responsibility for water supply largely rests at national level. For major urban centers, this responsibility has been delegated to FIPAG which operates through a delegated management model that separates the asset management (FIPAG) from the operations. In the case of the 6 northern towns which have state owned water companies undertaking water supply, the lines of responsibility still lead primarily to DNA. In the remaining 13 municipalities there remains uncertainty as to how much responsibility municipalities have in relation to other tiers of government.<sup>6</sup> Finally in the case of the 58 urban centers with no municipal councils, the current situation is that the water supply systems are being operated by the district governments, with some assistance from the province (DPOPH). However, 2 municipalities and 5 small towns have private operators, contracted by DNA (3), DPOPH (2), the municipality (1), and operated by HCB (1).

## **Regulation**

As part of the new institutional arrangements set up for the urban water sector in 1998, CRA was established to take responsibility for the regulation of the 5 systems under the responsibility of FIPAG (FIPAG's mandate has gradually been expanded to 13 systems). As with FIPAG, which was also given the responsibility for 5 systems initially (under the decree), CRA has expanded its mandate to all FIPAG systems. The immediate task given to CRA was the economic regulation of the delegated management contracts established between FIPAG and the operators contracted by FIPAG. CRA is considered to be an effective organization applying international best practice in regulating areas of supply of each operator, service coverage, service quality and tariffs.

The vision for overall regulation of water supply arrangements in the country is that there will be a three tier system:<sup>7</sup>

- ◆ Direct regulation over asset management and operators of large urban systems currently under FIPAG control and in the future also direct regulation of small systems may fall under CRA. This includes the setting of tariffs.
- ◆ Indirect regulation through Municipalities, in the case of smaller towns and peri-urban areas, based on the issuing of general regulations and not on an independent assessment of each undertaking.
- ◆ Consultative regulation applied primarily to sanitation, where CRA would act as an advisor.

### Summary of Operators and Investment Managers

Mozambique has a large range of operator types, given its level of development, and this puts it in an enviable position when considering options for the future as there is a rich and growing body of experience in the country. The grouping of operators with an estimate of the proportion of urban population they serve is given in the table 7.2 below.

**Table 7.2 Division of Population Served by Different Operator Types**

	Number Of Systems	Urban Population 2006	Population served		Split Between Operators	Average Pop Served
			Pop	%		
FIPAG – Maputo and Matola	1	1,607,729	515,747	32.1%	33%	515,747
Maputo private operators	300	357,273	114,610	32.1%	7%	382
Other FIPAG towns	13	2,584,260	552,319	21.4%	35%	42,486
DNA companies	6	784,867	106,587	13.6%	7%	17,764
Private operators: small towns	7	100,015	70,368	70.4%	4%	10,053
Municipal undertakings	13	358,738	86,560	24.1%	6%	6,658
District undertakings	52	980,268	121,800	12.4%	8%	2,342
<b>Totals</b>	<b>392</b>	<b>6,773,151</b>	<b>1,567,991</b>	<b>23.2%</b>	<b>100%</b>	<b>4,000</b>

*Source:* Data from the Urban Water Supply and Sanitation Strategy (draft).  
Note that there are an estimated 300+ private operators in Maputo/Matola.

It is useful to split the urban sector into two based on the current proposals for having two investment management entities. The one is FIPAG and the other an organization called the Water and Sanitation Investment Agency (AIAS) that will be established at national level, with associated Provincial Water Boards (PWBs) responsible for asset management to be piloted at a provincial level. In order to give some indication of relative responsibility under each grouping the figures are reported here as if the AIAS exists (see table 7.3).

**Table 7.3 Division of Investment Management Responsibilities**

	Number Of systems	Urban Population 2006	Population served		Split between investors	Average pop served
			Pop	%		
FIPAG	13	4,191,989	1,068,066	25.5%	68%	76,290
AIAS	78	2,223,888	385,315	17.3%	25%	4,940
Maputo private operators	300+	357,273	114,610	32.1%	7%	382
Total	391	6,773,151	1,567,991	23.2%	100%	81,612

*Note*

1. These figures differ slightly from the draft Urban WSS Strategy figures but not to the extent to which there will be any difference in policy implications.
2. At this stage there is no certainty as to whether the small private operators in Maputo will be supported with investment and they are kept separate at this stage.

### **FIPAG and its Operators**

Currently FIPAG has three different contractual relationships established for operating water supply systems:

◆ **A lease contract with Águas de Moçambique (AdM) for Maputo and Matola.**

This is a 14 year contract which commenced in 1999. Importantly, the lease area does not currently cover the whole of Maputo and Matola but covers the urban core and only part of the peri-urban areas. Currently, FIPAG is negotiating with small scale private operators (POPs) inside and outside the lease area, in order to establish to what extent and how the current existing providers will remain involved in service provision. There is some expectation that those within the service area will come under the lease operators over the next 4 years.

◆ **Management contract with AdM for an additional 5 cities:** Beira and Dondo (one system), Nampula, Quelimane and Pemba, set up in 1999. The management contract

with AdM was valid for 8 years and has ended. Lease contracts for the 4 cites are now being bid out.

- ◆ **Management with technical assistance from Vitens** for a further four large towns in the south: Xai-Xai, Chókwè, Inhambane and Maxixe, set up in 2003 and then extended to Chimoio, Manica (with a neighbouring small municipality, Gondola) and Tete (with a neighbouring small municipality, Moatize) a few years later. The Vitens contract is a service contract for all aspects of the operations.

### **Public Water Companies**

Six large to medium sized towns in the north of the country have public water companies in place (Nacala, Lichinga, Angoche, Ilha de Moçambique, Gurué and Mocuba). These companies have been intended to be independent bodies but are still directly controlled by DNA which appoints their boards.

Although indications are that these water companies have not been very successful it is evident that on their operating accounts, most of them manage to raise sufficient revenue to cover their costs. Yet, they lack of capital to carry out rehabilitation of assets and provision of new infrastructure.<sup>8</sup> The existing systems are old and urgently need upgrading.<sup>9</sup> Another problem area is likely to be the lack of management capacity to ensure sustainability of the systems. There have been some attempts by government to develop sustainable solutions for these systems with very limited success to date.

### **Private Operators (non FIPAG cities)**

The private operators in Mozambique can be divided into two groups. (i) Those with relatively formalized arrangements running systems for 7 small towns, with Vilankulos being the most significant; (ii) relatively informal operators located in the peri-urban areas of Maputo, of which there are more than 300 (closer to 400).<sup>10</sup> There are other independent providers in other parts of the country but only of a small scale.

### **Municipal Councils as Operators**

Municipal councils are acting as the *de facto* operators for the following:

- ◆ 3 of the 23 municipalities falling in the large piped systems category which are not part of FIPAG and also do not have a DNA owned public company in place: Cuamba, Montepuez and Chibuto.
- ◆ 8 of the of the 10 smaller municipalities which are grouped under small piped systems, with the two exceptions being Vilankulos, which has a private operator and Moatize which is under FIPAG, primarily due to its proximity to Tete.

A summary of information on 6 municipal systems is given below.

**Table 7.4 Institutional and Operational Summary of 6 Systems Run by Municipal Councils**

<b>Urban area</b>	<b>Operator</b>	<b>Functionality</b>	<b>Revenue collection</b>
<b>Cuamba</b> (Municipal Council — large system)	Managed by department of Municipal Council.	System built in 1974. Maintenance since then has been poor and water quality is below standard. Service coverage estimated at 35%.	325 customers registered (excluding standpipes). No separate account kept for water supply by the municipality.
<b>Montepuez</b> (Municipal Council — large system)	Non-registered water company which employs 24 people. Director also director of Provincial Department of Public Works. Anecdotal evidence that this is a well managed system.	Borehole supply, Evidently functional.	Large portion of connections evidently metered. Revenue collected. Covers salaries and minor maintenance costs.
<b>Monapo</b> (Municipal Council)	Department of Municipal Council. 8 full time employees.	Rehabilitated 2003/04. Evidently functional. 250 connections.	Revenue is collected, evidently covering basic operating costs. Difficulty in getting government customers to pay.
<b>Mocímboa do Praia</b> (Municipal Council)	Organized service run by the Municipal Council. 10 people employed.	68 domestic connections.	Revenue collected to cover operating costs and minor maintenance.
<b>Metangula</b> (Municipal Council)	Department of Municipal Council. Employs 7 part time and full time employees.	Water drawn from wells on shore of Lake Niassa. Presently under repair.	No revenue collected at present but tariffs have been calculated.
<b>Milange</b> (Municipal Council)	Managed by department of the Municipal Council under direction of a councilor. 3 full time employees.	Old system build in colonial era with water sourced from springs. 489 domestic connections. But system becoming dysfunctional and cannot be extended.	Fees are collected but not sufficient to cover basic operating costs.

*Note:* All data for this table abstracted from Baker reports prepared for the MCC investment initiative, 2006.



It is evident from this analysis that all of the municipalities have an administration which operates and maintains the system and collects revenue, although one, Metangula, was not functional in 2006. Technically the systems (Metangula excepted) are just functional with the possible exception of Montepuez which is functioning well. The municipalities collect revenue to cover the most basic of operating and maintenance costs but cannot handle new networks and probably not major failures of the infrastructure.

### **District Governments as Operators**

There are 58 urban areas which do not have autonomous administrations and, are therefore the responsibility of districts. As noted earlier, they do not all have piped systems. About half of them have more than 30 connections which could be used as a cut-off for a piped system. There is not a lot of information about these systems but it is assumed that they are run as part of the rural organizational arrangements with the district government and the provincial DPOPHs playing roles as operators. Some of these urban areas have district administrations which are taking responsibility for operation and maintenance. Mueda is evidently an unusual case in that it has what is called a *Mueda Water Services* entity in place with quite a large staff for an urban population of about 18 000. This is due to the complex technical nature of this specific system. The data also indicate that some of the administrations collect revenue.

## **7.7 Existing Institutional Framework — Sanitation**

In the case of sanitation, responsibility has de jure shifted to local government but there is a transition under way to get the practical arrangements in place. In reality there are a wide range of circumstances in the country, with the differences quite strongly aligned to the technology mix applied, which in turn relates to the scale of the urban settlements

Concerning investment in sanitation systems, there are only two major sewerage sanitation systems in Mozambique: Maputo and Beira, plus, plus the small system covering the whole town of Songo. With regard to on-site sanitation options in the other 31 municipalities (mostly pit latrines, composting latrines and septic tanks) municipal authorities are now responsible for overseeing implementation while the day-to-day

operation of the facilities is the responsibility of the property owner. There is an important role to be played by local government in (i) health and hygiene promotion; (ii) facilitating access to slabs for pit latrines, whether this be with, or without, subsidy; and (iii) regulating the emptying of septic tanks and, presumably, pits. Currently the septic tank emptying service is run with a mix of public and private operators.<sup>11</sup>

By far the greatest number of people in Mozambique, and all of the poorest, rely on dry on-site sanitation with basic improved pit latrines being the technology most widely applied. There was a national sanitation program run by DNA which ran until 1999: the National Low Cost Sanitation Program (PNSBC). According to DNA<sup>12</sup> a total of 330,000 latrine slabs were delivered under the program, including some to rural areas. With the decentralisation of the program to municipalities and associated reduction of funding, there has been an alarming drop-off in the rate of delivery of slabs (a proxy for the rate of delivery of improved pit latrines). There could be three primary causes for this decline: (i) the fact that local government was given the responsibility for the sanitation improvement program without having the necessary support; (ii) the transfer of responsibility to local government without the transfer of the financial resources used for the national program (PNSBC);<sup>13</sup> or (iii) the removal or at least the policy ambiguity relating to the subsidy available for pit latrine slabs. This subsidy collapsed due to the withdrawal of donor support and the lack of agreement on mechanisms for municipalisation of the service. Most sources indicated that the collapse is a direct result of the withdrawal of donor funding. Current government funding is channelled through the DPOPHs, but it does not necessarily get used for low cost sanitation. The 38 latrine workshops exist in a legal limbo, most of them having no formal legal status

There are, however, some very interesting things happening in the urban sanitation sector. Improved latrines are being constructed outside the program for improved pit latrines (PLM that is part of the PNSBC) and an even greater number of traditional latrines form the backbone of urban sanitation. However, very few municipalities are playing a major role in on-site sanitation and the main actors are individuals, private builders, CBOs/NGOs and the PLM. Finally, in the 58 urban centers where there is no municipal council, sanitation provision is overseen by the Ministry of Health and DNA.<sup>14</sup>

**Table 7.5 Roles of the Institutions Involved in Urban Sanitation**

Activity		Current	Short Term	Long Term
Formulation, coordination and publication of policies and strategies at national level		DNA		
Planning	Strategic planning	DNA		
	Investment program	DNA, MCs / (semi-)autonomous services		
	Operational program	DNA, MCs / (semi-)autonomous services		
Resource management	Funds mobilization	DNA, MCs / (semi-)autonomous services		
	Investment	MCs	Investment entity / MCs	
	Funds management (operation & maintenance)	MCs / (semi-)autonomous services		
Implementation	Construction	Private Sector		
	Maintenance	MCs / (semi-)autonomous services		
	Education and publicity	DNA, MCs, NGOs	Private Sector	
Implementation support activities	Building capacity of Municipal authorities	DNA	DNA, Investment entity	
	Establishment and management of an information system	DNA, MCs	DNA, DPOPH, MCs	MCs/ (semi-)autonomous services /DPOPHs
	Promotion of new approaches	DNA	DNA, MCs / (semi-)autonomous services	
	Studies and research	DNA, MCs	DNA, NGOs, Private Sector	
Regulatory Entity		----	MOPH or CRA	

Source: Sanitation review (WSP, 2008)

DNA = National Water Directorate, DPOPH = Provincial Public Works Dept., MC = Municipal Council, MOPH = Ministry of Public Works and Housing, CRA = Water Regulatory Council

## 7.8 New Institutional Developments

### AIAS and Provincial Water Boards

There has been most impressive progress over the last decade in setting up institutional arrangements in Mozambique, at least for the larger systems where FIPAG and CRA are active.

During 2007 there was a new initiative to assess the situation with respect to water supply in other large to medium sized towns in the north of the country. This was done under the auspices of the MCC. As part of this initiative, a new investment management unit will be established in DNA, referred to as the AIAS (Administracao de Infraestructuras de Agua e Saneamento). The AIAS will be responsible for all urban water systems currently not subjected to the existing arrangements under the Delegated Management Framework. Unlike FIPAG, AIAS will also be responsible for managing investments in

urban sanitation services. To fulfill its responsibility AIAS will have administrative, financial and asset autonomy, and will have the power to mobilize plan and manage dedicated funds, plan and oversee the execution of investments, promote public private partnership for the development and delivery of services and introduce performance contracts with autonomous public operators.

APAS (Agencias Provinciais de Agua e Saneamento or Provincial Water Boards) will be created and will be composed of representatives of Municipalities and Districts. AIAS will delegate responsibility to APAS for managing, contracting and supervising service operators. The creation of APAS will streamline relations amongst different levels and will provide a more effective bridge to the future deconcentration and decentralization.

The “Water Services and Institutional Support Project” (WASIS, funded by the World Bank) is intended to (i) provide funding for networks in Beira, Nampula, Quelimane, and Pemba; (ii) support the institutional arrangements of the AIAS and APAS; (iii) provide a limited amount of funding for operating subsidies while new operator arrangements are being established or strengthened; and (iv) support the expansion of the responsibilities of CRA as a sector regulator (World Bank 2007).

The role of CRA, as a regulator for water supply, will be expanded so that it can include medium and small towns and a study will be undertaken to assess how this should be done (Nathan and Associates 2007).

At present (mid 2008) feasibility investigations are being set up for the AIAS and the APAS. At this stage it is envisaged that APASs will be piloted in three of the provinces in the northern part of the county.

### **Assessment of the Institutional Arrangements — Water Supply**

There remains a lack of clarity on how the proposed institutional recommendations for the medium to small urban areas (those not under FIPAG currently) will function and there is a need for further analysis. The proposed arrangements for the AIAS and APAS are to be piloted and the legal definition of the specific functions of each is under way.

This process should clearly take into account their roles and their relationships to other stakeholders in the sector, local government and consumers specifically. As the AIAS and APAS will be piloted in 3 provinces, there will be time to evaluate their performance and consider lessons learned from this model. Other models that deal with the small town sector could be developed. The role of municipalities in the governance of the ASIS needs to be clarified. There is formal representation by the municipalities, at the political level at least, on the board of FIPAG. This theoretically ensures that there is participation by these municipalities in the policy issues associated with FIPAG. The evidence on the extent of the interaction between FIPAG, its operators and the municipalities is generally favourable.<sup>15</sup> FIPAG is now adding about 400 kms of network in the 4 cities of Beira, Quelimane, Pemba and Nampula. This will bring coverage with individual yard connections to over 50% in these cities.

The extent to which good communication takes place between the water company and the municipality is less clear. There is a widely held view that communication could be much improved between FIPAG and the municipalities at least through a commitment to establish coordination structures in the contracts with operators and management contractors and through a commitment to involve municipalities in decisions as to where investments should be located. Most recently the additional 400 kms of network was fully discussed with the Mayors of the cities to benefit from these works and they were included in the decision making. This collaboration facilitated and strengthened the planning capacity of municipalities.

A further vexing issue in the urban water sector is how to integrate the formal and informal arrangements in the medium term. In the longer term, over 20 years, the cities should be fully reticulated (see box below). Given the deterioration of the water supply infrastructure over the last 30 years, the ability to service people with good quality water supply over the last 10 years has been an uphill struggle. However, once the initial systems are in place the ability to provide more connections becomes more rapid. FIPAG constructed production works for the first 6 years. It was able to provide 650,000 people

with access to new networks but has the ability to provide for a total coverage of 2.3 million in the 5 cities.

There is currently a growing system of water supply operations in most of the cities and large towns. However the formally established water supply operator generally responsible for the urban core and part of the peri-urban areas can not yet service the entire demand. Therefore an informal arrangement persists in the remainder of the peri-urban areas. With no formal appointment of operators in the peri-urban areas reliance on private vended water, private sales from neighbors, and point sources of water with the municipality supporting the latter system to a limited extent, with NGOs and water committees playing an important role. In Maputo and Matola specifically, up to 300 private operators have installed piped systems from boreholes. With regard to regulation, CRA and the Municipalities will test new indirect regulatory arrangements through a pilot program in peri-urban areas.

**Table 7.6 Increase in potential connections for 5 cities under FIPAG**

	No. of connections in 2000	No. of connections estimated in 2007	% Increase	Per capita covered in 2007 (assume 5.3 persons per connection)	No. of potential connections: using additional water available	Potential increase in per capita connected
Maputo	77876	94826	22	502578	308426	1634658
Beira	10500	13092	25	69388	81972	434452
Quelimane	2300	3005	31	15926	14057	74502
Nampula	4800	6440	34	34132	23240	123172
Pemba	2500	4377	75	23198	17557	93052
Sub-total 4 cities	20100	26914	34	142644	136826	711492
Total	97976	121740	34	645222	445252	2359836

### **Assessment of Institutional Arrangements — Sanitation**

With regard to the performance of the sewered waterborne systems in Maputo and Beira the experience is mixed. In Beira, the Mayor is satisfied that they have the organizational capacity to run the system but there is a serious shortage of capital for rehabilitation and expansion of the service. However, the EU is providing a substantial investment in Beira. Nevertheless, there is no certainty that the municipality would be able to finance

operations. In Maputo, according to the deputy director interviewed, there is a need for more professional staff. Further, the sanitation and drainage organizational unit is being re-structured to take on staff transferred from national government. But the main problem is a lack of capital to deal with the rehabilitation required to create a separate wastewater system, and pump wastewater flows (which currently go into the sea) to the existing treatment works.

Overall there is a sense that organizational problems are soluble in the large sewered systems areas and that infrastructure investment and affordability remain the main issues. With regard to the latter the extent to which households are willing to pay for connections to the system is uncertain and many are likely to prefer to stick with septic tanks due to the lower costs associated with them, at least from the point of view of the household. Given the amount of pumping needed, operating costs are also likely to remain a challenge.

## 7.9 Financial Assessment

### Current Assessment of Capital Finance — Water

As part of the Urban WSS Strategy which is currently being completed a large amount of work has been done to assess the capital expenditure requirements for water and sanitation in order to meet the MDGs.

**Table 7.7 Investment Requirements for Water Supply (US\$)**

	<b>Additional population to be served 2015</b>	<b>Investment requirements 2006–2015 (\$)</b>	<b>Investments in progress or guaranteed 2007–08 (\$)</b>	<b>Balance still to be financed (\$)</b>	<b>Investment per capita still to be financed(\$)</b>
FIPAG	3,479,381	322,792,000	253,997,000	68,795,000	93
AIAS	1,333,646	231,875,769	45,580,400	186,295,369	174
<b>TOTAL</b>	<b>4,813,027</b>	<b>554,667,769</b>	<b>299,577,400</b>	<b>255,090,369</b>	<b>115</b>

*Source:* Urban WSS Strategy (draft). These figures reflect the costs of building new systems rather than rehabilitating them, because in nearly all cases the systems date from the colonial era, are totally worn out and do not respond to the current situation.

*Note:* the ‘AIAS’ figure is essentially for all of the remaining urban areas not part of FIPAG.

With regard to commitment of funding for these investment needs, there are three groupings: (i) The FIPAG cities and towns which are benefiting from various funding sources; (ii) the cities and towns covered by the MCC initiative; and (iii) others where there is no blanket commitment of funds although there may be relatively small commitments in some areas.

FIPAG has apparently acquired close to US\$ 500 million (the EU/EIB Maputo project is close to \$150 million alone). Information received from the World Bank puts MCC support for non-FIPAG northern cities (Nampula, Zambezia and Cabo Delgado) at US\$42 million but new African Development Bank funding could add another US\$34 million to this area (Angoche, Cuamba and Lichinga).

In the case of FIPAG it is understood that the funding package is made up of a combination of loan finance and grant finance. The fact that FIPAG is borrowing substantial amounts of money is the main reason for its proposed 40 year life span as this needs to encompass the various loan repayment periods. The MCC funding is to be made available as a grant. Vilankulos provides an interesting case study as it is understood that the operator is being offered loan finance. Finally, the situation of the small private operators in Maputo needs to be considered. They have not got grant funding and most are being funded through what amounts to equity (shareholder capital).<sup>16</sup>

Overall it is evident that there is an admirable commitment of capital finance to the urban water sector in Mozambique. But there are concerns, the greatest of which is the variable access to funding. There is a need to establish a more consistent arrangement — or at least policy clarity and transparency — with regard to access to capital. Prospects are good for the larger towns under FIPAG, but the AIAS group has a large funding deficit that will not be resolved until the AIAS and sustainable local arrangements are fully established and credible enough to attract the necessary funding.



## Current Assessment of Operating Finance — Water

**Table 7.8 Key Operating Statistics for a Sample of Municipalities**

	Number of connections	% revenue from non-residential customers	Revenue collected per connection	
			MZM million/month	US\$/month
<b>FIPAG operations</b>				
MAPUTO	98,124	41%	0.28	11.43
BEIRA	14,633	41%	0.40	16.66
QUELIMANE	3,413	36%	0.38	15.50
NAMPULA	9,467	38%	0.29	11.88
PEMBA	5,094	40%	0.35	14.23
<b>DNA water companies</b>				
LICHINGA	941		0.44	18.26
NACALA	2,568		0.21	8.79
ANGOICHE	675		0.26	10.65
<b>Municipal operation</b>				
CUAMBA	325		0.11	4.44

Source: FIPAG data collected as part of the draft Urban WSS Strategy (2006 data) and information abstracted from Baker reports for last three urban centres.

*Note:* (i) Revenue assumed to be revenue actually collected, not revenue billed. (ii) Connections are only those which are functional; on average in the DNA company supply areas one third of connections are not operational.

While fairly good data is available for the FIPAG operations, with the exception of operating account balances, the data for other water undertakings in Mozambique is less reliable. Nevertheless there are some important observations which can be made here:

On customer profile and revenue collection: There is a surprising degree of uniformity in the customer profiles of the 5 large FIPAG operations selected. Most importantly they all have a relatively high proportion of revenue (by value or by connection) collected from non-residential sources — this would include industries, commercial entities, institutions, schools, hospitals, government services, churches, etc. In the case of the DNA companies this information is not uniformly available but the indication is that in Lichinga there is a high proportion of non-residential customers and revenue per connection is high. In Cuamba the majority of customers are assumed to be residential and the revenue per connection is low (this could also be driven by poor revenue collection). In the case of the smaller towns, there is some information available in table 7.5 which gives an indication of whether the municipalities responsible for the systems

are collecting revenue and the extent to which it covers operating costs. The results are mixed with Montepuez evidently being a good example of a top performer and with other systems largely dysfunctional.

On water accounted for: The level of unaccounted-for water in the FIPAG systems is high in relation to international benchmarks for well-functioning systems, that is about 25%. The old systems have a large role to play in explaining this, and the same is likely to be true for systems outside FIPAG areas. However, leak detection and the control of illegal connections are very weak in nearly all cases.

Although there is an often repeated mantra in Mozambique that the systems not operated with private sector involvement are performing poorly, this needs to be qualified: they may be in a situation where they do not get access to technical advice and cannot raise capital to rehabilitate systems which are typically old which is why the private operated systems do better. For example, Montepuez and Manhica are working well under public management, whilst some privately managed systems such as Namaacha, are facing big challenges.

### **Subsidy Arrangements: Water**

Ideally to cover the costs of water supply operations revenue must be raised through tariffs from the consumer or by taxes paid by the public. One of the key concerns, as in most developing countries, is the extent to which subsidies are applied to the operating account. There are always strong arguments for operating subsidies not to be applied, but there are also arguments in favour of this, which typically fall into three groups: (i) Structured subsidy to promote access by the poor; (ii) interim or *ad hoc* subsidies to cover operating cost deficits to keep an operating unit 'in business' or establish it.

In Mozambique the first option is very limited to targeted programs like the Global Partnership on Output-Based Aid (GPOBA) that subsidizes connections (not operating subsidies) and the policy is for subsidies to be confined to capital works with the funding typically sourced from international donors. In the case of *ad hoc* subsidies anecdotal evidence suggests that DNA has covered some of the costs of the DNA water companies,

primarily for chemicals. The interim subsidy approach is being applied in the case of FIPAG operations. The information available, which was used to obtain the operating statistics given above, does not include expenditure and it is not therefore possible to assess the gap between revenue and expenditure. However, information obtained from CRA indicates that the Maputo/Matola lease is getting close to independence from subsidy and other systems are progressing in that direction.<sup>17</sup>

Finally it is evident that for the smaller systems, and for systems operated by private companies, operating subsidies are not applied. However, small scale providers pay no cost of water abstraction or depletion premiums for the water they pump, unlike FIPAG which pays a raw water charge. Small providers are also not regulated for quality and do not test for quality either, which is a cost that the FIPAG operators pay. In Maputo, some are tested and all will be tested over the next year (2009). However, the assessment done as part of the Nathan report indicates that subsidies will be required for most of the medium to small operations in order for them to be successful, for a period up to 2015 in some cases.<sup>18</sup>

### **Tariffs and Pricing: Water**

CRA published tariff information in local papers twice yearly on the 9 towns operated by FIPAG. In 2005 the average price paid in Maputo to AdM, the main operator, was US\$0.40 per cubic meter (m<sup>3</sup>) while the average price paid to private operators was US\$0.84 per cubic meter. The average charge per cubic meter in Lichinga was US\$0.32 in 2006. The cost of producing water in Nacala was US\$0.65 per cubic meter in 2006 and, therefore for cost recovery the tariff would need to be higher than this. In Cuamba the municipality applied a fixed charge of US\$3.60 per residential connection. In addition to these costs it is fundamental to take the costs of connections into consideration. Such costs are the main obstacles for the poor, so subsidy arrangements must be devised.

In the case of FIPAG operations the tariffs are regulated by CRA and, for the current connections, are affordable as payment of accounts is relatively good (although the 67% being achieved for Maputo residential customers is not good). The extent to which DNA regulates the tariffs of the DNA water companies has not been assessed but presumably

they do play a role in this. Because of the high level of competition among the 300 small scale providers operating in Maputo, even though they have high tariffs, they are regulated by the market and people want to pay. In the municipal run systems tariffs are probably too low for cost recovery and collection levels are also probably low. With regard to affordability the government sets an affordability rule with respect to regulated tariffs by CRA which is applied to the bills for poor consumers (social consumption) and should not exceed 4% of two minimum wages. This is a statutory requirement.

### **Overall Assessment of Viability: Water**

Further detailed studies are necessary to conduct a robust quantitative analysis of viability, but based on the data which are available and interviews with key individuals it is possible to present some preliminary views.<sup>19</sup>

The water supply operations in the large urban centers do appear to be viable with a piped system serving the urban core areas. The aim is to provide as many connections as possible and expand the network into peri-urban areas to capture the maximum economies of scale. In the case of the small and middle sized urban centers, operating costs and general facilities are likely to be less sophisticated and operating costs are likely to be lower. Levels of service are also likely to be lower. This is based on the assumption that the goal is to provide all customers with an improved system. There will be middle sized systems with higher levels of viability due to specific circumstances associated with their customer base. In fact the existence of private operators in a few of these is illustrative: a holiday town, a border post and a town housing government staff running Cahora Bassa Dam, for example.

In the case of smaller systems it is sometimes possible to keep costs low through using appropriate technology and limiting the extent to which piped systems are applied. Yet according to the Baker and Associate study on Northern cities, in order to make the systems viable (with no provision for capital finance charges and, presumably, depreciation) tariffs will have to increase, in real terms, substantially, in all the systems considered except Nampula and Mocuba. Furthermore, in 5 of the 9 FIPAG systems the

tariff for 10 cubic meters of water a month will exceed the statutory minimum or 4% of two minimum wages.

It has not been possible to gather this type of information for the smaller towns but there is likely to be just as much variability. Also, the viability of small piped systems which have full coverage in the urban area concerned (serving everyone in these small towns) is not universally assured.<sup>20</sup>

Overall the assessment is that, while some of the systems will be viable in the sense that they can cover their operating and maintenance costs with revenue raised from tariffs, many will not be viable.<sup>21</sup> Much will depend on the service levels to be provided for new systems (most importantly how many get metered individual connections) and on the extent to which billed amounts are actually collected.

### Current Assessment of Capital Finance — Sanitation

Figures for the investment required over the period 2006 to 2015, to meet the MDGs have been estimated as part of the Urban WSS Strategy and are summarized in the following table 7.9.

**Table 7.9 Estimates of Capital Required for Sanitation – 2006 to 2015**

	<b>Additional population to be served 2015</b>	<b>Investment requirements 2006-2015 (\$)</b>	<b>Investments in progress or guaranteed 2007-08 (\$)</b>	<b>Balance still to be financed (\$)</b>	<b>Investment per capita (\$)</b>
Cities and large towns	3,458,381	167,250,475	67,300,000	99,950,475	48
Small towns	843,984	15,736,875	0	15,736,875	19
<b>TOTAL</b>	<b>4,302,365</b>	<b>182,987,350</b>	<b>67,300,000</b>	<b>115,687,350</b>	<b>43</b>

Source: Urban WSS Strategy (draft)

Note:

1. The investment required for cities, US \$90.5 million (54%) is for Maputo and Beira. This is approximately 50% of the total required.
2. In the case of the other 21 cities and large towns there are reports on sanitation available for most of them.
3. The calculation for small towns is based on a figure of US\$60 per household for pit latrines and US\$150 per household for septic tanks.

Sanitation capital expenditure is dealt with separately in the various source documents for sewerage systems and on-site systems. In the case of sewerage systems the calculations are specific to each area. In the case of on-site systems the figures are US\$60 per household for pit latrines and US\$150 per household for septic tanks.

In the case of sanitation systems based on improved pit latrines the key issue of debate is the extent of subsidy to be applied for the purchase of components. There is currently no certainty about this but it is probably true to say that demand in urban areas will be increased if a subsidy is applied. The debate needs to be widened to look at systems in an integrated way — ie. deposition, containment and disposal — and also to look at the balance between marketing and subsidy, where there is good evidence from elsewhere that marketing may be much more cost-effective from the government point of view.

### **Current Assessment of Operating Finance — Sanitation**

There are major new commitments of funding being made to sewerage sanitation systems with Beira to benefit from EU funding and with MCC to fund sewerage sanitation systems for part of Nacala, Pemba, Quelimane, Nampula, Mocuba and Gurue. All the funding is committed under the MCC compact.

In the case of on-site sanitation system in the 23 cities and large towns, which includes the peri-urban areas of those with some sewerage system, reliance has been placed primarily on the Sanitation Dept. (DES) at DNA, and the 38 workshops, often referred to as PLMs, most of which are under the DPOPHs. With the shifting of responsibility for this program to the provincial level there is an evident lack of capital available to municipalities. It has not been possible to do a proper assessment of this for this study but municipalities have very small capital budgets and Beira, for example, does not have a separate capital budget for sanitation. It may be that some of the activities required, such as sanitation promotion and support to private sector organizations making pit latrine components, are costed under the operating account. In sum, very little funding is available and only one or two enlightened municipalities are spending on this, with a bit of cash flow through the Public Works budget.

The Urban WSS Strategy does make recommendations for financing sanitation and identifies 8 components:

- ◆ Construction and rehabilitation of the sanitary drainage and storm water drainage systems.
- ◆ Treating and disposing of septic tank and pit sludge.
- ◆ Operation and maintenance of the wastewater systems.
- ◆ A national program of low cost sanitation (PNSBC).
- ◆ Research and development of technological options for sanitation.
- ◆ Hygiene promotion including campaigns relating to the use of latrines.
- ◆ Supporting private sector involvement in sanitation. Establishing septic tank and pit emptying services.

The success of sanitation undertakings, from a financial perspective, obviously relates to the ability to raise sufficient revenue to cover the cost of a well run program. Sanitation is now firmly the responsibility of local government and particularly of municipal councils and hence the cost-revenue relationship in their case is most important. But it has been noted earlier that there is an important role to be played by provincial and national government in supporting local government and revenue also needs to be available to these other tiers of government to allow them to provide the necessary support.

If municipalities are to take responsibility for sanitation they need to have operational units within their organizations responsible for this service and have to be able to raise sufficient revenue to cover the costs of these units. This is not to suggest that the delivery of effective sanitation is all the responsibility of the municipality. In terms of policy in Mozambique, households must take primary responsibility for providing their own latrines in most areas where on-site sanitation is applicable, whilst government will be responsible for promotion. It is estimated that households will fund about 38% of the total program (WSP 2008).

However, municipal councils will, at the very least have to (i) oversee the implementation of a sanitation program for their area which will include the coordination

with national and provincial government structures; (ii) engage with CBOs and NGOs supporting them to promote the installation of adequate on-site sanitation options, both pit latrines and septic tanks; (iii) promote improvements in health and hygiene; (iv) support the development of a private sector manufacturing latrine components; and (v) facilitate access to subsidies for latrine components should a decision be taken to provide such subsidies.

In addition, where a sewerage system is in place, the operation and maintenance of the infrastructure, including sewers, pump stations (where applied) and treatment works, results in substantial costs. And finally there is the need to ensure that septic tank and pit latrine emptying services are in place. In the case of sewerage systems and emptying services it is possible for the municipality to engage external parties to run the emptying service on their behalf.

There is a shortage of good data on the cost of providing this range of services. There is also some ambiguity as to what can be considered a capital cost and what is an operating cost.<sup>22</sup> For a start it is useful to assess how much municipalities are spending currently on sanitation. Beira, in 2006, budgeted to spend 4% of its operating budget on sanitation, including the operating and maintenance of the sewerage system which include pump stations and a pond-based treatment works. However, Beira is probably not the norm due to the scale of the sanitation problem and its resulting political importance. The operating budget for Maputo does not give a separate figure for sanitation which is included in the overall figure for infrastructure as 27% of the total budget. Of the nine northern cities and large towns assessed as part of the MCC investment feasibility, by Baker and Associates, only 2 appear to be keeping separate sanitation accounts and one could only give an 'estimate' of budgeted expenditure.

Doing an idealized assessment of what it would cost to operate and maintain a sewerage system in five of the northern towns, Baker and Associates calculate an average cost of US\$2.12 per connection per month. This is very low. For example in South Africa costs are typically of the order of US\$6 per connection per month. Generally sewerage costs more than water especially in flat areas where there is a lot of pumping.



Looking at the revenue side, municipalities receive revenue from local sources (local taxes and tariffs for services rendered) and from transfers from the national government. While Mozambique does have a property tax system in place, property values are not updated and the amount raised by the municipality through this tax is small. With regard to sanitation this could be a source of revenue and there is international precedent for sanitation services to be funded from property taxes.

There is a new approach in Mozambique for tariffs specifically for sanitation: a charge for sanitation will be added to the water bill. This is an approach that has been applied in many parts of the world, like South Africa. It makes collection relatively easy. Currently CRA has approved the application of this sanitation tariff for Beira and it has been applied for one year.<sup>23</sup> The approval of such a tariff for Maputo is imminent. Currently this tariff is seen to apply mainly to sewerage waterborne sanitation systems.

The resurrection of a national sanitation program, along the lines of the PNSBC, has been proposed as part of the Urban WSS Strategy and should be fully supported. But the question is then whether this can be properly funded and what new financing mechanisms would accomplish this.<sup>24</sup>

## **Overall Viability Assessment — Sanitation**

There appears to be a fundamental problem with sanitation delivery in Mozambique's urban areas: municipalities are expected to run local sanitation improvement programs but they do not have the financial resources to do this. While there are transfers from national government, these funds do not appear to be going to sanitation. The financial resources available to run a national sanitation support program, possibly devolved to provinces, also do not appear to be available to the extent needed.

### **7.10 Key Challenges**

#### **On Technology and Service Levels**

A full range of water supply technologies are applied in Mozambique but not all are considered adequate officially, such as point source supplies (mostly boreholes with

hand-pumps), small scale providers and water re-sale. However, there is a need for a mix of service levels in a context of limited resources, and these sources are part of the urban reality. It would be important therefore to agree an approach to mixed service levels in order to ensure appropriate policy, including regulation, of the various providers.

There is a major need for rehabilitating the existing sewage systems in Maputo and Beira. Sewered systems are also being considered for other major urban centers but can only be applied if there is certainty that revenue can be raised from customers to cover the operating cost of these systems. There is wide application of septic tanks in Mozambique and these will remain an important option but their applicability in dense urban areas is in doubt as there are some serious problems with septic tank discharges into storm water systems or onto roads and pathways. Septic tank emptying arrangements are a priority and there seem to be private operators willing to do this in Maputo and Matola at least, although they are lacking in other parts of the country. Hygienic treatment and disposal is also a major need.

Rolling out of low cost and appropriate on-site sanitation is a clear priority. Various technologies (such as improved pit latrines or options such as composting toilets) will be needed to suit economic and physical conditions and not all are yet fully developed. Furthermore, it is important to communicate the knowledge of existing technologies down to community level.

## **On the Institutional Arrangements for Water Supply**

### ***On the Authority***

The term authority is applied here to refer to the government entity which is made responsible for the service under legislation. In a three tier system such as that which applies in Mozambique, it must be national, provincial or local government with the additional requirement for local government responsibility to be with either municipal councils or district governments. The authority does not need to actually provide the service itself. While there is some ambiguity with regard to whether the MOPH and its department, DNA, is the authority for water supply in practice, the law and the Delegated

Management Framework are set up in such a way that DNA is the responsible authority for water supply. The roles of the different tiers of government and various agencies need to be more clearly disaggregated, in order to clarify which aspects of water supply could be most effectively decentralized. In the case of sanitation, on the other hand, it is recognised in the law as a local government responsibility with the emphasis placed on strengthening the role of municipalities.

However, FIPAG does not report to DNA as both reports directly to the Minister of Public Works. In smaller towns the municipal councils and district governments have to take primary responsibility for running water supply systems and yet they are not defined as the authority under current law, although municipal legislation indicates shared responsibility for municipalities. There is also the rather serious concern relating to large cities, with Maputo being the prime example, where the authority is not fully clear between FIPAG and the municipality as to all areas within the municipal boundary. Contractually, the footprint in the lease contract of the private operator covers all the areas that FIPAG is responsible for in Maputo, whether they have formal piped systems or not, which means a number of small scale providers should be included under the ADeM footprint. The implications of this are currently under review by FIPAG.

The role of the municipalities is not yet clear in respect of the proposals for the AIAS and provincial water boards which will contract operators in urban areas in 3 pilot provinces. It would be important to clarify the authority under these circumstances and to define the role of the municipalities. As a start, districts and municipalities within the provinces will have Board members on the APAS (Provincial Water Boards) and the AIAS will have co-operation agreements with all the municipalities.

### ***On the Operators***

There is a wide range of operators — the organizations responsible for the day-to-day operation and maintenance of the service, the customer interface and the collection of revenue — established in Mozambique and this is a great strength of the sector. As discussed earlier, operators range from local and international operating companies to

private entities which have established on their own accord, notably in Maputo, to local government entities: municipalities doing the job themselves.

In the new recommendations being promoted by DNA (Nathan and Associates 2007), there is a strong proposal against local government as an operator with the recommendation that either a private company or a publicly owned company be the operator. Regionally the experienced is mixed with some of the strongest water supply companies being centrally run e.g. Uganda and Senegal. In many more developed countries than these, local government is responsible for water supply operations, for example in the United States, Brazil<sup>25</sup> and South Africa.

It needs to be said, however, that the existing operator arrangements set up under the Delegated Management Framework for 14 of the total of 23 cities and large towns are proving to be quite successful, although with some co-ordination concerns raised under the next point. In the Mozambique case, there is a mix of private sector or semi-private sector<sup>26</sup> operators with lease type contracts on the one hand and FIPAG taking responsibility as an operator with the support of management contractors, on the other.

Although some cities report very positive relationships, there is also a view amongst a number of municipal mayors that the coordination arrangements with FIPAG and its operators are not satisfactory. Many examples have been quoted relating to technical problems associated with installing pipelines without regard for other services, the lack of payment of revenue raised from sanitation subsidies and the behavior of consumers who bring their complaints about water to the municipality, not to FIPAG or the operator.<sup>27</sup> Municipalities should send these complainants to the FIPAG office in each town that it services.

For a further 6 of the 23 top urban centers the responsibility for operation is currently with DNA through the water companies. These companies are not performing well but face severe constraints with regard to access to capital and high level technical advice. The remaining 3 of the top 23 are run largely by municipalities with one, Montepuez,

doing very well due to competent management and access to some investments via a number of projects. But the others are struggling.

In the case of the smaller towns the 10 which have municipal councils have a mixed set of operator arrangements. 4 of these, where information is available (See table 7.5), they are all in a bad state of repair. But municipalities have been able to collect revenue in most cases, albeit with difficulty. These municipalities have faced severe resource constraints with access to capital to rehabilitate and extend systems being the most problematic. For systems in small towns under district governments, the operators are essentially the districts themselves, evidently with local administrations in some cases. Results are mixed but mostly the systems are barely functional.

Overall in the case of the systems which are not under FIPAG it is not possible to state that the problem is the fact of local responsibility for operations; it may well be that it is the lack of access to resources which is the problem, with capital and high level technical advice being most important. The challenge is to bring the systems up to technical viability by investment and also to establish sustainable management arrangements. The latter will be harder for the small systems as mechanisms will also be needed for operators to outsource services they cannot justify in-house because of scale considerations. Possibly, subsidies should also be considered because these systems probably will not be recovering costs for some years.

### ***Asset Management (including Investment)***

Assets are managed in one of the following ways: (i) for the core areas in the 14 cities and large towns FIPAG is responsible for raising capital, managing the investment of this capital in infrastructure and contracting operators; (ii) for the 6 large towns with DNA companies, the asset manager role is rather ambiguous as DNA and the municipality play a part; (iii) in the case of private operators in the small towns most initial capital investments were from the public sector and in the case of about 450 small operators in Matola/Maputo the capital came from the operators. In both cases, operators have been mostly responsible for expansion, especially of the network; and (iv) for the remainder of

urban areas the *de jure* position is that DNA is responsible but *de facto* nothing has been done and local government is partially faced with this responsibility.

The government has decided to address this situation by piloting a new asset management unit, the AIAS, to take responsibility for all non-FIPAG urban areas. There is some debate, however, as to why a split in the asset management arrangements for the 23 cities and large towns (between FIPAG and AIAS) is necessary.

With regard to the AIAS it is notable that it is not proposed to be a risk taking body: it is not intended for it to borrow and it will not contract operators and take any operating account risk associated with water supply operations. It becomes, therefore, essentially a project management unit but these responsibilities are still being defined and need to be coordinated with those of the APAS.

### ***Regulation***

The regulator, CRA, is responsible for the systems included under the Delegated Management Framework which comprises the FIPAG managed areas. Outside the 14 FIPAG cities and towns the regulator is essentially DNA at present. The arrangement of having a different regulatory structure in these 14 cities and towns is problematic. But there are proposals to expand CRA's role to act as the regulator in non-FIPAG cities, whether this be directly or indirectly. CRA is currently developing mechanisms to delegate some of its functions in the peri-urban areas of FIPAG cities.

### ***On Capital Finance***

There is an impressive commitment of funding to the water and some to the sanitation sector in Mozambique by international donors and funding agencies. Some of this funding is coming as grants and, in the case of funding to FIPAG, some in the form of loans. More funding is needed but currently the ability of the sector to absorb what is committed is the main concern.

However, funding allocated to each municipal area is not the same: the largest cities are getting the larger allocations per capita than smaller urban centers and many smaller towns are currently getting little. Larger cities and towns get more capital investment as it costs more to supply citizens of larger towns due to distances from the source, length of pipelines, treatment plants, etc. While accepting that not all urban areas can be funded at the same time there needs to be optimization in the way funds are allocated. This calls for a set of rules or guidelines relating to the way investments will be prioritized, given that water supply investments are notoriously lumpy.

### ***On Operating Revenue***

There is general acceptance that subsidies will only be provided in a transitional phase and that, in the long term, operators must be able to cover their operating costs with revenue raised from customers. The consumers currently served by FIPAG are in effect benefiting from a subsidy to the system through a mix of loan and grant funding, albeit one which is to be progressively withdrawn. And the new funding proposals for small to medium towns also provide for a subsidy for a transitional period.

Based on this review, with no subsidy there will still be many poor households who will not be able to afford to get piped water to their dwellings, particularly where the costs of providing the service are high due to local water resource conditions. If water is constrained, it is often the poor who pay the most. Overall studies have shown that economies of scale do prevail and the most useful way to provide improved services is to provide as many connections as possible using innovative ways to getting piped water to people by introducing shared connections, selling from neighbors, etc. It has been stated in this report that an agreed approach to mixed service levels is the key to success.

## **On the Institutional Structure for Sanitation**

### ***On the Authority***

In the case of sanitation the concept of the authority is clear where there is a municipal council: it is the municipality. The authority for sanitation in the small towns where there is no municipality is less clear but it is assumed to be the district government. This

approach to the authority differs from that applicable to water supply, which means that the integration of water and sanitation activities at local level becomes difficult. There is a strong argument for greater integration between water supply and piped sanitation undertakings. Such integration is a feature of the proposed AIAS and provincial water board structures which, it is understood, will be responsible for both services. The role and organizational implications of the municipalities will need to be clearly defined. According to WSP, however, to have an effect on public health, these services are best provided together, but not necessarily by the same provider. Water supply is typically a centralized infrastructure built at one time, that reaches out to consumers. On-site sanitation — the solution for over 95% of urban residents for years to come — relies on permanent campaigns to persuade and assist individuals to make individual investments. This is a very different undertaking from the mass delivery of a product (water). Recent developments in sanitation worldwide are beginning to recognize this fact, and separate institutional structures are evolving.

### ***On Operational Activity***

In the case of operation and maintenance of infrastructure associated with sewerage systems the current arrangement is that this is the responsibility of the municipality. But currently the systems, notably that in Maputo, are barely functional. It has not been possible to assess proposals relating to new sewerage systems proposed in the other towns. The policy is to set up autonomous services (municipal sanitation companies) which may have some private participation.

With regard to on-site sanitation systems (septic tanks and pits etc) the operational activity is primarily associated with coordination and promotion, including health and hygiene promotion. There is currently no policy on emptying but it is carried out by a mix of municipal and private operators. This is assumed to be the responsibility of municipalities but most do not have the means to do it. Households must take primary responsibility for building their own on-site systems and maintaining them. There is a policy that central government is expected to “promote” households to build latrines but the specifics are not clear.



### ***Asset Management (Including Investment)***

In the case of seweraged systems, the AIAS has been identified in the Draft Urban WSS Strategy as being responsible for these assets in future, at least in terms of ensuring that finance is raised and the infrastructure is installed properly. The comments made regarding the AIAS under the water supply sections therefore apply here as well.

### ***Operating Revenue for Sanitation***

In the absence of robust local taxation systems, the introduction of a sanitation charge linked to the water bill is one alternative that leads to the possibility that the new or rehabilitated seweraged systems can be operated and maintained viably. However, these charges need to be higher than those currently proposed and this may lead to affordability issues. The revenue needed to run local sanitation programs is still very high and a funding mechanism is needed with clear and transparent criteria to allocate and transfer funds to local government.

### ***Regulation***

Regulation applies primarily to the seweraged systems which have substantial public infrastructure and where revenue has to be raised from customers connected to the system. There is an unanswered question as to how much responsibility CRA can take for this.

### ***National Support Program***

The need for a large scale national on-site sanitation support program has been affirmed, but it would take considerable political will and resources to get it happening at a much larger scale.

## **7.11 Current Operations**

### **Institutional Arrangement: Water**

The current operating status is based on three institutional structures:

15 cities and towns where FIPAG is responsible for water supply assets and management of the systems via the delegated management framework for operations. These cities all reach a level of cost recovery to enable FIPAG to operate and pay dept service. More cities can be included in FIPAG if they reach full cost recovery;

(ii) All other towns are under the AIAS , which is responsible for asset management, with private and public company operators contracted to the provincial water boards (APAS) and;

(iii) Peri-urban areas in the FIPAG cities and towns that are not under the footprint of the private operator, and possibly in the AIAS towns as well, still relying on relatively informal arrangements in a transition. Over time these will all become part of the reticulated network. In the interim, there will be some role for a variety of other players including the municipality, district government, and NGOs, at least to act as a co-coordinator and provide some oversight in peri-urban areas.

### **Financing Arrangement: Water**

There are large scale commitments of funding to many of the large piped water and sewerage sanitation systems (23 top towns) and the emphasis now is on getting the implementation arrangements in place and ensuring that operational arrangements are there so that the services are properly managed. The level of funding allocated should be reviewed in terms of benchmarks to assess the level of equity in the current allocations.

For small piped water supply systems and point source supplies, ideally a capital allocation scheme should be set up for a 10 year period in such a way that there are optimized allocations of funding and that there can be progressive expansions of systems. This would need to be coordinated with, or fused with the rural Sector-wide Approach.

Some form of operating subsidy may be necessary during a transition phase (or longer) if only to cover technical assistance and employment of management contractors. A clear framework needs to be established to ensure equity in this regard. The availability of funding for technical assistance needs to be set up for all urban areas building on that

which has been allocated for the MCC program in the northern areas. APAS would be responsible for this. The actual operating and maintenance costs, excluding capital charges and technical assistance for an interim period, must be covered by tariffs. But it is notable that willingness to pay may be a problem in areas where there are competing low-cost, natural sources.

### **Regulator Arrangements: Water**

CRA is clearly dominant in the area of water sector regulation. This is the result of the success CRA has had in implementation and management of water regulation. CRA could (i) continue to take responsibility for FIPAG areas; (iii) take responsibility for regulating all water supply operators in 23 cities and large towns; (iv) widen its focus and take responsibility for small towns as well; and (v) take indirect responsibility in certain cases.

### **Technology and Service Level Choice: Water**

Water supply and sanitation systems will only be viable if the selected technology has a cost which can be covered by local revenues (assuming that technical assistance and capital may be made available on a subsidized basis). In the case of water supply this implies that care needs to be taken with regard to service levels with an appropriate mix of individual connections, public standpipes and point source supplies.<sup>28</sup> Over an interim period, which may be 10 years or more, until piped systems are widely in place and functional, point source water supplies (primarily boreholes with hand-pumps) may need to be provided but discouraged due to the contamination risk. Most standpipes should be attached to the network.

### **Sanitation Institutional Arrangements**

In the case of sewerage systems, existing and future (some 10 systems probably), these are under the authority of the municipality and should remain so. The option for integrating water supply and sanitation operations should be investigated in the coming years, with one operator responsible for both. In this regard it is very important for CRA to take on regulatory responsibility for sewerage sanitation systems at least in the medium term.

For on-site sanitation, local government, both municipalities and districts, need to be made responsible for running sanitation improvement programs under what is a continuation of PLM which includes ongoing health and hygiene promotion. But to do this effectively there needs to be a very big step up in the support provided at national and provincial level. This can be structured as a national support program with provincial offices. It would ideally include involvement from the Ministry of Health and MOPH/DNA, based on previous good practices.

### **Financing on-site sanitation**

There is an urgent need to set up a national sanitation fund which provides for transfers to local government for urban sanitation programs. Municipalities are responsible for sanitation delivery but do not have access to the funding to do this. With time a transfer could be phased out, perhaps over 10 years, as local sources of revenue are built up. At the same time funding is needed for the national support program which is central to the success of local programs.

## **7.12 Conclusion**

There is a wide range of experiences, models and proposals to draw upon in Mozambique in the water and sanitation sectors. This offers rich lessons from the past and opportunities for the next phase of implementation of various approaches and policies. The institutional environment is particularly dynamic, and has not yet established an effective equilibrium. The next phase is beginning with an emphasis on two new institutions (and associated models), based on the success of FIPAG to date, that include the APAS and AIAS. These models will need to be carefully evaluated. The role of municipalities will need to be established with respect to what precisely they want and what they can contribute. For water supply, the municipalities must decide if they want to be investors and asset owners, operators, regulators or policy makers. Each of these roles has different responsibilities and they cannot be easily combined. This is a large task for the municipalities at this time. It would be important therefore, for central level agencies to ensure that the municipalities understand the benefits (and risks) associated with the APAS/AIAS model and help them to participate in an organized and systematic

manner on the APAS. In other words, it would be important to provide municipalities with the assistance and guidance to demand from the APAS and AIAS the investments and services that they require.

It is also important to clarify the future framework for regulation of both water and sanitation, where roles need to be agreed for CRA, DNA and municipalities. In respect of sanitation, there is a need for significant capital investment for piped systems and a program of support through municipalities for households to improve on-site sanitation. The water and sanitation sectors in Mozambique are changing rapidly, and it is very important to establish appropriate data gathering mechanisms and undertake ongoing analysis to inform policy going forward, particularly given the critical importance of these two sectors for achieving many of the MDGs.

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#### **End Notes:**

<sup>1</sup> In the case of the two existing sewer systems in Maputo and Beira they both have a single wastewater treatment works which use pond-based technology.

<sup>2</sup> 22nd session of the Council of Ministers on 21/08/07, published in the Boletim da República 43/1, 5th supplement 30/10/07.

<sup>3</sup> These are: Maputo and Matola, Xai-Xai, Chókwe, Inhambane, Maxixe, Beira and Dondo, Chimoio and Gondola, Quelimane, Tete and Moatize, Nampula, Nacala, Pemba and Lichinga.

<sup>4</sup> The ARAs, supervised by the MOPH, manage the hydrographic basins of the country. They are responsible for licensing and concessioning the use and benefit of public domain waters, imposing administrative easements and approving hydraulic works, among other powers. The FCGD is an advisory body which integrates representatives of the principal entities involved in the delegated management process and works to harmonize their respective interests.

<sup>5</sup> Information on rural water and sanitation policy taken largely from the “Strategic Plan for Rural Water and Sanitation 2006-1015” prepared for the Mozambican government (MOPH-DNA).

<sup>6</sup> In two cases investigated for this report (Manhiça and Monapo) the municipalities are effectively the operators and employ staff to operate and maintain the systems.

<sup>7</sup> This vision is being discussed but has not been defined by any legal decree.

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<sup>8</sup> A large proportion of existing connections are not working (33% in Lichinga, 37% in Nacala and 28% in Angoche, for example) and at times the whole system breaks down mostly because of a bulk supply failure.

<sup>9</sup> The companies have not been able to expand the networks for which they are responsible (only 14% coverage on average for all 6, which is lower than for any other grouping of operators).

<sup>10</sup> This is a rough estimate. A comprehensive study done by Seurica/Hydrocanceil for *FIPAG* registered 190 small providers in 2004 and estimated that there were at least 200 at that time. Given the rapid growth in this industry a figure of 300 does not seem unreasonable.

<sup>11</sup> For example in Maputo and Matola there are 4 tankers run by the municipality and 12 private operators, some with more than one tanker. Beira runs a public service with several recently purchased tankers while in Xai-Xai the municipality operates a single tractor drawn tanker with a vacuum pump.

<sup>12</sup> Interview with Paulo Óscar, *DNA*.

<sup>13</sup> The Program is managed nationally by a central management unit (CMU) that has responsibility for overall policy, planning, coordination, training, resource mobilization, procurement and financial management. The CMU maintains supervisory visits to the provincial units. There are currently 8 Improved Latrine Projects (PLM's) at the provincial level.

<sup>14</sup> See diagram 3 in the Rural Water and Sanitation Strategy report (2006).

<sup>15</sup> The Mayor of Beira believes that cooperation between AdM as management contractor, and the municipality, is satisfactory. In Maputo the Deputy Director for water, sanitation and drainage, feels there is very little interaction between the operator and the municipality at his level. In Nampula both *FIPAG* and *CRA* have a local office and this appears to have enabled good communication to take place with the water company which is under *FIPAG* control.

<sup>16</sup> The interviews with the operators the lack of access to capital was held to be a major constraint.

<sup>17</sup> Interview with Manuel Alvarinho, *CRA*.

<sup>18</sup> This has been taken into consideration in the World Bank (2007) project appraisal document for the Water Services and Institutional Support program (WASIS).

<sup>19</sup> The term viability is used to mean the situation where an operator of a system can raise sufficient revenue to cover the operating cost of the system which is being well run, over the long term, including in the cost the ability to service the debt which is raised to provide capital for new infrastructure and infrastructure rehabilitation.

<sup>20</sup> This is confirmed in the Nathan report which includes an analysis of several medium and small systems and indicates that many will not be viable in the short term without subsidies. But it shows that it will be possible to move away from subsidy in the medium term (by 2015 at the latest).

<sup>21</sup> Note that the data shown is interpreted based on their own merits and this assessment does not necessarily conform with that given in the Baker reports.

<sup>22</sup> For example, the figures given earlier in this report which have been used for capital costing — US\$60 per household for a pit latrine and US\$150 per household for a septic tank — do include the cost of components, whether these are incurred by the household or the municipality and for some elements of program management. It is assumed they do not include the day-to-day costs which are incurred to run an ongoing health and hygiene promotion service, continue to engage with communities, and emptying septic tanks and pits.

<sup>23</sup> Although the revenue is being collected for Sanitation by *AdM*, the management contractor appointed by *FIPAG*, the revenue had not reached Beira municipality by February 2008, according to the mayor.

<sup>24</sup> It has not been possible to assess the extent of funding commitments in any detail for this report.

<sup>25</sup> Porto Alegre and Santo Andre.

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<sup>26</sup> None are technically private sector. *AdM* is a joint venture between a Portuguese parastatal and private capital. In the other *FIPAG* cities, *FIPAG* itself is the operator supported by VITENS.

<sup>27</sup> This was a major topic of discussion between mayors at the workshop relating to this urban sector review held in June 2008.

<sup>28</sup> Point source boreholes in urban areas should be avoided because of contamination from inadequate sanitation, but in per-urban areas much depends on the density and relative location of the water point in relation to the pit latrine.





## **Chapter 8 Solid Waste Management**

### **8.1 Introduction, Concepts and Methodology**

In the current era the problems associated with solid waste are complex, given the quantity and diversity of waste produced daily and the rate at which it has been increasing over time. The rapid development of urban areas and the increase in consumption of more disposable goods, combined with limited funding for urban waste management services and low technical capacity to operate such services, requires urgent interventions to minimize public health hazards and environmental degradation. The serious problems caused by solid waste production and its inadequate disposal have become a challenge for any administration to resolve, or at least limit its negative impact.

In Mozambique, municipal authorities are responsible for urban waste management as established by Article 6 of Law 2/97, of 18th of February, and Article 25 of Law 11/97, of 31st of May 31st. Although formally, municipalities have the legal mandate to provide solid waste management services, in practice the lack of financial, human and material resources continues to compromise the delivery of these basic services.

This chapter presents an overview of the current state of solid waste management in Mozambique and suggests recommendations to improve the situation in a sustainable manner. It also seeks to identify good practices that can serve as examples for the revitalization of the existing models or as alternative management models.

#### **Methodology**

This study carried out a literature review of key documents and conducted a series of interviews with governmental and private institutions at the national and municipal levels.

The key methodological assumptions which guided this study are based on the concept of 'integrated solid waste management', as a new paradigm of urban cleanliness, aligned with Agenda 21. The Agenda includes the reduction of solid waste production, the increase in reuse and recycling, a more widespread coverage of services delivered, and environmentally contained final waste disposal. Some basic concepts include:

**Integrated Solid Waste Management:** This concept includes the social, environmental, cultural, economic, political and institutional dimensions as well as the technical and operational dimensions of urban solid waste management services to ensure sustainability.

**Solid Waste as part of Environmental Sanitation:** Solutions for final disposal must be in line with national and international basic sanitation guidelines. It must also be aligned with the set of activities that constitute good environmental sanitation services, including water supply, sewage, storm water drainage, solid waste management, and urban cleanliness.

**Population Participation:** The involvement of the "stakeholders" is essential. These include CBOs and the informal and private sectors. This participatory approach is different from more traditional methodologies as it allows for a more active contribution from different groups in the society.

**Social Inclusion:** Collectors of recyclable materials have an important role to play and the establishment of partnerships is essential to create opportunities for work and income generation, especially for those focused on selective waste collection and reutilization of recyclable materials.

**Municipal Technical Capacity Development through on-the-job Training:** Integrated solid waste management strategies should be prepared taking into account the technical and operational skills in the municipalities and therefore their capacity to implement the

proposed actions. Local technicians should be encouraged to participate in data gathering exercises. Technical support should be considered to develop local capacity through on-the-job training and to ensure that any services contracted in or out are managed appropriately.

***Local and Regional Partnerships:*** Many different partnerships are possible in this sector, including public-private partnerships, partnerships between municipalities (to achieve scale economies), partnerships between municipalities and districts, or between municipalities and provinces or national government departments. The partnership challenge lies in identifying the sectors or government units that complement each other and can work together to achieve common goals.

## **Fieldwork**

The fieldwork included technical visits to the six municipalities involved in this study. Interviews were conducted in each municipality with the heads of the departments in charge of sanitation, local associations, directors of the main industrial companies, and directors of the sanitary facilities. Technical visits were also made to the critical points along the solid waste collection routes, the final disposal sites and the main hospitals and health centers.

The interviews were based on surveys covering the following issues:

- ◆ The type of solid waste management services, including the identification of operational models at all stages of the process, and identification of constraints in:
  - (i) storage; (ii) neighborhood waste management (urban and peri-urban);
  - (iii) transport; (iv) final disposal and treatment of urban solid waste; and
  - (v) management approaches to health services waste;
- ◆ The scope of solid waste collection service coverage, the routes and collection frequency, and the identification of constraints that prevent the increase of service coverage;

- ◆ The citizens' and institutions' attitudes and behaviors towards solid waste management issues;
- ◆ The kinds of solid waste produced, in quantity and quality (health services waste, domestic, commercial, industrial, special/toxic waste, etc), and the current means of treatment;
- ◆ Material, human and financial resources involved in the process of solid waste management;
- ◆ The taxes and fees charged for solid waste collection and the cost efficiency of the solid waste management models;
- ◆ Current or alternative management models which are sustainable and efficient and guarantee the quality of municipal solid waste management.

## **8.2 Main Findings and Key Challenges**

The qualitative synthesis of the data gathered from the municipalities in this study is presented in table 8.1 and table 8.2. From table 8.1, it can be observed that urban waste management services in all municipalities cover collection through to final disposal. However, the quality of the services provided by the Municipal Councils varies significantly from activity to activity and from one municipality to another (see annex 3 of the long chapter in the CD-ROM).

**Table 8.1 Urban Waste Management Services Provided by Municipalities and Entity Responsible**

Services	Entity Responsible per Municipality					
	Cuamba	Gurué	Inhambane	Maputo	Nacala	Quelimane
Domestic Waste Collection	CM	CM	CM	CM/T/P	CM	EP
Special waste collection – construction waste	CM	CM	P	CM/P	CM	EP/P
Special waste collection – private trimming of trees	CM	CM	CM/P	CM/P	CM	EP
Special waste collection – large producers	CM	P	-	CM	CM/P	EP
Health services waste collection	P	P	CM	CM/P	CM/P	EP/P
Ports and airports waste collection	P	-	-	P	T	P
Industrial waste collection	CM	P	P	P	P	P
Commercial waste collection	CM	CM	-	CM/P	CM	EP
Waste from public street sweeping	CM	CM	CM	CM	CM	EP
Waste from gutters and water drains	CM	CM	CM	CM	CM	EP
Parks/squares/public parks waste management	CM	CM	CM	CM/P	CM	EP
Beach waste management	-	-	CM	CM	CM	-
Market waste management	CM	CM	CM	CM/P	CM	EP
Waste treatment	-	CM	-	CM	-	-
Final disposal	CM	CM	CM	CM	CM	EP
Other services	-	-	CM	CM	CM	EP

*Note:* CM: Municipal Council. EP: State Company. P: Producer. T: Third party contract

The results in table 8.2 below indicate that in respect of areas under coverage, the quality of solid waste collection services is satisfactory. However, these services are barely existent in peri-urban areas. It is therefore important that these services are expanded and made available to all of the population. It can also be observed that all waste collected is finally disposed in open air dumping sites, a situation of serious environmental and public health problems. In addition, table 8.2 shows that although all municipalities apply an

urban waste management tax, not all have differentiated taxes according to the quantity or nature of waste collected.

Another important finding relates to the percentage of municipalities' total budget spent on urban waste management, on average estimated to be 11% but ranging from 2% to 19%. However, it was not possible to obtain the total expenses dedicated to urban waste management services alone, since the majority of the municipalities have joint accounting records, particularly in respect of personnel. Also, the resources applied are used for several other activities, so these numbers are not accurate for solid waste management alone.

**Table 8.2 Municipalities' Urban Solid Waste Management Diagnosis Summary**

	Inhabitants	USW Collected (tons/day)	Geographic Span of Collection (Area %)	Final Disposal	Differentiated UCT	Expenses as a % of Total Budget	Legal Instruments	Inspection	Training	Civic Education
<b>Cuamba</b>	72.056	14	Urban 90% Peri-urban 0%	Dump	Yes	4,2	CPM PGIRSU PE	Yes	No	Yes Permanent
<b>Gurué</b>	140.025	15	Urban 100% Peri-urban 30%	Dump	No	-	CPM	Yes	No	Yes Permanent
<b>Inhambane</b>	68.285	23	Urban 100% Peri-urban 30%	Dump	Yes	14,37	CPM	No	No	Yes
<b>Maputo</b>	1.068.607	450-600	Urban 90% Peri-urban 60%	Dump	Yes	16,61	CPM RGRS PDRS Estatuto	Yes	No	Yes Permanent
<b>Nacala</b>	167.038	34-40	Urban 100% Peri-urban 35%	Dump	Yes	2,0	CPM PGIRSU PDM	Yes	No	Yes Permanent
<b>Quelimane</b>	191.476	90	Urban 100% Peri-urban 60%	Dump	No	19,0	CPM PGIRSU Estatuto	No	No	Yes Permanent

USW: Urban Solid Waste

UCT: Urban waste management tax

CM: Municipal Council

RGRS: Solid Waste Management Regulation

CPM: Municipal By-laws

PGIRSU: Integrated Solid Waste Management Plan

Estatuto: Quelimane Municipal Sanitation Company Statutes (EMUSA)

PDRS: Solid Waste Director Plan

The quantitative and qualitative data and analysis presented so far points to the need for efforts to be emphasized in the following areas:

### **Organizational Structure**

Solid waste management is clearly a municipal competency. Independent of the institutional arrangement used for the delivery of the service, municipalities are ultimately responsible for planning and monitoring these services and for guaranteeing the sector's economic sustainability.

Different institutional arrangements can be used to optimize urban waste management services and each of these arrangements demands a different administrative structure. The most common forms include direct administration by the municipality or indirect administration through a specific state-owned company, or even a company with joint private and state ownership. Whichever approach is adopted, the service can be delivered by outsourcing it to private companies.

Except for Quelimane, which created a state-owned company –the Municipal Sanitation Company (EMUSA) – the remaining municipalities have responsibilities for urban waste management services allocated to one Directorate or Department of the Municipal Council, i.e. direct administration.

Direct administration is generally the most appropriate structure for solid waste management in a small municipality where the scale of service may not be attractive enough for contracting out cost-effectively. However, the existence of a specific organization with an administrative and operational structure is fundamental to carry out such services.

The creation of a municipal company would generally only be justified in large municipalities, since it may allow for more agility and autonomy in delivery of services. However, the EMUSA case does not offer enough specific information to evaluate its performance due to its recent creation (June 2007).



Regardless of the institutional arrangement - direct or indirect - in place to implement waste management services, an administrative structure must be adequate to manage the complexity and size of the municipality, with competent and qualified human resources. The Municipal Council will always be held responsible for the coordination and control of the quality of the services even in case when the services are outsourced.

### **Economic and Financial Sustainability**

In Mozambique there is a solid waste management tax that municipalities can ask EDM (the electrical utility company) to collect as part of their bills to households. While innovative and effective as an instrument of revenue-raising, this tax (set out in the Municipal Byelaw) is a highly controversial topic for various reasons, including the quality of services rendered, the amount or the manner in which the tax is charged, the high fees charged by EDM for collection, and because municipalities do not have access to the real amount of money collected by EDM. To assess whether an urban waste management system is self-sustainable or not, it is necessary to understand recurrent monthly expenses as well as the projected revenues from the waste management tax and other sources of income. This information is not being made publicly available.

The result of this analysis would serve as a reference to guide managers through the financial performance of the urban waste management sector, and assess if the tax amounts are sufficient, if they need to be adjusted, or if their means of collection needs to be improved. The analysis would also serve to define the proportion of the municipal budget (from non-earmarked revenues) which is needed to complement the waste management sector's budget.

Based on available data, the present study shows that in most municipalities the waste management tax is below the required value for the collection and final disposal services required for sustainability. It was also found that the amount of taxes charged does not always vary between the different categories of waste producers.

According to the local policy makers interviewed, solid waste management sustainability in all municipalities is connected to the need to have a dedicated source of financing for

this service. In various countries the financing comes from property taxes. Mozambique does have a property tax system in place but it collects very little and is far from operating to its full potential. Therefore, under the current situation municipal authorities agree that there are few alternatives but to a levy sanitation fees with differentiated rates to small and large waste producers.

Maputo City has a plan to gradually achieve, by 2012, 100% financial sustainability of the urban waste management system. For this purpose, it reviewed the waste management tax amounts and differentiated the tax charged per producer (domestic and large producers through a Proof of Service) and by type of service (special collection service and solid waste disposal at the present dump). The waste management tax amount is divided into domestic and non-domestic sectors and it is indexed to three energy consumption categories. In addition, a social tariff was also implemented to poor families that benefit from the service but have low capacity to pay. As of 2007 the tariff is of 10MTn per household independent on the level of energy consumption.

To attain economic and financial sustainability of urban waste management services, the municipalities must adopt measures to review the value of the waste management tax and establish differentiated charging for larger waste producers, as well as create revenue and expense control mechanisms specific to each segment. However, to implement differentiated charging for waste management taxes, attention must be paid to the payment capacity of each family to ensure that it is increased in a socially equitable manner. Furthermore, a percentage of the collection of other municipal taxes — such as market fees and property tax (IPRA) — could be allocated to solid waste management.

Some economic activities that happen within municipal boundaries may cause serious impacts in terms of waste production. For example, the port activities in Nacala, Quelimane and Pemba, bring a large number of people and goods for consumption. Therefore this kind of economic activity should contribute the financing of waste management as they are significant contributors to the production of solid waste.

## Legal framework

The legal framework that holds the municipality responsible for solid waste management is based on Articles 6 and 46 of Law 2/97 (Municipal Law), from the 18th of February 1997. Article 46, paragraphs (a), (b) and (d), establish approval of policy and inspection of environmental management to be responsibilities of the Municipal Assembly, including those activities related to solid waste management.

As illustrated in table 8.2, all municipalities have municipal by-laws, but they are not all updated. There is therefore a need to create an updated legal instrument such as a revised Municipal by-law, or other legal instrument, in order to regulate the urban waste management system that is functioning in connection with a Urban Solid Waste Integrated Management Plan (PGIRSU). Such a document must clearly define the responsibilities of the Municipal Council in relation to solid waste management as well as the population's participation in activities to keep the municipality clean. The Municipal by-laws must be consistent with the guidelines and responsibilities defined in the PGIRSU.

The legal framework will have to be approved by the Municipal Assembly and disseminated widely to all citizens, institutions and local enterprises. With an approved legal basis, inspection methods and procedures must be created in the municipality, and a team responsible for the enforcement and monitoring of its responsibilities must be formed and trained. In this context, the inspection must primarily act to provide citizens with information and guidance, given its objective of preventing irregularities. Only after all preventive measures have been taken should the proper penalties be applied to those not following the established rules.

## Operational Structure

With the exception of Maputo, several weaknesses in the operational structure of most municipalities were identified, despite their strong efforts to deliver urban waste management services. These include:

- ◆ Poor maintenance;
- ◆ Lack of dedicated resources for waste collection;

- ◆ Irregular frequency of urban waste management services delivery;
- ◆ Inexistence of regular peri-urban waste management service delivery;
- ◆ Limited technical capacity of the operational team;
- ◆ Inexistent operational control, especially regarding the quantity of waste collected;
- ◆ Lack of planning for urban waste management services;
- ◆ Final waste disposal in open air dumping fields, thus damaging the environment.

One of the study's goals was to establish the solid waste composition and the quantities of waste produced and collected. Such data gathering was made by estimating the equipments' capacity and the number of loads. However, in most municipalities there was no control over the exact number of loads. Such information is critical to solid waste management and must be confirmed through the implementation of operational control instruments.

Investment in operational controls is fundamental to calculate the amounts of solid waste collected, determine the specific waste weight, estimate per capita production, assess the performance of the collection routes, and understand the solid waste's gravimetric composition.<sup>1</sup> For that purpose, local teams must be trained to periodically develop an urban solid waste quantification and characterization program (annually or bi-annually), using control spreadsheets and, in the case of gravimetric composition, using the appropriate equipment, like weigh scales and plastic drums.

### **Final Disposal**

All solid waste of every municipality in this study is presently disposed of in open air dumping sites without any treatment. Solving this problem is considered a priority by most of the policy makers interviewed. In some municipalities there is even industrial hazardous waste which is disposed of in improper places, demanding urgent improvement measures.

From an institutional perspective, it is MICOA's responsibility to implement and supervise the requirements for hazardous waste management.<sup>2</sup> However, due to the lack

of action it has become the municipalities' burden to manage the risks of handling such waste and to designate a site to dispose of it, which on many occasions has resulted in it being taken to the municipal dump site for lack of alternatives.

In January of 2008 MICOA prepared a Technical Guideline to install and operate sanitary landfills. However, this guideline has not yet officially been approved. The guidelines' main goal is to guide municipalities in the construction of sanitary landfills which are environmentally safe for domestic waste disposal.

The guideline covers topics ranging from disposal procedures to choosing an area for the landfill operation. It defines the operations model and waste compacting degree per landfill category, namely — rural landfills, and small, medium and large landfills (table 8.3). From this landfill categorization different models and analytical requirements are needed in order to install sanitary landfills.

**Table 8.3 Land Fill Categories<sup>3</sup>**

General Urban Solid Waste						
Landfill category	Rural	Small	Medium		Large	
Urban solid waste quantities annually generated	<1.000t	1.000t – 10.000t	<40.000t		>40.000t	
Population in the area designated for the landfill	<5.000	<30.000	<150.000		>150.000	
Lixiviation ( <i>leachate</i> ) <sup>4</sup> Potential	Low	High	Low	High	Low	High

Most municipalities currently do not have the capital required to invest in sanitary landfills, as they require significant amounts of upfront capital. Despite this, it is possible to develop an emergency plan, defining the operating methods and work schedules, and adopting certain measures to rebuild the dump sites and minimize the negative impacts on the environment.

Currently there is only one industrial landfill (there are no landfills for urban waste) in the southern region of the country (in Matola) which is of grave concern. It is important to find the resources to install industrial landfills in the central and northern regions of the country to comply with the environmental legislation in place and also the local demands,

especially in the cities of Nacala and Quelimane, where the inadequate hazardous waste disposal problem has become serious due to the strong industrial and port-related activities.

## **Training**

Training programs in municipalities are infrequent and in general the participants only include Council members and Directors, almost never reaching the more operational segments of the waste management sectors, particularly collectors. Additionally, according to the urban waste management heads in each municipality, there are no training programs that are especially targeted towards Integrated Solid Waste Management.

It is worthwhile investing in a broad and continuous training process that fosters institutional growth by creating technical capacity at a local level. This process must consider options for the local supply of courses for the different levels of urban waste management professionals.

When developing course content it is important to establish content and methodologies suitable for the target audience. At the operational level it is recommended that the content is concise, using predominantly images to illustrate the messages, since many collectors are illiterate. It is also important to prepare brochures using figures and drawings as a visual support to the training efforts.

It is therefore critical to design a training course in the field of Integrated Solid Waste Management, with an emphasis on the following basic content:

***Technical-Managerial Level:*** integrated solid waste management concepts, waste description, service operational standards, health and safety standards in the workplace, administrative, operational and financial control procedures;

***Administrative Level:*** to know administrative, operational and financial control procedures, and basic computer skills;

**Inspection Level:** to know which waste management services are available to the population, to know the urban waste management regulation, establish the methods, procedures and responsibilities to undertake an inspection of waste management services;

**Operational level (collectors, supervisors and sweepers):** appropriate use of tools for each kind of service such as: hazardous waste handling, health and safety at the workplace, worker hygiene, the importance of quality in service delivery, the role of the servant as an educating agent and topics related to the rights, duties and obligations of workers. .

## **Human Resources**

Overall, the urban waste management workers in Mozambique, in particular collectors, are close to retirement or were transferred to the waste management sector for poor productivity in other sectors. Consequently, this marginalization of the waste management sector has led to workers being deprived of positive attention that recognizes and values their work. Often workers are left without individual protective gear, uniforms or even the proper tools to deliver the services under their responsibility. Offices lack the necessary infrastructure and equipment for administrative and operational record keeping, including expenditure controls.

For the work to be successful, the team responsible for a city's urban waste management must be properly trained and valued. One of the aspects to focus on is a change in attitude towards recruitment and management of human resources; positions and respective responsibilities must be defined, as well as the skill sets needed to fill such jobs. It would also be important to promote a widespread training program supported by the compilation of illustrated training manuals; equip urban waste management sector headquarters offices; purchase and regularly distribute uniforms and individual protective gear; purchase appropriate tools for collectors, sweepers and mechanics' jobs; and purchase and maintain equipment and other materials required for work.

### 8.3 Recommendations

Recommendations for improving solid waste management in Mozambique stem from the concept of Integrated Solid Waste Management as the “way to conceive, implement and manage urban waste management systems considering a wide participation of the society’s sectors with the goal of sustainable development”.<sup>5</sup>

To deal with solid waste or urban waste management implies an analysis that covers the entire waste management cycle — beginning with production and ending with final disposal — and should include institutional arrangements, revenue and expenditure controls, civil education programs, and inspection, in order to define objectives and targets for a plan that describes the stages necessary to achieve full service sustainability.

For that reason, a PGIRSU — including an Economic Sustainability Plan — should be adopted as a planning tool for municipal managers. The preparation of a PGIRSU must be considered a priority by the President of the Municipal Council and involve Council members, relevant policy makers, the urban waste management sector team, and ensure the participation of municipal leaders from the Municipal Assembly, civil society organizations and the private sector.

The Plan should serve as a reference for policy making on Public Private Partnerships of local, national or international scope, with the purpose of implementing improvements in the cities’ waste management systems and in the final disposal areas. It will also serve as a guide for the preparation of the Annual Activities and Budget Plans as well as to monitor the implementation of the programmed activities, with the purpose of guaranteeing the sustainability of both the urban waste management system and the final waste disposal. Therefore, the Plan’s success is based on gradual improvement together with institutional strengthening and financial capacity development in municipalities.

The stages and chapters that form a PGIRSU are presented below and illustrated in the subsequent figure 8.1.



## **1st Stage – Diagnostic**

The preparation of a diagnostic stage must consider:

### ***Description of municipalities***

- History
- Location
- Physical and environmental aspects
- Economic aspects
- Population
- Socio-cultural aspects

### ***Solid Waste Description***

- Waste gravimetric composition
- Per capita production and waste projections considering population growth

### ***Urban Waste management System Description***

Must cover the same topics mentioned in the Proposals stage (below)

## **2nd Stage – Objectives and Targets**

### ***Definition of the Management Plan’s objectives***

### ***Determination of targets***

## **3rd Stage — Proposals**

### ***a. Administrative Structure of the Responsible Unit***

To propose, when necessary, an administrative structure which is appropriate for the urban waste management sector

### ***b. Economic Sustainability Plan***

Gather information on the services’ expenditure  
To present the cost of services – investment and operation

### ***c. Legal and Inspection Instruments***

Present a draft of the municipal by-law or the urban waste management municipal regulation  
Propose an inspection system for the services rendered and the citizens

### ***d. Operational Structure***

Confirm the types of waste produced, its characteristics and quantity  
Define the services and their scope

Define, in quantity and in quality, the staff needed to deliver the services

***e. Waste Treatment and Final Disposal***

To assess the final disposal situation and suggest improvements

***f. Valorization of Human Resources***

To define training programs, as well as the individual protection gear and uniforms for the waste management workers

***g. Civic Education Programs***

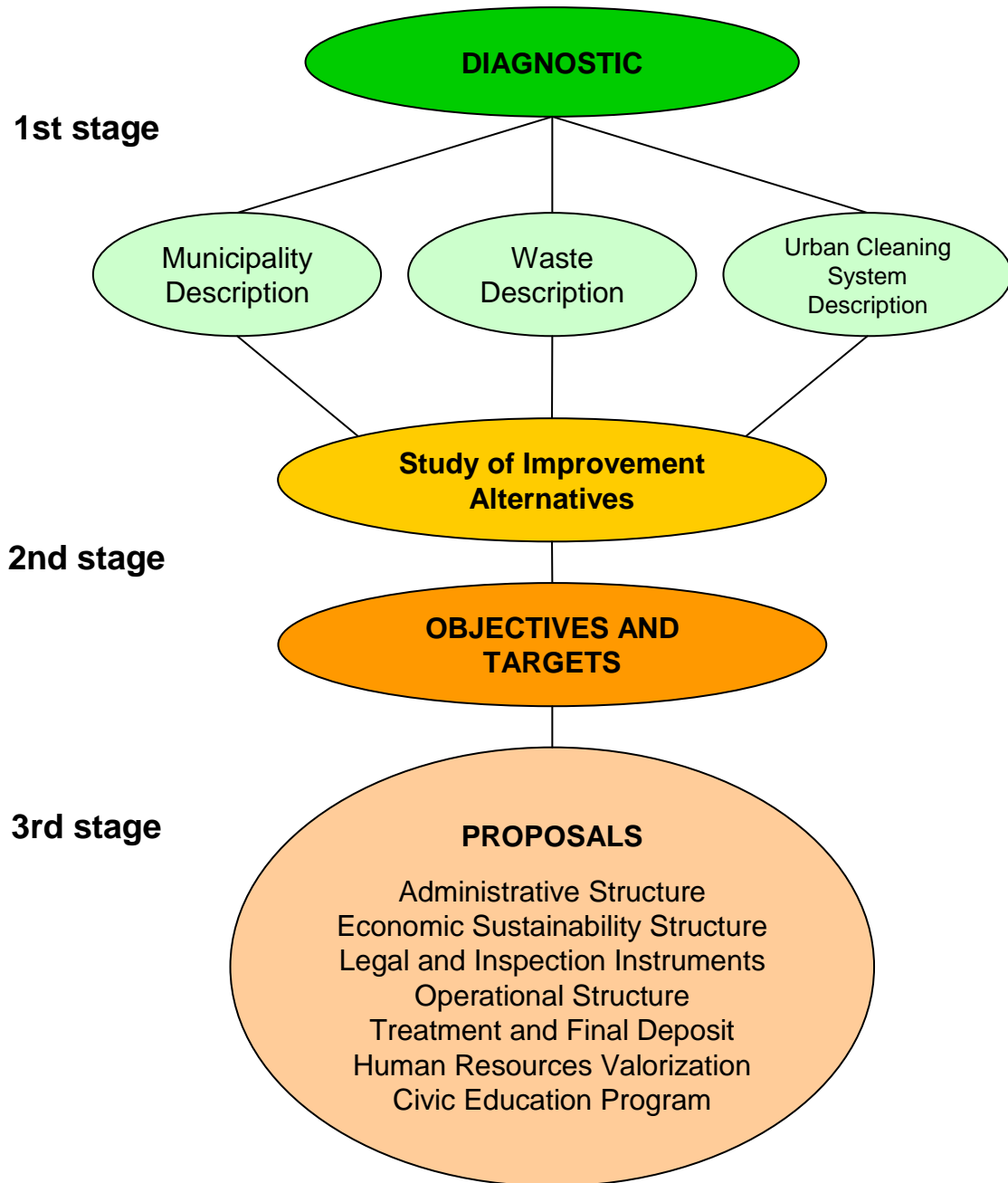
To present a proposal for the development of educational activities at formal and informal levels

Further information can be obtained in the Urban Solid Waste Integrated Management Manual, edited by MICOA in November 2006. In addition to the PGIRSU, some procedures can be put in place to make improvements in the solid waste management system, using as a reference actions at the national and municipal levels:

**National Level**

- ◆ To harmonize the existing legislation and/or the legislation under preparation in the country regarding environmental issues and solid waste management, ensuring that there are no inconsistencies in principles, concepts and terminologies;
- ◆ To standardize, in alignment with the legislation, the procedures to treat and finally dispose of residential, industrial, hazardous and health services solid waste;
- ◆ To advertise the solid waste management regulatory framework (national strategies and technical decrees among others), and support municipalities in its implementation;
- ◆ To train and provide working instruments to the technical staff of Provincial and District Directorates of MICOA in order to decentralize the guidelines and the preparation and implementation of PGIRSU at the municipalities;
- ◆ To make a municipality's PGIRSU, approved by the Municipal Assembly - including a detailed plan to achieve the sectors economic sustainability - an eligibility criteria for any kind of national or international financing.

Figure 8.1 Stages of PGIRSU



## Municipal Level

- ◆ Economic and Financial Sustainability: to implement specific solid waste management revenue and expenditure controls, review the waste management tax values and the scope of charges, and implement differentiated taxing for large solid waste producers;
- ◆ Legal and inspection tools: create the legal framework and procedures to implement inspections;
- ◆ Operational Structure: promote and consolidate a culture of integrated strategic planning; invest in operational controls, study the waste composition, increase the coverage of peri-urban collection services, and ensure service quality and efficiency;
- ◆ Final disposal: rehabilitate dump sites and promote the construction of sanitary landfills;
- ◆ Training and development: must be continuous and encompassing at all staff levels, including: technical, managerial, administrative, inspection, and operational;
- ◆ Human resource motivation: to adopt measures to improve staff motivation, especially of the collectors and sweepers;
- ◆ Civic education: the municipalities must develop civic education programs in coordination with the urban waste management operational departments, with the aim of sharing responsibilities with the citizens for ensuring the cities' cleanliness.

## 8.4 Best Practices

Civil servants and entrepreneurs with innovative ideas in the solid waste management field can be found through initiatives sponsored by municipalities, NGOs, education and research entities, development agencies and many others. However, it must be stressed that in order for a practice to be considered “good” or “best” it must ensure sustainability.

In the section below some initiatives will be highlighted that stood out during the data gathering in Mozambican municipalities, as well as some from relevant experiences from Brazil.

## National Context

### *Primary Collection in Maputo City*

The limited operational and financial capacities of most municipalities restrict the coverage of waste collection services to urban areas (“cement cities”). Peri-urban neighborhoods, with their narrow, unpaved and winding streets, make access difficult for waste collection, and are therefore suffering most from the absence of urban waste management services. In such neighborhoods, the inhabitants use burying, burning, disposal in drains or other inappropriate places, and disposal in small dump sites as the means of eliminating their waste.

In Maputo City, particularly in “Maxaquene A” and “Urbanização” neighborhoods, a primary collection system has been implemented consisting of door-to-door waste collection, or at pre-established fixed points within the neighborhood, using carts (tchovas) as the main mode of transport as well as animal carts or tractors with a tow.

The advantage of using tchovas is their capacity to adapt to the conditions of the informal peri-urban neighborhoods, as well as their reduced need for maintenance. However, this method needs a second means of transport to move waste to the final disposal site. The operators of the tchovas cover all the neighborhood streets, collecting waste at every door and taking it to transfer points (stationary containers) for secondary collection, located in the neighborhood periphery, along the wider avenues. Tchova routes, as well as the location and size of secondary collection containers, must be coordinated to receive waste corresponding to the size of the collection area to which they would be allocated.

The waste removal from stationary containers is made by the Municipal Service Directorate of Health (DSMSS). However the frequency of removal still depends on the availability of vehicles that are often not operational. Nevertheless, this primary collection system is relatively easy to implement, without the need for large investments in workshops and administration by municipalities, as most of the costs are incurred by the tchova operators. These operators can be small and medium-sized companies of the neighborhood, generating work and income for the local inhabitants. In these

circumstances, the acceptance of the local “business man” by the inhabitants and the neighborhood awareness of the arrangement, are key success factors.

The experience in the “Urbanização” neighborhood has shown better results since it received start-up support from Doctors without Borders. In addition to the promotion of a wide civic education program at the citizen level, Doctors without Borders invested in new technologies to improve collection equipment and to retrieve materials from waste collected. The collection equipment innovation was made by creating tchovas with a strainer at the bottom, and the reuse of waste is being achieved through the production of biological fuels from coal waste.

### ***Replicability***

It is recommended that this model be considered for every Mozambican municipality for waste collection in neighborhoods, especially to the peri-urban areas that face very high constraints to improved coverage of solid waste management.

A strategic plan and operational toolkit should be prepared to help municipalities ensure the sustainability of the primary collection. It should include guidance for small and medium-sized business people or neighborhood associations in regard to the requirements for these businesses, including the necessary investments, O&M requirements, financial reserves, storage needs, civic education work other issues. The potential for recycling and selective collection should also be explored as these could generate potential partnerships with small businesses and contribute to the sustainability of the service delivery.

The GC – The Environment Fund – in coordination with other interested development partners, is a potential vehicle to assist in the development of the plan and toolkit which would define a model with the minimal requirements to ensure sustainability.

### ***Large Producers of Urban Solid Waste***

Maputo City has applied differentiated charging to large waste producers, introducing the Polluter Payer principle. Based on the review of the first by-law on city waste

management (Resolution 39/AM/2001, November 5, 2001.), and trying to adapt it to the new context of Solid Waste Integrated Management, the Municipal Assembly approved the Urban Solid Waste Regulation (Resolution 15/AM/05, September 24th) which requires large waste producers to present a “Proof of Service.” This requires all non-domestic producers whose daily production exceeds a defined quantity (presently 25 kg or 50 liters per day) to prove to Maputo City’s Health Department (DMSS) that their waste is properly removed by a company licensed for such purpose. The large producer pays a tax related to the quantity of waste produced.

The Proof of Service is an instrument that contributes to the control and data collection of the type and quantity of commercial and industrial waste produced, since it requires the producer to register at the DMSS. In addition it is also a source of income for the urban waste management sector.

### ***Replicability***

It is recommended that all cities adopt the Differentiated Waste Management Fee for large solid waste producers since this service represents a high cost for the Municipal Council, impeding the expansion of solid waste collection to the neighborhoods as large producers’ waste must be prioritized because of the risks such waste can pose to public health.

Tax collection from large solid waste producers must keep a record of such users, including the description - in quantity and quality - of waste produced, in order to develop or update the legal, administrative and operational requirements necessary to deliver such service.

The PROGOV Project (funded by USAID) is a potential partner to implement this initiative with some municipalities and has shown interest in including the control of revenues coming from the tax collection of large solid waste producers into their systems databases.

### ***Selective Collection at Tofo Beach — Inhambane***

The Waste Management and Environment Association (ALMA) based in Tofo Beach, Inhambane, is involved with the collection and final disposal conditions of waste produced, particularly during high season when it is a prime tourist attraction. It was involved in a study on the types of waste and possible solutions to minimize the problem in January 2007. After presenting a proposal to the Municipal Council, public interventions were initiated including beach waste management campaigns, collection of waste, and providing guidance to local traders and users. Campaigns have take place on one Saturday of each month.

With the support of the German Development Agency and the tourism company Terra, Água e Mar, Lda, ALMA expanded the project and purchased 38 plastic containers to store waste in public spaces on Tofo and Tofinho beaches. They also organized the local dump site, implementing segregation of potentially recyclable materials.

To undertake this initiative ALMA got help from 10 collectors, trained, and equipped with individual protective gear. Their task was to collect the recyclable materials and store them in an area close to the dump for future trade. The largest constraint was the transport of recyclable materials for trade as the market is located in Maputo. For that purpose, they established a partnership with a construction materials company, Kanjela, based in Maputo. The recyclable material goes to Maputo at no expense, to be traded there, since Kanjela's trucks go to Inhambane full of construction materials and return to Maputo with recyclable materials stored in large bags. One of the ALMA directors receives these materials in Maputo and trades them with Pagalata and Recicla enterprises.

The recycling initiative was extended to include Inhambane's dump, where ten additional collectors were equipped with individual protective gear to sort and store materials for trade. A warehouse is being built in both dump sites to store the collected material while it waits for the transport for future trade. The first sale, reflecting the collection of materials from December 2007 to February 2008 was approximately 300 Kg of PET and



800 Kg of metal, equivalent to 1,500.00 Mtn which will be distributed among the workers.

### ***Replicability***

There still is not sufficient information to evaluate the project's performance, although it appears to be a promising and innovative idea which deserves to be followed in order to assess its progress, and serve as a potential model for other municipalities.

There is a growing potential for recycling in each city due to the increase in industrialized products and the purchasing power of the population. However, the placement of such materials for trade is still limited since there isn't a buying market in all the regions of the country, and demand is still concentrated in Maputo. As such, using empty transport trucks headed to Maputo to load the recyclable materials is a very good idea.

The Enterprise Forum for the Environment (FEMA) could be a potential partner to support the logistical program of ALMA's initiative, since the former represents several commercial and industrial companies with a great sense of responsibility, and, as the name suggests, willing to collaborate in the improvement of the environment.

### ***International Context***

#### ***Ecologic Roof Tiles Production — Vira Lata Project — ([www.viralata.org.br](http://www.viralata.org.br))***

Construction techniques in Mozambique, especially in informal and rural peri-urban areas, are going through an accelerated transformation process. From straw-and-plaster walls to clay or cement brick walls, from improvised to solid wood doors, and from straw roofs to more sophisticated corrugated zinc plates.

The use of zinc to build roofs is inappropriate for this region due to its high propagation of heat. Given the visible and measurable increase in the disposal of cardboard and paper, presently exported for recycling to neighboring countries, it might be possible to promote recycled materials from solid waste for ecologic roof tile production.

In 1998, a group of residents of Boa Vista Garden in São Paulo / Brazil, joined together to think about how to alleviate the unemployment and waste problems in São Paulo. From those discussions the “Vira Lata” Project was born, with the mission of promoting social inclusion, job and income generation through selective waste collection and recycling. In 2001, the Vira Lata Association was created, providing the project with a legal framework, allowing for the signature of agreements, and recycling waste in further locations.

With the support from collectors, the Association’s board and especially from partners (schools, firms, condominiums and parks), the Project grew even further and established another market: for the production of ecologically safe roof tiles. The ecologically safe tile, also called “fiber-asphalt tile”, is a strongly viable commercial competitive, consisting of cellulose vegetable fibers saturated at high temperatures with asphalt bitumen. The production process consists of transforming vegetable fiber (paper, cardboard and other fiber) into panels and then water proofing them in hot asphalt.

This project was made in partnership with the (Brazilian) company Petrobrás which financed the facility, two collection vehicles, the construction of a materials sorting bench, security equipment, big bags and all of the project’s promotional material.

The advantages of Ecologic Tiles include: made from recyclable materials (paper, newspaper, cardboard, fibers and other); ecologically friendly; use reutilized water; lowest market price; proven durability; excellent thermal insulation; light, flexible and resistant; easy to install; and supportive of social inclusion and income generation in their production.

### **Organic Compost Production (<http://www.embrapa.br>)**

In Mozambique, more than half of domestic solid waste is made from organic waste. For this reason, a good practice experience in the low-cost production of organic compost is presented below.

Composting is a biological transformation process of organic waste like straw, manure and food remains into humus substances, i.e. homogenous and stabilized organic matter, ready to be used as organic compost. Its application improves a soil's physical, chemical and biological characteristics, thus being a simple and low cost alternative to fertilizer.

The compost must be free from the following substances: fito-toxic agents, agents that are pathogenic to humans, animals and plants; heavy metals; polluting agents; plagues and weeds. The process takes about 90 days and the most frequently used raw materials include banana tree leaves, bovine manure, garden waste (grass and tree cuts) and a water plant known as “orelha-de-onça”, grown in the Unit's water ponds.

The production and use of organic compost is very simple and low cost, especially in regions where bovine manure and aquatic plants proliferate, thus becoming an excellent alternative for family farmers and ranch workers that grow cabbages, fruit trees and subsistence crops.

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#### **End Notes:**

<sup>1</sup> The gravimetric composition is found by a method based on the separation of the waste constituent from a sample, and weighing the separated constituent. From the total weights of the sample, the percentage of constituent can be calculated.

<sup>2</sup> Decree nr 13/2006 of the 15th of June, 2006, Waste Management Regulation

<sup>3</sup> Technical Directive for the Installation and Operation of Sanitary Land fills, MICOA, Maputo, 2008.

<sup>4</sup> This refers to water that gets highly contaminated by contacting wastes.

<sup>5</sup> Translated from the Integrated Solid Waste Management Manual - “Manual de Gerenciamento Integrado de Resíduos Sólidos”, SEDU/IBAM, Brazil, 2001.



## Chapter 9 Lessons Learned

### 9.1 Introduction: Objective and Methodology

What lessons have been learned by the 33 municipalities that were legally established ten years ago? Which processes and experiences have been resulted in worthwhile innovation? Which municipalities have produced results and impacts positive enough to be considered good practice?

Municipalities in Mozambique are ending their first decade of existence enmeshed in a complexity of economic constraints, growing social problems, political uncertainties and institutional weaknesses. Despite these negative factors, the last ten years have seen these institutions establish basic organizational structures that are functional. They have taken on the responsibilities of providing basic services for their populations, managing their territories and more recently, leading the economic development of their cities. The challenge now is how to achieve sustainable and integrated processes of development for expanding urban areas and, in a broader sense, for the country as a whole.

The achievements of Mozambican municipalities have been the result of many initiatives and efforts made by individuals, groups, and institutions, at local and national levels. Particularly relevant has been the support provided by several donors and international cooperation agencies, through a number of programs and projects specifically aimed at providing technical assistance to municipalities and strengthening their institutional capacities.

This chapter focuses on issues of municipal practice that the authors consider to be most significant. These include: addressing the policy, legal and institutional framework of municipalities; the handling of human resources, organizational development, municipal budgeting and operational planning; citizens' involvement and accountability; service delivery; and, finally, land management and urban planning. Additionally, several important cross-cutting issues such as HIV/AIDS, gender and the environment are also considered.

In general, identifying the lessons learned, and deciding which are good practices and policies, is largely up to the stakeholders directly concerned. However, given the lack of comparative references for many stakeholders, and the experimental nature and relatively brief duration of many initiatives, it is useful to contribute an outsider view.

### **Box 9.1 Key Concepts**

**Lessons learned:** The concept of ‘lessons learned’ refers to the pedagogical outcomes of any practical process. In this case the outcomes result from the execution and assessment of programs, projects, actions and initiatives related to urban development and management. These outcomes must benefit not only the individuals or groups directly involved, but must also be processed and assimilated collectively, leading to tangible changes in the behavior of institutions, social actors and society as a whole. Unsuccessful processes are also included under ‘lessons learned’, because people can often draw valuable lessons from failed initiatives.

**Good Practices:** For the purposes of this study, good practice is any innovative action or experimental process carried out by a local government, whether directly or with the support of other partners, which strengthens urban management, increases the quantity and/or quality of the municipal services provided, and in general improves the urban living environment and quality of life of the urban population.

The main criteria for good practices here are:

- The existence of tangible impacts within the community.
- The existence of partnerships during implementation.
- The degree of sustainability of the process.

The research team considered initiatives that have been initiated recently, but gave preference in its selection to those that had been in operation for a reasonably long period of time or those that had already ended. The existence or absence of immediate results, tangible outputs, and lessons learned, were also determining factors in selecting initiatives to be studied.

**Good Policies:** Good policies at the local level refer to any experimental processes that are scaled up and achieve a certain degree of institutionalization. These may have become permanent programs; introduced permanent changes in the legal framework, or in the institutional structure of a municipality; or obtained financial support on a permanent basis. Good policies also include permanent initiatives and programs developed and implemented at the inter-municipal and supra-municipal levels.

As with good practices, the main criteria for good policy selection have been the existence of results, outputs and lessons from existing policies / programs.

The research covered ten municipalities from the Northern, Central, and Southern geographical regions of Mozambique. Demographically the ten municipalities represent a good range of Mozambican urban areas, from the largest cities (Maputo, Matola, Beira), to the intermediate ones (Manica, Ilha de Moçambique, Montepuez,) to the towns (Moatize, Marromeu, Vilankulos, Chókwè). They also present differences in characteristics such as whether they are administrative centers, trading ports and industrial poles of national or provincial importance (larger cities); service providers for

agriculture and agro-industries (cities and towns); border city (Manica); peripheral city (Matola); or potential sites for tourist destinations (Vilankulos and Ilha de Moçambique). Most of these cities, with the exceptions of Moatize and Chókwè, also have benefited, directly and indirectly, from specific programs or projects from international cooperation agencies.

This study applied a selective methodological approach to select the municipalities rather than an exhaustive one. The lessons learned and practices and policies proposed are contextual, in the sense that they depend on the size and specific background of each location. In each municipality, the research team conducted field visits, meetings, interviews and focus group discussions with local authorities and municipal officials, civil society and private sector representatives, on-the-ground cooperation agency experts, National Government authorities and officials, representatives of donors and cooperation agencies, and other individuals. Roughly a hundred people were interviewed during the four weeks of fieldwork. In addition, questionnaires were completed by relevant entities at national level (a full list of interviewees and tools used for the study is available in the long version in the CD-Rom).

This chapter was written originally as a self-standing report, and therefore does not cover all of the good practices and lessons discussed in the other chapters.

## **9.2 Main Findings**

### **The Policy, Legal and Institutional Framework**

In relation to the policy, legal and institutional framework, municipalities have generally improved their institutional frameworks, particularly during the second administrative term from 2003 to 2008 (see box 9.2). However, policy innovations are less frequent and present almost exclusively in larger municipalities. On the other hand, the relations between municipalities and with the national, provincial and district governments have improved to some extent. Many municipalities have also established good relations with donors and cooperation agencies for financial and technical support. Finally, it has to be

said that the establishment of the National Municipal Association (ANAMM) is a good practice in and of itself.

In terms of municipal organizational structure changes and innovations, some key lessons and good practices are noted. Positive institutional changes and improvements in urban management between the first and the second administrative periods are widely acknowledged not only by municipal authorities but also by representatives of civil society and the private sector in all ten municipalities. Along the same lines, officials from the National Government and from cooperation agencies remarked that municipalities have gained experience, legitimacy and efficiency in the course of the last ten years.

Similarly, there are some innovations with the legal framework. The “Municipal Package” or *Pacote Autárquico* is the key component of the municipal legal framework. In general, its approval was most likely the best possible response to the requirements of urban development in Mozambique. The main lesson derived from this is that the existing legal framework has been adequate to allow for the creation of the initial 33 municipalities (43 from 2009) and their evolution to their current stage of development, regardless of the remaining problems and limitations that the framework may have.

In terms of inter and intra-municipal relations, a number of improvements have taken place in the last decade. As for the intra-municipal structures, some efforts have been made at local levels to reinforce the role of Municipal Assemblies. During the first administrative period, the fact that the Assembly and Executive shared a number of their members generated many problems. Those early negative experiences left lessons that in some cases have motivated appreciable improvements in the nature and composition of the intra-municipal structures.



### **Box 9.2 From Political Legality to Social Legitimacy in 10 years**

Municipalities in Mozambique were born out of a National Government decision in 1997, to replace the previous form of local administration, imposed during the colonial period and retained during the first years of independence. Despite being the result of a top-down political decision rather than the result of a broad-based social debate, the creation of municipalities in 33 cities and villages of Mozambique has been a good policy. The initial law and its successive reforms have given shape to the municipal institutions and established their jurisdictions, responsibilities, duties and rights. The contrast between locally governed cities and other localities can easily be seen, particularly in relation to the provision of basic services. But less visible differences also have to be considered, for instance the fact that municipalities are playing a key role in legitimizing the basic concept of democracy and self-government and simultaneously, in the development of the main social and economic poles of the country.

Having started from a very low base, in the relatively short period of 10 years, municipalities have been able to establish formal procedures and sets of rules contributing to their own institutionalization. Those basic but fundamental steps are good practices, exercised mainly through “learning by doing” and “trial and error” mechanisms to overcome most of the problems and mistakes made during the first administrative period, due to the lack of precedents and institutional knowledge.

Support provided by specific programs and projects from donors, cooperation agencies and other partners has been a key element for the fast-track process of municipal institutionalization. Not all of those initiatives have been equally successful and several of them probably overestimated their expected results, but in general, this support has been crucial for guiding the first steps taken by municipalities towards their own sustainability. Furthermore, many lessons learned, many good practices applied and many good policies adopted are the result of the direct technical and financial assistance provided to municipalities.

Inter-municipal relations through ANAMM have made a positive impact. All of the local authorities interviewed indicated that the exchange of experiences between municipalities is the best form of strengthening the capacities of their institutions. Similarly, all of the members of the municipal councils, municipal assemblies, and municipal officers interviewed expressed their interest in taking part in exchanges aimed at improving their capacities and specific skills. Several examples of this cooperation constitute good practices over the past ten years. Most municipal authorities and officers recognize ANAMM as the proper mechanism for inter-municipal linkages.

The relationships between local governments and different organs of the national government have evolved positively in several senses, particularly during the second administrative period. There are examples of good practices on both sides, particularly with regard to the district administrations, which are linked to the municipalities due to their physical proximity. Box 9.3 below summarizes some of those good initiatives and practices.

### **Box 9.3 Municipalities and District Administration Working Together**

Building a climate for dialogue between municipalities and district administrations has been an important contribution made by some cooperation agencies as part of the good practices emerging in certain localities:

- In Montepuez, for instance, it has been possible to establish weekly meetings attended by the Mayor and the District Administrator. Other meetings held involve the Members of the Municipal Council meeting with their counterparts in the District Administration: District Directors and Delegates for services such as health, education, etc.
- Something similar happens in Marromeu, where authorities from both political tendencies coexist in a certain measure of harmony. The municipal and district administrators explained that this rather unusual circumstance is to a large extent the result of several workshops on conflict resolution that the ADA/ PADEM program has organized in municipalities where that initiative is present.
- In Montepuez and several other cities, the local authorities welcome the presence of Directors and Delegates from the district administration in municipal assembly and municipal council meetings, as a mechanism for improving coordination between the two administrations.

However, in other cities the nomination of delegates from the central government (“Representantes do Estado”) is perceived as an unacceptable intromission and a flagrant violation of the municipal autonomy, particularly where the opposition rules the municipality.

As for the relations with Donors and Cooperation Agencies, local authorities believe that donor-supported programs and projects have generated immediate results, increased the legitimacy of municipalities, and, most importantly, strengthened their institutional capacities. Those initiatives constitute, in most cases, the core of the good practices and policies exercised by the municipalities. For example, the joint program being financed by the Austrian Development Cooperation, the Swiss Development Cooperation and DANIDA in the North is positively appreciated by municipalities.

### **Citizen Involvement and Accountability**

One of the basic principles of democracy and decentralization is citizen participation. The Constitution of the Republic of Mozambique of 2004 defines the objectives of local government (*poder Local*) as the organization of peoples’ participation in solving the problems of their own communities. It thus provides a broad framework for participatory planning and budgeting and establishes that local government is supported by community initiatives and capacity, and that the local government acts in close collaboration with the various organizations, which enable peoples’ participation.<sup>1</sup> In this regard, the establishment of municipalities is also a way to further expand citizen participation.<sup>2</sup>

In ten years of municipal development in Mozambique there have been some early experiences of participatory planning and budgeting, promoted mainly by donors and cooperation agencies. Examples include the participative planning in the Municipality of Dondo supported by ADC/PADM, the participatory planning in the municipalities of Cuamba and Montepuez supported by SDC/PADEM (Project for Support to Decentralization and Municipalization), and the Participatory Planning and Budgeting for Small Infrastructure Projects in Monapo and Nacala supported by USAID/ARD-PROGOV (for details of the past and current experiences, see boxes 4 to 6 in the full report on the CD-ROM).

Regarding citizens' involvement and accountability, the assessment is not so positive. The follow-up, oversight and assessment of municipal activities by civil society is more an exception than a rule. Most urban planning processes still face the notable absence of citizens' involvement. Almost none of the cities and villages studied has been involved in participatory budgeting and the exercise of oversight by citizens, although some cities are now making impressive starts (e.g. Maputo, Nacala, Monapo, Gúruè, Chimoio and Vilankulos). There is also notable dialogue and consultation between municipal bodies and CSOs (e.g. Dondo, Monapo, Montepuez and Nacala). However, a general picture is that the involvement of civil society in participatory planning, budgeting or oversight processes is still weak. Citizen participation in the Mozambican municipalities is incipient, as the CSOs are still emerging. Some local and international NGOs are playing roles in the provision of basic services and development of infrastructure in water and sanitation, education, health, HIV/AIDS and environmental issues. In general, there are few local NGOs with the experience and capacity needed to promote participatory approaches in municipal planning and development (e.g. Magariro, PAMODZI and PROPOSTA in Chimoio, Associação Kwaedza Simukai in Manica, AMIM in Ilha de Moçambique, ESTAMOS in Lichinga, and AMDU, WaterAid and CARE in Maputo) (see Allan & Vibes 2006: 34).

Some mayors, such as those of Vilankulos and Beira, have a more open and informal style of leadership and have been able to build a closer relationship with their citizens, even without institutionalized and systematic citizen participation mechanisms - apart from public meetings and hearings - in those municipalities. However, in general, the flow of communication between the municipal councils and the citizens is still weak.<sup>3</sup>

In terms of monitoring and evaluation capacities, several surveys were sponsored in the last two years with the aim of providing municipalities with accurate, relevant information for planning, decision-making, monitoring and evaluation. (see Box 7 in full report on CD-ROM). Maputo City has also conducted three annual Citizen Report Cards to date as part of its PROMAPUTO program, both to help prioritize responses and to track changes in citizens' perception of municipal performance over time. These surveys have the potential to be good practices. Surveys can generate relevant information for identifying the main problems of the municipality in several areas (e.g. service delivery, anti-corruption, community empowerment, etc.) and improving municipal management. However, apart from Maputo, there are no significant signs that the municipalities have institutionalized these tools and that the municipal councils and assemblies are systematically using the survey results in decision-making, planning, monitoring and evaluation processes.

### ***Civil Society Oversight and Assessment of Municipal Activities***

Access to information is one of the basic preconditions for transparency, accountability and good governance. In the area of improving transparency and fighting corruption, a few of these agencies such as GTZ, UNDP, World Bank and USAID have been active for the past ten years in supporting activities aimed at promoting transparent municipal management. Despite this strong engagement from the various stakeholders, the availability, accuracy and timeliness of information are still weak. It is difficult to get plan, budget, execution and audit documents from the municipalities. Box 9.4 below provides a brief description of one of these agencies' activities.

#### **Box 9.4 Promoting Transparent Municipal Management (USAID/ARD-PROGOV and CIP)**

In the second administrative term of the municipalities, USAID/PROGOV in collaboration with the Centre for Public Integrity (*Centro de Integridade Pública, CIP*) began an initiative to improve transparent management and minimize the risk of corruption in project partner municipalities (Chimoio, Gurué, Monapo, Nacala, Vilankulos). The initiative consists of three main activities:

- A study on transparency, corruption risks and opportunity areas in six Mozambican municipalities;
- A participatory workshop involving CM, AM and CSOs to produce a municipal action plan for improving transparency and combating corruption;
- On-the-job training in procurement for municipal officials and staff (provided by project staff)

However, the main challenge is to ensure and consolidate the commitment, involvement and acceptance, which the initiative is supposed to receive from municipal representatives. It is too early to evaluate the impact and sustainability of the activities led by this initiative.

*Source:* USAID/ARD-PROGOV 2007.

#### ***Accountability mechanisms and processes***

Mainly in the first administrative term of the municipal governments (1998–2003), the majority of the municipalities have had serious problems with financial management and reporting. Some reasons put forward are knowledge deficiency and lack of training among municipal representatives and staff about legislation (the role of the General Finance Inspection Office -*Inspecção Geral de Finanças, IGF*-and the National Audit Office -*Tribunal Administrativo-TA*), and financial management (internal control systems, distinction of responsibilities among organizational units, the poor revenue records and the absence of proper asset registries). One problem found with the accounting and financial management of the municipalities was the deficient use, or in some cases the absence, of accounting records and books.

According to the perceptions of the researchers, internal accountability has been notably improving in some municipalities recently. However, there is still a body of evidence that suggests that internal systems and financial control tools are not established or not functioning properly in some municipalities. For instance, none of the municipalities visited has established the *Comissões Locais de Justiça Tributária*,<sup>4</sup> where the citizens could challenge decisions regarding tax and fee collection. The control of assets is still deficient as evidenced by a lack of up to date asset registers.

There is a need to establish and strengthen internal control systems in Mozambican municipalities, apart from the control, inspection, oversight and auditing done by IGF and TA. This appears to be particularly weak and open to corruption in the area of revenue sources (property taxes, market fees, construction licenses etc.) Several institutions, however, have received support in order to enhance municipal accounting and financial management (e.g. ProMaputo). With regard to improvements in the use of proper systems and tools as well as the quality of financial statements, the support provided by national control and audit entities (IGF and TA) is well received by municipalities. The intervention of these entities can be considered a good practice.

Municipal authorities view the actions of IGF and TA as helping to improve the performance of the financial units in the municipal councils. For instance, the Practical Course on Annual Financial Statements (*Conta de Gerência*) conducted by IGF and TA, with support from USAID/PROGOV, SDC/PADEM and ADC/PADM, is considered to be a valuable initiative. (see box 9.5 below). The requirement of audits of municipal accounts for access to grant funding under the Municipal Development Project (World Bank) had an important impact on at least 5 municipalities, as audit opinions were at first not possible but were eventually given and did improve over time. A number of programs are beginning to support the introduction of Financial Management Information Systems (IFMS) into municipalities in line with the SISTAFE law. At this stage Maputo City and UTRAFE (national team in charge of implementation of e-SISTAFE) are collaborating to ensure an IFMS system that can be rolled out to all municipalities.

### **Box 9.5 Practical Course on the Preparation of Annual Financial Statement (Conta de Gerência)**

The municipalities are obliged by law to produce a Municipal Annual Financial Statement (*Conta de Gerência da Autarquia Local*) and to send it to the Tribunal Administrative for approval. The quality of the Municipal Annual Statement is increasing. Donors such as ADC, GTZ, SDC, USAID and The World Bank are contributing to this improvement.

In this context, USAID/PROGOV, SDC/PADEM and ADC/PADM have supported the Practical Course on the Preparation of Annual Financial Statements, conducted by *Tribunal Administrativo* and *Inspecção Geral de Finanças* in October 2006.

32 municipal staff from 17 municipalities who are partners of those cooperation agencies have participated: Chimoio, Gúruè, Monapo, Nacala, Vilankulo (USAID/PROGOV); Cuamba, Ilha de Mocambique, Montepuez, Mocímbo da Praia, Metangula (SDC/PADEM); and Dondo and Marromeu (ADC/PADM), as well as Angoche, Beira, Lichinga and Nampula.

The overall objective of the course was:

- to contribute to the consolidation of financial management and accountability in the municipalities.

The specific objective was:

- to enable municipal staff to acquire basic knowledge and skills on the tools and procedures used to prepare the Annual Financial Statement.

The training modules of the course were: Introduction and basic concepts; Accounting and Internal Control; Revenues; Expenditures; Previous Control; Financial Statement

Participant evaluations indicate that the course was very positive. They have appreciated especially the practical component of the course, the enormous potential use of the knowledge and skills acquired for better performance in the municipalities. They were also highly satisfied with the quality of the work of the trainers. However, they have expressed that the duration of the course was very short (35 hours in one week).

*Source:* USAID/ARD-PROVOG 2006.

At the international level there are several innovative approaches to draw upon.

Accountability experiments have flourished in Central America over the last two decades, as part of the new accountability agenda and the process of reinventing accountability for the 21<sup>st</sup> Century. Similarly, Transparency International has compiled a large number of innovative anti-corruption tools developed and implemented by civil society ([http://www.transparency.org/tools/e\\_toolkit](http://www.transparency.org/tools/e_toolkit)).

### **Human Resources and Organizational Development**

Slightly less negative than accountability issues is the evaluation of the *human resources and organizational development* areas. Many staff members have received some sort of training, although there are still significant unattended demands. Nevertheless, most municipalities have developed their administrative capacities, particularly during the

second term. Their organizational structure is more clearly defined and the responsibilities and duties of each unit or official are better established nowadays.

However, many municipalities continue to be organized as they were before or immediately after the creation of local government. Their structure and staffing are often poorly matched to their current governance, management and service provision responsibilities. While municipal legislation does provide significant autonomy for municipalities to define their organizational structure - including the revision of departmental responsibilities, workflows and procedures, staffing tables and individual job descriptions - many have not exercised this prerogative. A few municipalities have reorganized their internal structure and staffing based on the external demands for governance and service delivery (e.g. Maputo City).

In general, the municipalities display a weak organizational structure compounded by a large proportion of financial resources being spent on salaries and allowances. Organizational structures are not based on a proper functional analysis, scope and complexity of the services that the municipal government has to deliver. It seems evident that staffing rules are nonexistent or not being applied properly.

Municipalities have tested a number of service delivery models during the first ten years but there is still significant scope for further development of these options. As part of an organizational restructuring effort municipalities can consider different models of service delivery depending on the specific characteristics of a municipality. Examples of such models include in-house delivery of services, which is the pattern in most municipalities, the creation of semi-autonomous municipal services, municipal enterprises (e.g. the municipal sanitation company—EMUSA—in Quelimane), concessions to private operators (e.g. water supply in Vilankulos) and the establishment of public-private partnerships (e.g. PPP unit in Maputo City).

The development of human resources and organizational development are interrelated. The success of municipal development is only possible in countries with strong



organizations at the local level and this depends also on the level of quality of staff. People should be trained so that they can fulfill their responsibilities and tasks in an appropriate manner. Capacity building initiatives and processes provided by Cooperation Agencies are widely recognized as positive. Several programs supported by cooperation agencies collaborate with IFAPAs (Training Institute for Public and Municipal Administration), CEFPAS (Centre for Training in Water and Sanitation) and AWEPA (Association of European Parliamentarians for Africa), in order to promote capacity building in the municipalities. For example, the World Bank, through PDM/GCM, has significantly supported IFAPAs in establishing the conditions for the provision of training courses and on-the-job training to municipal staff. IFAPAs provide training courses in public and municipal administration, and they are in the process of adapting the curricula to the needs of the municipal administration.

Interviewees allude to the positive impact of the training courses on staff performance although monitoring and evaluation systems for training, and performance based evaluation of staff, are generally not in place yet. The inexistence of a relationship between staff salaries and performance, the lack of incentives and therefore the signs of low morale and high frustration are factors that negatively influence the performance of municipal staff (see Chichava, in Woodrow 2005: 37). There are no firm examples which can be considered good practices and good policies yet, but the staff strengthening plan linked to increases in own revenues under PROMAPUTO is starting to show results.

Regarding the training of elected officials and the technical and administrative staff of the municipalities, it is recognized that MAE/DNDA plays a crucial role in coordinating interventions in this area. However, after the creation of the National Authority for Public Administration which subsequently became the Ministry for Public Administration (MFP and in particular the Directorate for Management, Strategy and Development of Human Resources) and the transfer of the SIFAP (Public Administration Training System) portfolio to MFP, it seems that the political and institutional responsibilities for issues regarding the promotion of training of municipal human resources are not very clear. It is also recognized by many municipalities by now that human resource development is not

only about training but about working conditions, clarity in respect of rules and procedures, appropriate systems and on-the job training, among other elements of capacity building.

Many technical staff from several municipalities demonstrate a solid degree of professional competence. This is the result of different interventions by several institutions such as MAE/DNDA, IFAPA, TA, IGF, some sector ministries, as well as cooperation agencies like ADC, DANIDA, SDC, GTZ, World Bank, Spanish Cooperation, and AWEPA. For instance, the Municipal Development Project, through the *Gabinete de Capacitação Municipal (PDM/GCM)*, has helped to strengthen the capacity of IFAPA Maputo for the provision of appropriate and diversified training opportunities for municipal staff. Despite these successes, however, there are still difficulties attracting and retaining qualified staff, requiring some legal and policy changes at a national level as well as requiring individual municipalities to have staff strengthening plans (linked to revenue enhancement) and training plans in place. These are discussed more in the Policy, Legal and Institutional Chapter. A brief overview of the experience of Maputo can be found in box 9.6.

### **Box 9.6 Monitoring of on-the-job training (Experience of the Municipal Development Project / Municipal Capacity Building)**

Monitoring of on-the-job training is an important step of the system of municipal capacity building which makes it possible to examine the development of the work capacity of the trainers assisting the trainees at the workplace and the capacity of trainees to acquire practical skills (how to do, how to be). This work is done by the buyer of the training services — which is in this case the MAE/DNDA — using a tool (MATRIX) for the rapid examination of the fulfillment of the recommendations made by the trainers. These recommendations often correspond to the immediate solution, in the short, medium and long term.

The monitoring procedures not only fulfill an assessment function, but they also deal with issues of technical assistance to the municipal staff in the process of looking for solutions. The dialogue between the monitoring team and the municipal staff during the examination of the matrices is an occasion for claiming responsibility for the actions done or not done by the trainees, mainly in order to encourage the trainees to respect and observe the rules and procedures for the operations of several areas of municipal administration. All actions accomplished are seen as solved cases, the staff is requested to explain the solution and to show the material evidence; regarding the unsolved cases, the dialogue is a collective search for the difficulty that has prevented finding a solution of the problem. Workers from all areas of municipal administration are invited to express their ideas in the search for the most appropriate solutions. It can happen that the difficulty can be solved at that moment, and thus the monitoring is control, but over all, it is technical assistance.

The unsolved problems are listed in a new matrix with new time limits, and after the trainees and monitoring team have agreed on this matrix, the matrix is sent the mayor for approval and signature.

*Source:* República de Moçambique, 2007, p. 34ff.

In the international context, there are many good examples of innovative mechanisms used for strengthening municipal capacities and training municipal staff. For instance, a few years ago, UN-Volunteers, with support from GTZ, UN-Habitat and several other partners, developed a program for promoting the exchange of experiences between municipal staff from several cities in Latin America.

### **Municipal Budgeting and Operational Planning**

An efficient financial management system is one of the pillars of effective financial, administrative and patrimonial autonomy of municipalities. The success of decentralization and municipal development processes depends on efficient and transparent management in the municipalities, of which municipal budgeting and operational planning are key elements.

All municipalities suffer from very weak financial capacity and are highly dependent on transfers from State Budget. The level of own revenues is still very low. The municipalities are not making the best use of their fiscal potential because of their weak

capacity in terms of tax collection and administration. However, the areas of municipal budgeting and operational planning are improving slowly. Most municipalities have developed their administrative capacities, but the lack of planning impedes identification of budgeting priorities since the most urgent needs usually absorb all available resources. There are some good practices related to innovative ways to raise revenue and control mechanisms of these that have shown good results, like the solid waste collection fee in Maputo and a number of activities in the municipalities supported by PROGOV, which with a number of simple interventions managed to increase their taxes and fees (see Nguenha and Chimunwane 2007). However, less evident is the control and improvement of the efficiency of expenditure and in general, the financial management of municipalities requires further improvements.

The goal of fiscal autonomy involves the existence of a system of municipal fiscal revenues (taxes and fees) and assets as well as budgetary transfers that can generate the resources needed for funding municipal activities in a proper way. The Law of Municipal Finance (11/1997) established the legal framework for municipal finance, but during the first administrative term, there were no specific regulations (by-laws) on taxation issues. Only in the year 2000 the Municipal Tax Regulations (*Código Tributário Autárquico*) established regulations which have allowed the municipalities to collect taxes and fees on a solid legal basis. Various interventions through projects supported by USAID/PROGOV, GTZ/DED, World Bank and DANIDA however have the potential to be good practices in respect of revenue raising. For example, the Project for Consolidation of Municipal Taxes and Fiscal Decentralization, with financial support of DANIDA and technical assistance of GTZ was a pioneer effort to provide technical assistance (mainly on-the-job training) to improve fiscal records, tax collection, financial management, and fiscal education in the Mozambican municipalities, based on a comprehensive approach (more details on these interventions are on the full report on the CD-ROM).

Because of the low level of human, financial and organizational resources, the municipalities have serious difficulties in the provision of services and infrastructure.

Within the prevailing framework of decentralization and development patterns, the municipalities will continue depending greatly on already very limited central government financial transfers.

During the first administrative term, there were huge problems in the allocation of the Municipal Compensatory Fund (*Fundo de Compensação Autárquica, FCA*) and the Local Initiative Investment Fund (*Fundo de Investimento de Iniciativa Local, FIIL*; now named *Fundo de Investimento Local Autárquico, FIIA*). Mainly in the first term, the mechanisms used to disburse the FIIL were not appropriate for the implementation of public investment projects, as the funds were disbursed in *duodecimos* (1/12 of the total amount per month over the year) to the municipalities. This did not correspond to the real requirements of project investment cycles, thus the FIIL did not meet the financial needs of the investment projects. However, in the second term there have been improvements in the administration of the FIIL which were conducive to good practices.

Mozambican municipalities are far from meeting their spending responsibilities, because of the lack of technical, financial and organizational capacity.<sup>5</sup> In fact, in the absence of plans it is difficult to fulfill these responsibilities, and spending priorities tend to follow the “*Manifesto Eleitoral*” and/or ad-hoc decisions. Furthermore, the influence that citizens have on spending and investment priorities is insignificant in most cases. Examples which can be considered good practices on this particular issue have been extremely hard to find (See governance and planning chapter).

The capacity of municipalities to monitor and control their budget expenditures is still very weak. Local systems for cash management, payment and financial control are weak. The municipalities also face the lack of appropriate programs for cash flow management; this situation makes it more difficult to compare spending levels with budget forecasts. There are no examples which can be considered good practices yet.

## **Service Delivery**

Urban services such as water, sanitation and solid waste management have improved, despite technical and financial difficulties. The maintenance of roads and streets is still deficient due to the lack of resources and machinery. Most cities benefit from investments and improvements made in their markets which are the urban services to which most local governments seem able to respond at least to some extent. Yet there are still shortcomings in the management of markets and corruption that occurs. Cultural, recreational and other services provided are still experimental initiatives rather than common policies.

### ***Water and Sanitation***

To many local authorities, water and sanitation are the main priorities of their communities. The Water Supply Asset Investment Fund (*Fundo de Investimento e Património de Abastecimento de Água, FIPAG*) is intervening directly in many municipalities in order to overcome the water supply problems. However, their coverage is limited still and municipalities have promoted or executed many small-scale water and sanitation projects, which are managed by the municipality or local NGOs or private companies. In some cases, however, these initiatives are being duplicated by similar actions being implemented by other entities like the District Administrations, as was evident in Ilha de Moçambique. The intervention of the private sector and CSO in the management of public toilets in the municipal markets of Manica and Vilankulo has the potential to be a good practice; however the bidding process should be more transparent.

### ***Solid Waste Management***

Municipal authorities and civil society representatives recognized that solid waste collection has been one of the areas of municipal service which has improved in the latest period. Thanks to various interventions such as the AGRESU/PROMAPUTO program in Maputo, these improvements display a great impact not only in the specific field of solid waste management but on the municipal structure as a whole. One of the basic contributions of AGRESU has been to introduce and stress the need for fee collection in order to improve the quality of municipal basic services. Following on what was achieved

in Maputo other cities are beginning to apply and collect waste collection fees from citizens through the electricity bills. This simple but fundamental step is a very important lesson to municipal authorities and the urban population and should be included in the list of the lessons that have been learned by all urban sectors at the national level (See chapter on Solid Waste Management).

### **Roads**

In several municipalities, resources from the National Roads Fund (*Fundo Nacional da Estradas — FE*) cover the maintenance of existing streets and roads within the urban limits. Citizens recognize these efforts, as they clearly perceive the visible and positive impact that better road systems have on urban activities. Fast growing cities require the maintenance of the existing roads but also need to expand their street grid. In that sense, the resources of the FE are still very limited to meet all the road demands. The city of Manica provides a clear example of a good practice in slum upgrading through a project executed with the technical support of GTZ which shows that the building of access roads should be the first step in any upgrading process for recently established informal settlements, especially in the context of a country where most urban roads require construction or rehabilitation rather than routine maintenance.

### **Markets**

Most municipalities have recently improved the infrastructure of the existing markets and several of them have built additional installations for those urban services, in some cases with good quality standards. There are several good practices to point out including: the improvement of storage conditions of fresh products in Montepuez; the establishment of a single collection unit for receiving markets fees directly at the municipal offices also in Montepuez; Matola's approach of "markets as a priority for food security"; Marromeu's idea of transforming the old market into a cultural centre; the establishment of certain discounts for vendors willing to pay their fees monthly in Vilankulos; and the appointment of market managers in Matola to deal with day-to-day administration of markets.

## Land Management and Urban Planning

In the areas of land management and urban planning, good practices are scarce. Plans are available in most cities, all of them with support from cooperation agencies, but their implementation is unsatisfactory in most cases. There are good examples of slum upgrading initiatives and strategies that highlight the magnitude of the problem. For example, the Municipality of Manica has benefited from interventions for informal settlement upgrading in the context of the Decentralization and Municipal Development Project, PDDM (and later: Rural Development Project, PRODER), whose activities have been focused on Bairro Josina Machel, directly benefiting 1,500 persons, living in 300 plots in an area of 315,598 m<sup>2</sup>. Likewise, the UN-HABITAT supported “Slum Upgrading and Vulnerability Reduction in Flood-Prone Areas of Maputo, Chókwè, Tete and Quelimane” is another case in point.

### ***Existing Planning Instruments***

There is a common agreement that most municipalities lack appropriate planning tools, although it is acknowledged that initial planning exercises have been useful for the neighborhoods involved. In terms of progress towards long term formal urban planning instruments — Urban Structure Plans (*Planos de Estrutura*), General or Partial Urbanization Plans (*Planos Gerais/Parciais de Urbanização*) and Detail Plans (*Planos de Pormenor*) — the situation varies from municipality to municipality. In general, the cities have urban structure plans or urbanization plans, although most of them are obsolete and need to be reformulated and approved. This is going to change, however, as the recent Territorial Ordering Law of 2006 (*Lei de Ordenamento Territorial*) requires all municipalities to have urban plans in order to issue land use permits, among other things.

In addition to the absence of efficient planning instruments, one of the huge challenges of municipalities is the widespread of informal settlements. More than 60% of the urban population live in informal settlements, and in some cities the percentage gets to 70–80% (República de Moçambique/MICOA 2005:7).



The lack of technical and financial capacity is one of the serious factors hampering the improvement of informal settlements areas. However, this is compounded by a combination of other equally serious factors which are the lack of a specific strategy for the regularization of land tenure and use (DUAT) and the improvement of infrastructure and service delivery in informal areas; the lack of a clear expression of political will, vision and interest in effectively tackling fast-growing urbanization; and the inefficacy of classic urban planning approaches.

Despite the numerous problems associated with the proliferation of informal settlements, the upgrading of informal urban areas is not yet seen as a priority of urban planning and development in many municipalities. There are few efforts to promote the reclassification of informal settlements, urban environmental management, and participatory planning carried out by various cooperation agencies that can be considered good practices. Some examples include the Cities Without Slums pilot program (covering cities like, Maputo, Manica, Chókwè, Tete) which emphasize environmental protection and reducing the vulnerability of floods and other hazards (see Boxes 22 to 25 of full report).

### ***Degree of Implementation of Plans***

With very specific exceptions, the degree to which plans are implemented is unsatisfactory. In Manica, for instance, it seems that the municipal officers are well trained and highly motivated to implement the plan prepared in the context of informal settlements upgrading; however, there are still some doubts as to whether its implementation will continue beyond the end of GTZ project support in Manica. The Spanish cooperation agency (AECI) is supporting the basic pre-conditions to allow for using more effective planning instruments in Matola as is the World Bank with PROMAPUTO in Maputo City. However, even though there seem to be significant and promising changes, these are recent interventions, so that it is not yet possible to classify these interventions as good practices or otherwise.

There is a strong need to integrate spatial, sector and operational planning, either based on a strategic plan for a municipality (preferable in large cities) or informing towards one

over time. The lack of integrated planning capacity and organizational systems to achieve it, is a major constraint facing municipalities (See Governance and Planning Chapter).

### **Cross Cutting Issues**

In relation to several cross cutting issues, the overall assessment of good practices is uneven. There are a high number of sound environmental initiatives conducted by municipalities and many of them include exceptional good practices (for example the intervention done in Montepuez discussed below). Risks of natural disasters have been addressed to some extent. The lack of prevention policies in relation to urban security and community policing is evident. In relation to urban poverty, efforts to confront it are remarkable, but far from sufficient to achieve long-term impacts (see chapter 5 on poverty). Vulnerable groups continue to be excluded, as in the case of the victims of HIV-AIDS.

There are very few examples of good practices regarding gender equity, but they are not as widespread or comprehensive as expected. Linkages between urban and rural areas are not reflected in the administrative divisions. Municipal influence in peripheral rural areas is minimal. There are good experiences related to the promotion of local economic development in some cities, like Nampula, but this issue is not a priority on the municipal agenda. Communication and dissemination mechanisms have improved but the resources available do not match the requirements.

### ***Urban Poverty Alleviation***

As in many other developing countries, the degrees of poverty are lower in urban than in rural areas.<sup>6</sup> To some extent, evidence show that local governments in Mozambique have implemented some practices to combat urban poverty. In fact, most municipal initiatives are oriented toward improving the citizens' standard of living and raising and enhancing their social and economical opportunities, but there are only few actions — perhaps less evident- intended specifically to combat exclusion and poverty in the urban context.

Some good examples include (a) urban agriculture promotion that is widely practiced in peri-urban areas and sometimes at the center of cities (Maputo, Matola, Beira, and Manica); the support to create a Youth association that encourages local economic development and the generation of employment alternatives for local young people (Vilankulos), and (c) the adoption of innovative approaches in urban growth such as increasing the space available for new settlements instead of reducing and limiting it, thus allowing for larger plots for each family (Vilankulos).

### ***Urban — Rural Linkages***

The existence of strong links between urban areas and their rural surroundings is widely recognized by municipal authorities and officers, civil society representatives and the staff of cooperation agencies. As in many other places, urban economies depend to a large extent on the agricultural production of the surrounding areas; farms in nearby rural zones are the main source of food for urban residents, while cities constitute the main markets and trading centers providing basic services for the rural population. In addition, especially in small and intermediate cities of Mozambique, most urban families obtain their subsistence and generate their income by farming small plots or “*machambas*” located relatively near to the urban perimeters.

What municipalities have done to improve and facilitate urban-rural linkages is very limited. The improvement of market infrastructure in most cities (Marromeu, Beira, Manica, Montepuez, Ilha de Moçambique, Vilankulos and Chókwè, among others) is probably the greatest achievement so far, but other related infrastructure (crafts and agricultural fairs, slaughterhouses, etc) will require additional efforts. Similarly, municipal support of urban agriculture activities is still in its initial stages and should be improved and developed in the future.

### ***Environmental Issues***

For most municipal and other local actors, environmental issues are among their main problems facing their cities. A major concern mentioned specifically in Marromeu,

Manica, Vilankulos, Maputo and Montepuez was the erosion of coastal areas and slopes, but only the latter of those cities has taken concrete actions to address the issue. The intervention in Montepuez to prevent the erosion of hillsides by planting trees and building a large crown ditch for channeling runoff water with the direct involvement of the potentially affected communities is a very good example of how municipalities can face these sorts of problems. This initiative, supported by CDS, MICOA/DANIDA, also included technical training for the municipal staff and the establishment of a municipal tree nursery, among other components.

These actions are part of a broader intervention that has achieved significant results in other environment-related problems, including the preservation of natural resources or the management of solid waste. Using environmental problems as an entry point, this initiative has been able to extend its influence to other areas of urban management and is a very innovative good practice among the initiatives of cooperation agencies.

### ***Gender and Other Social Issues***

A relatively small number of women have been elected authorities or members of the decision-making municipal bodies in the ten cities visited. Their presence among municipal staff is also scarce, especially at the senior level. Furthermore, mention of gender is scarce among the policies and strategies adopted by municipalities. Although few female councilors contacted during the research were aware of its existence, the creation of the National Forum of Municipal Women (*Fórum Nacional das Mulheres Autarcas*) is a positive step towards promoting sound policies to promote gender equity at the municipal level. This initiative, channeled through ANAMM, follows national good practices and deserves support from international cooperation agencies. In the same sense, several municipalities reported the existence of Local Women's Associations but apparently the membership is still quite limited. A good practice on gender was identified in Manica, where the Municipal Council has established, successfully, several women's savings associations, aimed at improving their business capacities.

### ***Local Economic Development (LED)***

In general, municipalities are aware of the constraints and opportunities in respect of local economic development (LED) (see chapter 5 on poverty). However, they recognize that strengthening LED is only seen as a municipal responsibility in the larger cities and particularly in the southern region of the country.

Most private sector representatives interviewed consider municipalities to be important strategic allies and expressed their willingness to cooperate with them in areas of mutual interest, even when they complain about the lack of attention paid by municipalities to their own needs. In fact, several municipalities can present good examples of rather successful public-private partnerships between local governments and the private sector, with the mutual dependence between the private sector and the municipality being the main motivation for forming those kinds of associations. This is the case of Marromeu, a village whose existence is tied to a large sugar cane agribusiness (Sena Sugar States Lda) that provides direct or indirect employment for the majority of the population but which also cooperates with the municipality in many forms, from the provision of electricity produced by their own generator to the construction of various types of urban infrastructure. In this specific case, it is interesting to note that it has mainly been cooperation agencies working at local level which have promoted and supported those public-private partnerships (e.g. Maputo has established a PPP unit with support from PPIAF, the multi-donor Public Private Infrastructure Advisory Fund).

### ***Disaster Risk Management and Urban Security***

As is the case for the country as a whole, it is well known that many municipalities in Mozambique are permanently threatened by disasters of various kinds and various magnitudes. For instance, the vast damage that a cyclone recently inflicted on public and private property taught a bitter lesson about the vulnerability of Vilankulos to such natural disasters. Its impact, still clearly visible in the municipality, shows that municipalities must handle the long-lasting consequences of disasters once the immediate relief efforts are over. However, as in many other cases, threats create opportunities. A sense of local unity and a spirit of inter-institutional collaboration have emerged from the

disaster in Vilankulos, according to the District Delegate and Municipal officers interviewed. Emergencies are not always the best mechanism for achieving this purpose. In Montepuez, a good urban management practice is part of the local environmental plan supported by DANIDA. With the involvement of residents, the municipality built some infrastructure to protect flood-prone areas and slowed erosion by planting trees from the municipal plant nursery.

Finally, some efforts being made by municipalities are in the area of urban security. An urban security prevention activity in Chókwè and some other intermediate cities where community policing services have been organized by the local authorities to make up for the lack of enough police units are good examples. In many cities, enhancing public lighting is key to improving public safety, which requires a relationship between the electricity company (EDM) and the municipality over construction of public lighting and maintenance thereof.

### ***Civic Education***

Municipalities do make efforts to stimulate a sense of local identity, to raise the self-esteem of their residents and to develop a sense of rights and responsibilities as municipal citizens. Initiatives include civic campaigns to encourage cooperation with solid waste collection and other municipal services in Maputo; the distribution of informative material about taxes and contributions in Manica, Vilankulos, Chókwè and other cities; the support to music, dance and other cultural groups in Montepuez, Dondo, and Vilankulos; the provision of cultural infrastructure in Matola and Marromeu, etc. Significantly, several programs and projects of cooperation agencies have been at the core of many of these initiatives.

### ***Information, Communication and Knowledge Management***

In general, the population feels that the channels used by municipalities to inform the public about their activities are rather weak. Notice boards exist but most require updates. Budgets, tenders, execution reports, audits and other operational documentation are rarely published. The use of existing community radios by local authorities to disseminate

municipality-related information is considered a more efficient medium but some interviewees indicated that such radios may constrain the commercial viability of independent competitors.

Regarding communication, in most municipalities, mayors and the members of the Councils and Assemblies periodically visit the neighborhoods, establishing a direct dialogue with the residents and collecting their demands and requests. In addition, the Council and Local Assembly Presidents usually have weekly public audiences to attend to requirements from the public.

Several good examples of knowledge management at the municipal level and good examples of information and dissemination materials are through informative brochures (for instance in Manica with dissemination material on the reclassification process and Maputo and Chókwè's brochures on municipal taxes), and other types of publications, such as the series "Municipal Stories" (*"Histórias Autárquicas"*), a collection of short illustrative case studies written by PROGOV.

### **HIV/AIDS**

The HIV-AIDS epidemic has dramatically increased the number of orphans, widows and other vulnerable social groups in Mozambique. Having no means of subsistence, most remain in or move to the cities, attempting to survive from public charity or support provided by neighbors or relatives.

In intermediate and large cities especially, local authorities expressed their concern about this problem, recognizing the lack of strategies and resources available to face it. Through ANAMM, project proposals intended to establish coordination channels have been presented to the National Council to Fight AIDS (*Conselho Nacional de Combate ao HIV/SIDA-CNCS*) and *Núcleos Provinciais de Combate ao SIDA*, which in most cases do not provide specific support to municipalities, but the complexity of the procedures (perceived and often real) have prevented some proposals from being properly considered to date. Maputo City has managed to prepare a three year action plan and budget and

submitted this to CNCS, and has received two tranches to implement it, although not without difficulty.

In Manica, the municipal social affairs unit has been established and maintains an updated registry of orphans and widows at the neighborhood level, and supports the development of small economic initiatives for those groups in each neighborhood. With support from GTZ, as part of the activities of the PRODER Program, the Manica municipality has established several poultry farms operated by members of those vulnerable groups, as a mean of providing a source of work and income but also helping to improve their diet. Having clear results and positive social and economic impacts, this innovative and easily replicable initiative is one of the good practices available.

Given the severity of the AIDS crisis in Mozambique, local government is not immune to the severe impact it has not only on those with the disease and their families, but on employers. Absenteeism and low levels of productivity are serious consequences. Losing a staff member is not only a human tragedy but an economic one for municipalities, especially where they have invested in human resource development. There are many actions municipalities can take to combat HIV/AIDS, drawing on the various sectors within the municipality. It requires strong political will and some coordination and planning, but can be financed by the CNCS. Municipalities are encouraged to see the user-friendly “Local Government Responses to HIV/AIDS: A Handbook” produced by the World Bank and available in Portuguese on the website ([www.worldbank.org/urban/hivaids](http://www.worldbank.org/urban/hivaids)).

### **9.3 Key Challenges**

#### **Policy, Legal and Institutional Framework**

The main concerns of municipal authorities and staff is the overlapping of the national policies of de-concentration and decentralization; the absence of clear definitions regarding decentralization; the need for a clear definition of “gradualism” in terms of phases, process and relationship to the de-concentration process of the central, provincial and district arms of government; the role and involvement of CSO in urban management;



and the gaps in the existing legal framework and its complexity (see the legal and policy and the planning and governance chapters).

Municipalities and district administrations still have disagreements on several issues. A specific matter of concern frequently mentioned refers to the municipal boundaries, and the main area of controversy is fiscal. The impossibility of collecting municipal taxes in certain areas or from certain would-be taxpayers because of interference from other levels of taxation imposes a serious restriction on municipal finances and limits the management capacities of local governments in general. Other issues such as urban planning, neighborhood re-qualification or environmental management, as well as the relatively short life span of many international cooperation initiatives also present many challenges to municipalities.

### **Citizen Involvement and Accountability**

There are some improvements in the area of citizen participation in local governance as awareness on the need and importance of accountability of municipal bodies to the public is increasing. However it is too early to evaluate the broader impact of these experiences and their sustainability and many roadblocks are still present.

Major challenges in this area include the expansion and adjustment of mechanisms of citizen participation in urban management, beyond municipal elections; the dependency on donor funds and the low level of participation of Civil Society in urban management. In terms of fighting corruption, challenges include the absence of a tradition or effective practice of community involvement and participation for finding solutions to urban/municipal problems; the non-use by CSOs and citizens of oversight mechanisms required by municipal law due to lack of knowledge about them or lack of technical capacity for analysis and assessment; and the absence of practical action plans to implement the *Anti-corruption Strategy 2006–2010*, approved by the Ministerial Council in April 2006, in the municipalities.

## Human Resources and Institutional Development

Even though capacity building initiatives have had a positive impact on municipal staff performance, assessing their impact on the performance of the entire municipal organization in relation to its citizens is challenging. Indeed, some local authorities argue that the objectives of the training courses were not always in line with those of the municipal organizations. There have been strong efforts to train municipal staff during the second administrative term. The training of municipal staff is not results-oriented, there is no performance evaluation, and there are few staff training plans. This situation is hampering prospects for achieving improvements in organizational strengthening. However, members of municipal assemblies require attention to their own demands for training. The institutional capacity to practice effective municipal management is still limited and it varies from one municipality to another. Furthermore, many municipalities have inappropriate organizational structures and service delivery models to meet the service delivery demands of today.

## Municipal Budgeting and Operational Planning

Mozambican municipalities are characterized by an absence of sound planning, which prevents them from prioritizing pro-poor investments. There are very few appropriate channels for citizen demands to influence resource allocation or distribution. This can sometimes lead to misalignment of the allocation of resources with community priorities. Often, resource allocation becomes more arbitrary and based on political grounds. Due to their wide content and propagandistic character, the *Manifestos Eleitorais* cover many issues and cannot be considered as efficient planning documents but are rather more like “wish lists” (with limited prioritization) that do not take resource constraints into account. In several municipalities, direct support from cooperation agencies heavily influences the allocation of resources at the local level.

This limited autonomy is further compounded by the very limited capacity of the municipalities to generate their own revenues (see Box 20 of final report on the CD-ROM), and weak monitoring and control of their budget expenditures. This is sometimes compounded by donor support that can provide much needed infrastructure or systems investments, but also create future operations and maintenance liabilities that are difficult

to meet. The low level of fiscal revenues of the Mozambican municipalities is still a huge problem. The reasons are a weak local economic base, weak revenue collection capacity, and inappropriate amounts and criteria for intergovernmental fiscal transfers to the municipalities vis-à-vis their duties and responsibilities, fiscal coverage and efficiency; exemptions on property tax for all new residential properties for five year; and so on (see Finance Chapter).

### **Service Delivery**

In terms of service delivery, many improvements have been discussed but there are still some challenges ahead. Concerning water and sanitation, the provision in several municipalities largely depends on FIPAG. Many municipalities feel that their involvement in this key area is insufficient (see Water and Sanitation chapter).

As for solid waste management, despite the major gain from securing solid waste collection fees, the mechanism still requires further improvements. For instance, many municipalities do not have reliable information about the exact number of consumers and the amount charged to each of them by the Electricity Company of Mozambique (EDM), which creates several types of difficulties. Citizens complain in some areas that they are being charged for a service which is not being provided, especially in the outskirts of Maputo and other larger cities.

As for the roads, FE funds restrict municipalities from using them to acquire heavy machinery based on the argument that ongoing maintenance is costly. Municipalities therefore experience practical restrictions in their ability to rehabilitate existing streets and are prevented from building new ones using these funds.

Concerning markets, not all interventions have achieved the positive results and impacts discussed earlier. It seems that the complex social and economic relations that such infrastructures embody have been ignored. For example, previous small installations remain overcrowded, while the new buildings are almost empty and under-utilized.

Finally, although recreational areas and other socio-cultural services and infrastructure, including tourism-related ones, usually remain under the control of local authorities, the main problems are the lack of resources for maintenance or for new construction. Likewise, the preservation of urban patrimony, existing natural resources within urban limits and the conservation of the historical heritage of cities have received less attention from local authorities.

### **Land Management and Urban Planning**

The lack of appropriate urban planning instruments is hampering the harmonious development of Mozambican municipalities. Urban plans are the instruments through which the municipal authorities can establish the spatial organization of the territory of the municipalities (urban structure plans) and define urban land use, as well as define the networks of transportation, communications, energy and water supply, sanitation and social infrastructure (general or partial urbanization plans), or plan the character and form of urban areas and areas for urban expansion (detail plans).

Reasons for failing to implement the existing (often obsolete) urban plans include the lack of ownership by local authorities, political interference and corruption, the lack of technical capacity, lack of linkage between territorial and economic planning, the lack of appropriate implementation approaches and mechanisms, and weak capacity for monitoring the implementation of the plans (there is no enforcement/inspection). The lack of political will and the existence of political interference are also pointed out as reasons for existing delays and postponements or failure of implementation. The new *Lei de Ordenamento Territorial* which requires urban plans should assist in addressing many of these problems provided the right capacity building instruments and resources are put in place (e.g. Manuals to be produced by MICOA).

### **Cross Cutting Issues**

In terms of urban poverty alleviation, several studies show the magnitude of urban poverty and that poverty is one of the main challenges faced by municipalities in Mozambique. However, according to the local authorities interviewed, the lack of general

policies and specific tools reduce the capacity of municipal councils to address the problem.

With regards to urban-rural linkages, the strong linkages between urban and rural areas in environmental, physical, economic and social terms are not at all reflected, in political and administrative terms, in the divisions adopted. Municipalities are confined to what are considered urban territories and their expansion zones, while district administrations of the central government cover and attend most of the rural territory. From the point of view of local authorities, this situation generates several problems and potential conflicts, especially where limits are unclear, municipalities and district administrations compete with each other for providing certain services and both entities sometimes attempt to collect local and national taxes from the same territories, further complicating matters.

From an environmental standpoint, it seems evident that in smaller villages and intermediate cities the amount of investment required to preserve natural resources or to reverse the degradation produced by rising sea or rivers largely surpasses the financial and technical capacities of municipalities, and will probably require the intervention of other levels of government.

On the gender and social agenda, unfortunately, municipal initiatives specifically focused on children, senior citizens, disabled persons, youths and other fragile or vulnerable groups are very scarce. This is partly due to the scale of other demands on city councils and partly due to a lack of knowledge or strategy on how to deal with these massive cross-cutting issues with limited resources.

In terms of local economic development, the relationship between the private sector and the municipalities is not that smooth. For many larger companies, their relationship with their immediate surroundings is unimportant, because they deal directly with other government entities, at the national, provincial or district levels. Therefore, their interest in urban affairs is relatively low. Municipalities, for their part, complain that many of the larger companies have been exempted from paying local taxes by the national government, although they make use of municipal services and infrastructure and in some

cases, their activities generate specific burdens for local governments. Small and medium-sized enterprises are more willing to cooperate with local governments but their own weakness limit this possibility.

With regard to disaster risk management and urban security, natural risks and potential disasters need urgent attention. The lack of planning, the deficiencies in coordination and the unavailability of specific resources are the factors that impede the adoption of preventive measures to avoid such threats, aggravated by the inexistence of fire and emergency services in most urban areas. Similarly, in larger cities like Maputo, Beira and Matola, the growing wave of insecurity eroding the quality of life of the population is an additional matter of concern.

In the area of civic education, there is a perceived satisfaction with the existence of municipalities, but some citizens identify these entities as representing the national government in the local context rather than autonomous institutions representative of their own communities. Local authorities, for their part, admit that civic education activities receive little attention from local governments. Furthermore, the social and political processes experienced by Mozambique in the past have weakened the social fabric in many areas of the country, impeding or undermining the growth of CSOs.

In terms of information, communication and knowledge management, formal procedures for public hearings are non-existent, but the Councils usually use their own discretion to meet with the public. Citizens are however able to attend the Assembly meetings, but their presence is purely formal, as they have no right to speak during the sessions. The lack of information and documentation regarding innovations and experiences is commonplace among the municipalities. Informational products about cooperation programs and projects are scarce or unavailable, reducing the possibilities of coordination and minimizing their potential for replication. In addition, the use of new information and communication technologies is almost non-existent among Mozambican municipalities (except in larger cities like Maputo, Matola and Beira).

Finally, HIV/AIDS has an impact on the urban population that need to be urgently included in the municipal agendas. However, the lack of human, financial and technical resources specifically allocated for that purpose, as well a perceived complex financing strategy to channel funds dedicated to the fight of the pandemic from the central government are the main obstacles to overcome.

#### **9.4 Recommendations**

Which municipal good practices should be scaled up at the local level and which ones should be transferred to other contexts? Which of these good practices have the potential to become nation-wide local government policies in the near future? Under which conditions could this be achieved? Which of the current good and innovative approaches identified have the potential to become good policies? In those cases, what could be the specific role of the international cooperation community?

In attempting to answer these questions, the team has processed the information available and has generated a table that outlines the key elements of the findings. The first part of the table (see annex 1, table 1) describes, by sectors and subsectors, if there are many, some, or no good practices. From the onset, the experience of the past 10 years shows that there is a mix of interventions including good practices such as improved municipal administrative structures and capacities, improved resources allocation and revenue raising and improved service delivery for example. While some interventions have the potential to become good practices, for example making innovations in the legal framework, implementing some initiatives to increase citizen participation and accountability, or instituting and improving internal financial management expenditure control. Yet, some interventions are needed, for example improving participatory planning and civil society oversight, or improving community security and raising citizens' awareness in urban issues or, more urgently, the impact of HIV/AIDS.

The second part of the table (see annex 1, table 2) shows those sectors and subsectors in which it would be possible to scale up and/or to transfer their content; it also identifies the degree of difficulty involved in converting them into national policies in each case

and, finally, it indicates the significance of the external support that would probably be required to achieve those outcomes.

Despite inevitable inaccuracies derived from the generalizations which had to be made about the subject matter, the table can provide basic guidelines and orientations for the future development of municipalities, provided that the current situation is not radically altered by unpredictable events. It can be particularly useful as an input for the design of future external support programs but also for formulating municipal development strategies and plans at the local level.

There are several priority areas where further support is required and methodologies be harmonized. A summary of the key recommendations at two levels are discussed below.

### **Future Actions at Municipal Level**

The first priority relates to the unsatisfactory citizen involvement in municipal management. The top priority for municipal cooperation programs should aim at improving citizens' involvement in municipal management and the exercise of social accountability. In these fields, good practices are scarce.

The second priority must be improving planning, financial management and organizational development. External cooperation should improve and harmonize methodologies related to land management and urban planning, on the one side, and to the organizational development of municipalities and improved financial management, on the other. In these areas some good practices are available, but require improvements to be scaled up and/or transferred to other municipalities.

Priorities in other areas will be somewhat easier to achieve with sufficient effort. Service delivery and other areas which have improved will require further support, but less effort will be needed for that purpose as there is political will and strong demand for accountability. However, these areas remain constrained by the underlying systemic problems discussed in this study, and it is unlocking these that will have a positive impact



across most service delivery areas. Nevertheless good practices in service delivery are also already available and could be more easily transferred by exchanging experiences.

### **Future Actions at National Level**

At national level, many municipal good practices could be scaled-up and integrated as part of the national municipal policies. Depending of its nature and other factors, the degree of difficulty of scaling up will vary.

Some policy, legal and institutional framework improvements, and services delivery good practices, might be easier to achieve than others. Attempting to scale-up the relatively small number of good practices related to human resources and organizational development; budgeting and operational planning, land management and urban planning, would be difficult, while scaling up the almost inexistent good practices related to citizens involvement and accountability and to several cross cutting issues, would be extremely difficult.

If the national policy of decentralization is elaborated and its strategy becomes clearer in the future, donors and cooperation agencies will be in a better position to develop municipality-oriented programs and projects. If those programs and projects are demand-driven, coordination with the National Government, through the Ministries or national entities, would be done on a case-by-case basis, instead of dictated from above.

Municipal assistance should be aimed at building organizational capacities through training, technical assistance or other mechanisms, with the strategic perspective that in the long-term it will be possible to lessen the technical and financial dependence of municipalities on international cooperation. Financial support must be targeted exclusively towards soundly planned programs and projects. Strategies should also build synergies between local governments which share the same physical location (the same province, district, region, etc) or the same typology.

The involvement of local partners is a good strategy for any cooperation program. The private sector, community-based organizations, NGOs, academia, local media and other stakeholders, increase the chances for better results and higher impacts. Beyond the municipalities and their internal structures, other partners who should be on board include the National Government, (Ministries, national institutes, including IFG), the provincial and district governments, Administrative Tribunal, ANAMM, SCOs, the private sector, etc.

ANAMM should assume a leading role in linking the supply of support from the Cooperation Agencies with the demand for technical assistance from the municipalities. It should also be a platform for the training processes, for the exchange of experiences and for channeling and disseminating knowledge and information to its members and partners. Currently ANAMM is weak in terms of resources and needs support from both members (for Secretariat functioning and political independence) and from international development partners and organizations similar to itself (for programs and additional support functions).

Cooperation agencies should also seek to better coordinate aspects related to communication (strategies and others) of their programs and projects. A key objective of donor supported initiatives should be generating and documenting best practices and innovations, which can be disseminated by different institutions and mechanisms, particularly if external cooperation programs and projects are unable to encompass all municipalities. PROGOV has demonstrated some excellent examples of this already. All the cooperation agencies involved should be able to establish a harmonized/ common scheme of technical support for the already existing and the recently established municipalities. If similar strategies and methodologies are applied, the results and impacts of their initiatives will be deeper and more sustainable in the long term. The already existing experiences, including the finding of this research, clearly demonstrate the feasibility of such proposal, urgently required to address the increasing demands that urban development is currently generating in the national context.

The timing of this research coincided with the preparation and launch of the DANIDA/SDC/Austria 13-cities Program and the Maputo Municipal Development Program — PROMAPUTO. These are important programs not only because of their size but because they seek to address the systemic issues focused upon in this study. While the study will further inform their design, and it is still too early to assess results, these programs have significant potential to learn from past lessons and refocus efforts based on greater knowledge and experience.

## Annex 9.1 Key lessons learned from municipal experiences in the last 10 years

— Quality of practices by sectors and sub-sectors considered

<b>General overview</b> <b>GP: Good practices / policies implemented</b> <b>SP: Some good practices implemented. Potentially good practices detected</b> <b>NP: Good practices almost non-existent</b>		
<b>1. POLICY, LEGAL AND INSTITUTIONAL FRAMEWORK</b>		
Municipal administrative structure changes and innovations	GP	Most municipalities have improved their administrative structures, particularly during the second period
Legal framework innovations	SP	Some municipalities have made innovations in their legal framework but there are still many pending issues for the legal framework at the national level
Policy innovations	SP	Innovative local policies are applied in a relatively small number of cities
Intra municipal structures	GP	Improvements of the internal municipal structures are evident when comparing the first and second administrative periods
Inter municipal relations / ANAMM	GP	The creation of ANAMM is a good practice by itself. Its future development will be positive as a GP for the local governments of Mozambique
Relations with national, provincial and district governments	SP	Despite several pending problems, the relations with other levels of government have improved notoriously in GP cases
Relations with donors and cooperation agencies	GP	Most municipalities have benefited from the support of cooperation agencies. The general balance in this aspect is quite positive
<b>2. CITIZENS INVOLVEMENT &amp; ACCOUNTABILITY</b>		
Participatory planning	NP	Most urban planning processes still face the notable absence of citizens involvement
Participatory budgeting	NP	None of the cities studied have been involved in participatory budgeting.
Follow-up, control and assessment of municipal activities by civil society	NP	The exercise of oversight by citizens is more an exception than a rule
Mechanisms and processes for accountability	SP	Some interesting initiatives are being implemented in several cities
<b>3. HUMAN RESOURCES AND INSTITUTIONAL DEVELOPMENT</b>		
Capacity building initiatives	SP	Human resources in most cities have received some sort of training, but still there are GP unattended demands.
Institutional Strengthening	GP	Most municipalities have developed their administrative capacities, particularly during the second period

Institutional Structure diagram	SP	The institutional structure is clearly defined in most municipalities. The responsibilities and duties of each unit or official are better established nowadays
<b>4. MUNICIPAL BUDGETING AND OPERATIONAL PLANNING</b>		
Priorities for investments	SP	Although improvements have been made, the lack or deficiency of planning processes still impedes sound priority identification in small and intermediate cities
Criteria for resource allocation: themes, areas, population	GP	In most cases, resources are being allocated properly to attend to the most urgent needs
Revenue raising innovations	GP	Efforts made by municipalities to diversify the nature and improve the volume of their revenue are evident in GP cities
Expenditure management and control innovations	SP	Control mechanisms by the central government have been applied. Internal financial management requires further improvements
<b>5. SERVICES DELIVERY</b>		
Solid waste management	GP	In most cities, solid waste management is being improved, despite technical and financial difficulties
Roads	SP	Road and street maintenance in GP cities is still deficient due to the lack of resources and machinery
Markets	GP	Most cities benefit from investments and improvements in their markets. This has been one of the areas best attended to by local governments. However, there are still management shortcomings.
Other services	SP	Cultural, recreational and other types of services are provided by some municipalities but are still experimental initiatives and not common policies
<b>6. LAND MANAGEMENT AND URBAN PLANNING</b>		
Existing Planning instruments: Strategic Plans, etc.	SP	Plans of different kinds have been prepared in most cities, usually with the support of cooperation agencies. However, their implementation is unsatisfactory in GP cases
Strategy for slum upgrading	SP	There are good examples of slum upgrading initiatives in several cities. The magnitude of the problem makes solutions more difficult.
Degree of implementation of plans	SP	As mentioned above, the degree to which plans are implemented is quite limited

<b>7. CROSS CUTTING ISSUES</b>		
Urban Poverty alleviation	SP	The notable existing initiatives are not enough to achieve real long term impacts
Urban – rural linkages	SP	Physical, social and economic linkages are not in line with the existing artificial administrative divisions. Minimum municipal influence even in outlying rural areas
Environmental issues	GP	There is a surprisingly high number of sound environmental initiatives conducted by municipalities in GP cities
Cultural and ethnic, race issues	SP	Not a priority in most cities. Vulnerable groups still excluded in most cases
Gender and other social issues	SP	Examples of good practices on gender equity in several cities, but not as general and deep as expected
Local economic development	SP	There are remarkable efforts and good experiences, but the local economic development is not considered a priority in the municipal agenda of most cities
Disaster risk management	SP	Natural risks present in GP cities require additional support
Security / community policing	NP	A growing problem for intermediate and larger cities which has no sound responses from municipalities so far
Civic education	NP	Raising the urban residents' sense of identity and citizenship is a pending task for GP municipalities
Information and communication	SP	Communication and dissemination tools and resources available do not match the requirements from citizens in most cases
HIV/AIDS	NP	Only NP municipalities are dealing in some way with the social consequences of the pandemic

**Annex 9.2 Key lessons learned from municipal experiences in the last 10 years**  
 — Good practices

**Good practices: potential to be scaled up and / or replicated**  
**Degree of difficulty for becoming national policies**  
**Type of external support required by fields of analysis**

SECTORS AND SUBSECTORS	PRACTICES	COMMENTS	SCALED UP	TRANSFER	INTEGRATION TO MUNICIPAL NATIONAL POLICIES	FURTHER EXTERNAL SUPPORT REQUIRED
<b>1. POLICY, LEGAL AND INSTITUTIONAL FRAMEWORK</b>			<b>YES</b>	<b>YES</b>	<b>Easy</b>	<b>Low</b>
Municipal administrative structure changes and innovations	GP	Most municipalities have improved their administrative structures, particularly during the second period	YES	YES	Easy	Low
Legal framework innovations	SP	Some municipalities have made innovations in their legal framework but there are still many pending issues for the legal framework at the national level	YES	-	Difficult	Medium
Policy innovations	SP	Innovative local policies are applied in a relatively small number of cities	YES	-	Difficult	Medium
Intra municipal structures	GP	Improvements of the internal municipal structures are evident when comparing the first and second administrative periods	YES	YES	Easy	Low
Inter municipal relations / ANAMM	GP	The creation of ANAMM is a good practice by itself. Its future development will be positive as a GP for the local governments of Mozambique	YES	YES	Easy	Low
Relations with national, provincial and district governments	SP	Despite several pending problems, the relations with other levels of government have improved notoriously in GP cases	YES	-	Difficult	Medium
Relations with donors and cooperation agencies	GP	Most municipalities have benefited from the support of cooperation agencies. The general balance in this aspect is quite positive	YES	YES	Easy	Low
<b>2. CITIZENS INVOLVEMENT &amp; ACCOUNTABILITY</b>			<b>-</b>	<b>-</b>	<b>n/a</b>	<b>Strong</b>
Participatory planning	NP	Most urban planning processes still face the notable absence of citizens involvement	-	-	n/a	Strong
Participatory budgeting	NP	None of the cities studied have been involved in participatory budgeting.	-	-	n/a	Strong

SECTORS AND SUBSECTORS	PRACTICES	COMMENTS	SCALED UP	TRANSFER	INTEGRATION TO MUNICIPAL NATIONAL POLICIES	FURTHER EXTERNAL SUPPORT REQUIRED
Follow-up, control and assessment of municipal activities by civil society	NP	The exercise of oversight by citizens is more an exception than a rule	-	-	n/a	Strong
Mechanisms and processes for accountability	SP	Some interesting initiatives are being implemented in several cities	YES	-	Difficult	Medium
<b>3. HUMAN RESOURCES AND INSTITUTIONAL DEVELOPMENT</b>			<b>YES</b>	<b>-</b>	<b>Difficult</b>	<b>Medium</b>
Capacity building initiatives	SP	Human resources in most cities have received some sort of training, but still there are GP unattended demands.	YES	-	Difficult	Medium
Institutional Strengthening	GP	Most municipalities have developed their administrative capacities, particularly during the second period	YES	YES	Easy	Low
Institutional Structure diagram	SP	The institutional structure is clearly defined in most municipalities. The responsibilities and duties of each unit or official are better established nowadays	YES	-	Difficult	Medium
<b>4. MUNICIPAL BUDGETING AND OPERATIONAL PLANNING</b>			<b>YES</b>	<b>-</b>	<b>Difficult</b>	<b>Medium</b>
Priorities for investments	SP	Although improvements have been made, the lack or deficiency of planning processes still impedes sound priority identification in small and intermediate cities	YES	-	Difficult	Medium
Criteria for resources allocation: themes, areas, population	GP	In most cases, resources are being allocated properly to attend to the most urgent needs	YES	YES	Easy	Low
Revenue raising innovations	GP	Efforts made by municipalities to diversify the nature and improve the volume of their revenue are evident in GP cities	YES	YES	Easy	Low
Expenditure management and control innovations	SP	Control mechanisms by the central government have been applied. Internal financial management requires further improvements	YES	-	Difficult	Medium
<b>5. SERVICES DELIVERY</b>			<b>YES</b>	<b>YES</b>	<b>Easy</b>	<b>Low</b>
Solid waste management	GP	In most cities, solid waste management is being improved, despite technical and financial difficulties	YES	YES	Easy	Low
Roads	SP	Road and street maintenance in GP cities is still deficient due to the lack of resources and machinery	YES	-	Difficult	Medium



SECTORS AND SUBSECTORS	PRACTICES	COMMENTS	SCALED UP	TRANSFER	INTEGRATION TO MUNICIPAL NATIONAL POLICIES	FURTHER EXTERNAL SUPPORT REQUIRED
Markets	GP	Most cities benefit from investments and improvements in their markets. This has been one of the areas best attended to by local governments. However, there are still management shortcomings.	YES	YES	Easy	Low
Other services	SP	Cultural, recreational and other types of services are provided by some municipalities but are still experimental initiatives and not common policies	YES	-	Difficult	Medium
<b>6. LAND MANAGEMENT AND URBAN PLANNING</b>			<b>YES</b>	<b>-</b>	<b>Difficult</b>	<b>Medium</b>
Existing Planning instruments: Strategic Plans, etc.	SP	Plans of different kinds have been prepared in most cities, usually with the support of cooperation agencies. However, their implementation is unsatisfactory in GP cases	YES	-	Difficult	Medium
Strategy for slums upgrading	SP	There are good examples of slum upgrading initiatives in several cities. The magnitude of the problem makes solutions more difficult.	YES	-	Difficult	Medium
Degree of application of plans	SP	As mentioned above, the degree to which plans are implemented is quite limited	YES	-	Difficult	Medium
<b>7. CROSS CUTTING ISSUES</b>			<b>-</b>	<b>-</b>	<b>n/a</b>	<b>Strong</b>
Urban Poverty alleviation	SP	The notable existing initiatives are not enough to achieve real long term impacts	YES	-	Difficult	Medium
Urban – rural linkages	SP	Physical, social and economic linkages are not in line with the existing artificial administrative divisions. Minimum municipal influence even in outlying rural areas	YES	-	Difficult	Medium
Environmental issues	GP	There is a surprisingly high number of sound environmental initiatives conducted by municipalities in GP cities	YES	YES	Easy	Low
Cultural and ethnic, race issues	SP	Not a priority in most cities. Vulnerable groups still excluded in most cases	YES	-	Difficult	Medium
Gender and other social issues	SP	Examples of good practices on gender equity in several cities, but not as general and deep as expected	YES	-	Difficult	Medium
Local economic development	SP	There are remarkable efforts and good experiences, but the local economic development is not considered a priority in the municipal agenda of most cities	YES	-	Difficult	Medium

SECTORS AND SUBSECTORS	PRACTICES	COMMENTS	SCALED UP	TRANSFER	INTEGRATION TO MUNICIPAL NATIONAL POLICIES	FURTHER EXTERNAL SUPPORT REQUIRED
Disaster risk management	SP	Natural risks present in GP cities require additional support	YES	-	Difficult	Medium
Security / community policing	NP	A growing problem for intermediate and larger cities which has no sound responses from municipalities so far	-	-	n/a	Strong
Civic education	NP	Raising the urban residents' sense of identity and citizenship is a pending task for GP municipalities	-	-	n/a	Strong
Information and communication	SP	Communication and dissemination tools and resources available do not match the requirements from citizens in most cases	YES	-	Difficult	Medium
HIV/AIDS	NP	Only a few municipalities are dealing in some way with the social consequences of the pandemic	-	-	n/a	Strong

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## End Notes:

<sup>1</sup> See arts. 73, 118, 265 and 271 of the Constitution of the Republic (Republic of Mozambique 2004).

<sup>2</sup> See art. 272 of the Constitution of the Republic and art. 1, 13, 28 and 44 of the Law n.º 2/97 on the Legal Framework of the Municipalities (Republic of Mozambique 1997).

<sup>3</sup> One reason for this situation is the weaknesses of the Mozambican electoral system at the municipality level. The representatives of the different political parties in the municipalities are elected through party lists (proportional system) which are normally prepared at high levels of the party without consultation with the local communities. The citizens do not directly elect their representatives but rather a party list. There is not proper accountability of the elected people (mayors, members of municipal assemblies) to their constituencies (citizens) (see Kulipossa 2004a: 10).

<sup>4</sup> Art. 74, Lei 11/1997, 31 de Maio (República de Moçambique 1997b).

<sup>5</sup> According to the Municipal Finance Law, public investment in the following areas is the responsibility of the municipalities: municipal infrastructure, basic sanitation, energy, transport and communication, education, health, culture, leisure and sport activities, social affairs and environmental management. See Art. 25, Lei 11/97, 18 de Fevereiro (República de Moçambique 1997)

<sup>6</sup> The situation in urban slums is in fact worse than in rural areas, where the population is better able to ensure its basic subsistence from agriculture. However, in the long term, urban residents have more opportunities to escape from poverty.

## Chapter 10 Conclusions and Guidelines for Action

### 10.1 An Urbanizing Country

Mozambique has one of the largest urban populations in East Africa at 36% (UNFAPA 2007) and it is expected to grow to 60% by 2030 (UN 2006). Also, urban growth (3.03%) and municipal growth (2.84%) are both faster than national and rural growth according to census data. This study focused on municipalities as the primary unit of analysis. The growth numbers belie substantial variability, with 7 municipalities growing at over 10%, a further 5 growing at between 5 and 10%, and 3 are growing at less than 0.5%. The rapid pace of growth in certain municipalities will result in the expansion of slums unless major preventive strategies are employed to absorb these people. There is also substantial variation of growth and poverty within municipal boundaries and between the urban, peri-urban and rural areas although this is not well understood and would require more detailed census results and their analysis, not available at the time of this study.

[http://www.transparency.org/tools/e\\_toolkit](http://www.transparency.org/tools/e_toolkit). Although the economy grew by 8 percent annually between 1996 and 2003, urban poverty has not fallen as fast as poverty in rural areas (16.5% and 22.3% respectively from 1997 to 2003) and is at very similar levels to rural poverty (Fox et al. 2008).<sup>1</sup> This reflects a general trend in Africa where urban growth is not associated with poverty reduction, unlike other regions (see for example Fay and Opal 2000). Part of this has to do with the high and rising level of inequality that is increasingly prevalent within urban areas, and part to do with the difficulties municipalities have in establishing an attractive investment climate and stimulating skills formation, thereby generating employment to absorb the additional entrants to the labor market.

### 10.2 The Role of Municipalities in Good Governance and Local Development

Municipalities have a role to play in local development in two major areas: (i) good governance and citizen empowerment; and (ii) urban poverty reduction and growth.

Municipalities are the only elected local governments in Mozambique and as such their credibility with citizens is fundamental to the consolidation and institutionalization of good governance and democracy in the country. Municipalities have a role to play both by undertaking and deepening engagement in the formal governance processes, and by empowering the poor to voice and access opportunities through enhancing their participation in planning and budgetary activities. By engaging actively with citizens (often through sub-municipal structures), and testing various models of service delivery in partnership with the private and non-governmental sectors, municipalities can also facilitate the strengthening of social capital—the most resilient structure against vulnerability in poor countries.

While municipalities have until recently had a limited set of mandates and even more limited resources, they are confronted by demands from 36% of the population for services that can impact on poverty, and they provide the agglomeration economies that if well managed could contribute significantly to national growth. Municipalities are also uniquely placed to ensure a more spatially balanced distribution of central government and municipal resources between urban and peri-urban areas through processes such as participatory planning and budgeting.

Urban poverty reduction relates, amongst other things, to access to land, services, jobs and food and municipalities have a role to play in all of these. Regularization of land tenure, improvement in tenure security and formalization of largely corrupt land markets are recognized internationally as fundamental to channeling investment and savings to establish assets among the poor. Municipalities can also provide support to urban and peri-urban agriculture initiatives for food security and job creation, through effective urban planning, land use rights and security of tenure, as well as targeted support services. Municipalities also play a critical role in providing the infrastructure to facilitate urban-rural linkages, such as markets, and promoting the establishment of extension services and other service providers to strengthen agriculture and agro-processing value chains that can impact on both urban and rural growth and poverty alleviation.

Municipalities can contribute to a more conducive environment for local and international investment and employment creation through a range of instruments including investments in critical physical infrastructure (e.g. urban roads), reduction in red tape (e.g. business licenses) and the provision of public services through public private partnerships. If municipalities are equipped and interested to further promote small business development and employment, they could undertake activities designed to facilitate specific clusters with potential for growth and employment of low-skilled workers, such as agro-processing, tourism, construction and public service delivery.

There are certain basic areas of service delivery for which municipalities have either sole or concurrent responsibilities that can impact on both poverty and growth. Public health and safety are high priorities for municipal citizens, and municipal responsibilities in these areas include water supply and sanitation, waste disposal, municipal policing, public lighting, local public transport, environmental and hazard prevention and management, and HIV/AIDS reduction strategies, among others. A few municipalities were also required to provide basic health and education infrastructure during the first ten years, and responsibilities in these sectors are increasing under the transfer of competencies Decree 33/06. This study considers the transfer of many of these competencies as high risk given the need for appropriate technical and financial resources to effectively implement their primary mandates before they are likely to successfully undertake additional responsibilities.

The municipalities created in 1998 inherited an extremely weak organizational structure and infrastructure that had generally not been maintained or upgraded since the colonial era. Most municipalities inherited little or no established municipal tax base with no or outdated property registers and generally no culture of tax payment. Despite this disadvantaged starting point, a number of municipalities have managed to overcome some of their organizational challenges and have achieved positive improvements in service delivery, particularly during the most recent mandate. There is nevertheless a major backlog in most areas of service delivery combined with the rapidly increasing demand for services from the growing urban population.

This pressure for improving services, including those not strictly within the mandate of municipalities, is felt acutely by mayors and their executive councils, as municipalities are administratively responsible for most urban territory in Mozambique. As discussed in chapter one, “urban” and “municipal” are not synonymous in Mozambique, and municipal boundaries often include a mix of dense urban areas, peri-urban areas and rural space. This places additional challenges on municipal management teams as priority services and models of service delivery will vary significantly across these various spaces.

### **10.3 The Underlying Constraints Facing Municipalities**

This study identifies and analyses the underlying constraints to improved municipal performance in Mozambique. Although the demands for service delivery are generally articulated on a sector by sector basis, a response to these challenges from a sector by sector perspective has its limitations. Municipalities are complex multi-sectoral organizations and their ability to deliver in any sector is strongly influenced by the strength of a number of elements that work as a system. The underlying constraints are discussed in the study and summarized in the remainder of this chapter, along with proposals for how responsibilities for improving these should be allocated among stakeholders. There are also specific sectors (urban land management, water supply, sanitation, and solid waste management) that are discussed separately in the study, partly because of their importance but also because they highlight many of the cross-cutting underlying constraints. These underlying constraints are divided for the purpose of analysis as follows:

- ◆ Legal and Policy Framework
- ◆ Governance
- ◆ Planning
- ◆ Finance
- ◆ Poverty Alleviation
- ◆ Organizational and Human Resources

As this study shows, the responsibilities for effective municipal performance do not lie solely within the power of municipalities. Without a comprehensive effort by central government, municipalities, ANAMM, organized civil society and the development partners to address these cross-cutting underlying constraints, municipalities will continue to struggle to meet the expectations of their electorates. A number of the recommendations in this study *are* those that can be directly implemented by mayors, and municipal councils and assemblies. Others require intervention and support from the central government or from ANAMM. Funding and technical support for all recommendations will need to come from a mixture of own revenues, intergovernmental transfers and development assistance agencies.

### **Legal and Policy Framework**

This chapter focused on legal and policy issues relating to the overarching framework for municipalities. Specific legal or policy issues related to governance, planning, finance, organization and human resources, or any specific sector included in this study, were dealt with in the specific chapters concerned.

The overall legal framework for municipalities is covered in the ‘*Pacote Autarquico*’ or Municipal Package of Laws enacted in 1997 and reformulated in 2007 and 2008. A number of these laws are still under revision. A further important development is the draft Decentralization Policy and Decentralization Strategy which are expected to be approved in late 2008. These documents lay out the broader approach of the Government to Decentralization, and establish the roles and functions of each tier of government. This chapter, however, dealt mostly with the legal framework as it currently exists and pointed out some of the key findings and gaps in relation to municipalities in Mozambique, as summarized below.

### ***Municipal Responsibilities Under the Present Legal Framework***

Although some steps have been taken to clarify ambiguities in the original “*pacote*”, there remains a lack of clarity within the legal framework as to the current responsibilities of the municipalities. Municipal mandates that are largely clear include:

- ◆ Infrastructure for local traffic (maintenance of access roads and sidewalks);
- ◆ Drainage infrastructure;
- ◆ Infrastructure for trade of food and household products (wholesale and retail markets, street stalls and street vendors);
- ◆ Licensing and regulation of private transportation;
- ◆ Infrastructure and services of cemeteries;
- ◆ Licensing and regulation of buildings;
- ◆ Infrastructure such as parks, gardens and green spaces;
- ◆ Policing compliance with municipal by-laws (*posturas*)
- ◆ The roles of the different public institutions for undertaking the following functions need more clarity: Management of urban space and urban land;
- ◆ Protection and conservation of the environment;
- ◆ Promotion of agriculture and livestock;
- ◆ Local Services to promote youth, sport and culture;
- ◆ Infrastructure for public health and sanitation services

The main recommendation from this section is that municipalities should focus on achieving success in the areas of clear municipal jurisdiction with support from other actors. At the same time, it is important for central government and municipalities to work closely together to agree on the specific responsibilities of each public institution (“*competencias*”) with regard to the mandates that are either unclear or require concurrent responsibility.

### ***Transfer of planned and potential mandates (“Competencias”) from the State to the municipalities***

A second category of municipal responsibilities includes those that are in the process of being transferred to the *autarquias* under Decree 33/06. This is likely to be a primary



focus of municipal policy and reform during the next few years. However, there is not yet a fully elaborated strategy with clear criteria and methodologies for transferring functions from the state to municipalities, including the transfer or establishment of financial, human and material resources required to ensure service viability once undertaken by the *autarquias*.

A third category of municipal responsibilities refers to functions that fall neither within the category of clear existing mandates nor under those that might be transferred under Decree 33/06. These include responsibilities for areas such as disaster prevention and management.

One recommendation of this study is for the Government to develop clear and practical guidelines for involving the key cross-cutting ministries such as MF, MPD, MAE, MFP as well as relevant sector ministries to ensure the success of the process of transfer of competencies to *autarquias*. This process should be seen as part of the decentralization component of the national public sector reform program, and preparation and support for municipal service delivery should be fully incorporated into the reform strategies and plans being formulated by each ministry and linked to fiscal policies. Technical assistance from the public sector reform unit (i.e. UTRESP) could contribute significantly to the planning and implementation of the transfer of competencies.

Coherent and consistent methodological guidelines are required to assist the various institutional actors involved in this process: core cross-cutting ministries, sector ministries, OLEs (including both provincial governments and in some cases district administrations) and the municipalities themselves. Both urgent intensive and long-term technical assistance programs targeting provinces, districts and municipalities will be required to ensure the coherence and success of the transfer of competencies. This exercise is likely to be the most significant dimension of decentralization and municipal reform during the next five years.

The health and education sectors are critical in this context, both because municipalities are strongly lobbying for a greater role in these sectors and because of their importance to national development policy and the achievement of MDG targets. The challenges of functional devolution in these sectors are daunting: basic health and education services subject to transfer to municipalities are part of broader sectoral systems and service delivery arrangements from which they are not easily separable. Systematic organizational restructuring and capacity building of both municipal structures and OLEs will be required in order to permit both the assumption of new functions, including financial and personnel administration, by municipalities and the reform of the role of sectoral district and provincial structures which will assume new roles vis-à-vis municipal managers of transferred health and education services.

In addition, a timeline for the transfer of functional competencies to municipalities should be defined. A clear program of capacity building and fiscal reforms linked to the broader public sector reform process should be used to provide the basis for strengthening and empowering municipalities to provide services to citizens, who should in turn be able to hold municipal officials accountable.

### ***Policy Framework for Decentralization Is Not Fully Clear***

In spite of the law defining gradualism as a core principle of municipal reform in Mozambique, there has been little transparency in the process of analysis and discussion leading to the selection of new *autarquias*. The technical basis for planning the continued expansion of the local government system is not defined in a clear and replicable methodology, which would establish standards and targets for adding additional municipal towns and introducing small rural *autarquias de povoação*.

Similarly, the technical basis, the criteria, and the procedures for the shifting of municipal boundaries are not clear. These modifications can refer to the *reduction* of the size of a municipality (for instance taking away rural areas and devolving them to a district), to the *expansion* of the municipal limits (absorbing district areas into the municipal boundaries) or to the *division* of a municipality into two municipalities (*emancipação municipal*).

Both democratization and decentralization policies in Mozambique are constrained by the doctrine of gradualism and more particularly its lack of clarity. The benefits of municipal reform would be broadened and deepened by undertaking a systematic expansion of decentralized governance over a defined period (e.g. 10–15 years) with clear targets for expanding its geographical scope to include all rural towns and the rural districts which surround them, in order to achieve a minimum viable size. Clearer criteria for towns and *povoações* to become municipalities should be defined and disseminated, and a transparent process of evaluation of “candidates” for municipalization should be established.

### ***Territorial Aspects of Municipal Representation***

The lack of a territorial dimension to the system of representation by which Municipal Assemblies are elected appears to weaken responsiveness and accountability within the *autarquia*. Enhanced responsiveness and accountability of Municipal Assemblies could be achieved by modifying municipal electoral legislation to foresee area-based representation to include all existing areas in the *autarquia* and thereby improve Municipal Assemblies’ representativeness and performance. By combining one half to two-thirds area-based electoral representation with proportional at-large representation for the remaining seats, Assembly-community links could be strengthened and made more effective as a basis for improving municipal governance and accountability. In addition, the representatives from the less politically connected and possibly more distant and more rural areas within the municipalities’ boundaries would have more voice and ability to influence decisions. It may also contribute, along with balanced spatial planning, to reducing the poverty gap between consolidated urban centers and municipal/rural areas. This is a long term proposal that would require legislative reform but it would impact significantly on the nature of governance and accountability at a municipal level.

### ***Municipalities and National Policy Frameworks***

The role of local governments in general, including municipalities, is not yet well understood in Mozambique. Municipalities are only ten years old and retain a legacy of central government culture and functioning, as well as strong political affiliation with national parties. The role of municipalities as agents for local development and for embedding local democracy and accountability is still being formed, and there is still considerable skepticism and debate on the role of municipalities. This is partly for political reasons and partly due to typical concerns of central government over capacity weaknesses at local level or a fear of losing control over resources and outcomes by central level sector ministries..

The highly centrist tradition in Mozambique, and the lack of coordinated voice by municipalities (ANAMM has just recently been created and is still in its nascent stage), has limited the role that municipalities can play in the national debates on poverty. Although in PARPA II, for example, municipalities are formally included (as part of the process of decentralization and reform of the public sector), in practice the actions of municipalities are poorly integrated with PARPA actions. One important reason for that is related to the organization of state institutions. To be effective, municipalities must coordinate actions and share experiences with central and provincial authorities. However, the ministries of the central government are more used to dealing with provincial and district level governments, which are politically and structurally closer to central government (see chapter on poverty).

Poverty-reduction policies, such as future PARPAs and 5 Year Plans, should aim at capturing more accurately the particular nature of urban and peri-urban poverty. The urban form across Mozambican municipalities is still evolving and there are varying degrees and types of urban poverty with different characteristics. Coupled with the established and growing spatial inequality encountered at inter-regional, intra-regional, inter-urban and intra-urban levels, the formulation of an accurate, effective and context-specific national development policy framework is would be important.

If there is an interest or commitment for municipalities to lead poverty and inequality reduction efforts in their territories, it is essential to locate this discussion in a context of improved urban governance. The local level potentially possesses several comparative advantages in identifying, locating and tackling poverty and inequality but the question is how best to utilize the ‘local level’ (including in this notion not simply the municipal representatives and authorities, but the local citizenry and the private sector too).

Currently there is an absence of any overarching, local development plan guiding action and facilitating multi-stakeholder synergies, other than the electoral manifesto of each party and the PARPA, itself conceived at a different governance scale. One key to using the local level effectively would be through the use of participatory governance, utilizing tools such as participatory budgeting. Finally, it is recommended that this study be used by ANAMM and others, including MAE, to more actively engage in national level discussions on Decentralization as well as the broader processes for formulation of national strategies for growth and poverty alleviation, among others.

### **Municipal Governance**

Over the last ten years progress by municipalities in the improvement of urban governance has been made, as measured by multiple dimensions of the Global UN Campaign on Governance. However, progress has been made on a very uneven scale. Based on a small sample of municipalities, the study found that given their limited financial resources, the *effectiveness* of municipalities is relatively *good*. The *equity* dimension, and particularly the gender issue, are judged as *poor*, despite some isolated progress, and require high level attention. The *participation* dimension is *fair*, in terms of formal (representative) democracy and relatively *limited* in terms of substantive (participatory) democracy. This could be improved given the increasing emergence and strengthening of civic organizations and their willingness to participate. The *accountability* dimension is generally poor against most of the variables considered in the UN index.

## ***Accountability***

Accountability at municipal level is a major area in need of improvement in Mozambique that would bring critical shifts in urban governance. The following measures should be emphasized and good practices shared and scaled up considerably: (i) publication of contracts and tenders; (ii) wide publication and circulation of budgets, plans, financial statements, and audit findings; (iii) establishment and dissemination of codes of conducts for politicians and municipal officials; (iv) citizen report cards and charters with citizen rights and responsibilities (iv) Transparent channels to receive citizens complaints; and (v) systems to control mismanagement and corruption.

## ***Improving the Effectiveness of the Key Actors***

**Recommendations:** The municipalities' capacities to plan and deliver services could be strengthened through the: (i) creation or strengthening of Municipal Planning Units to ensure appropriate integration of strategic, sector, spatial and operational planning; (ii) training of Councilors to enable the Assemblies to engage with the executive through legislative commissions and (iii) establishment of a National Career System and Training for municipal personnel (discussed more under Organization and Human Resources section below).

The strengthening of the role of ANAMM, primarily to allow it to comply with its political mandate could be achieved through: (i) An increase of its permanent staff; (ii) An increase of its budget and (iii) An extensive communication and information campaign to explain its mandate and its role to the municipalities and to the citizens. While its independence and responsiveness to mayors would require members' fees to support the Secretariat, funding from development partners for programs and campaigns would be in line with good international practice.

The strengthening of civil society organizations and the promotion of citizens' involvement in municipal affairs could be achieved through: (i) A large-scale information campaign explaining what is a municipality, as well as its roles and limitations;

(ii) measures to increase transparency in areas such as budget execution, tenders, codes of conduct etc.; (iii) the creation (or the strengthening in case they already exist) of permanent and formal channels of communication between citizens and municipalities, and (iv) the definition of a national participation framework for municipalities leading to a national participation policy for municipalities.

### ***Participation and Strengthening the Relations between Municipalities and Citizens***

Bridging the gap between municipalities and citizens appears as a central challenge in terms of governance for service delivery. Even if participation is fair, in terms of formal representative democracy it is still limited in terms of political participation. The turnout for municipal elections is low partly because the notion of municipal citizenship and the role of municipalities are still new and not always fully understood by voters. In addition, there is a very low representation of women in municipal power structures.

Various interesting experiences and innovative pilots of participatory planning and budgeting and public forums are taking place in Mozambique. The vast majority, however, remain practices only of a consultative nature. In general participation is more a practice than a policy to date which also reflects the lack of a policy framework for participation. Moreover the engagement of the Municipal Assemblies' representatives (legislative power) in promoting or debating issues is in general quite limited or highly politicized, although it is starting to increase and improve in depth and nature. To enhance participation and communication, some municipalities, like Montepuez have decided to invest in mass communication, like community radio that as having an important outreach.

Civic associations are an asset in terms of local governance. However, the relations among the diverse civic associations are not very strong and at the same time, the role of traditional powers, even if recognized officially, is still not well defined. Most municipalities have a fairly dense fabric of legalized and non-legalized civil society

organizations but most of these organizations are weak, with few resources and they are usually not very active in municipal planning or other municipality related activities.

Channels of communication between the elected officials and their electorates should be established on a regular basis. The monthly visits paid to each one of the neighborhoods as currently done by some municipalities should not be just to “ask for support from the people” but to give an account of what the municipality is doing. Maputo City’s citizen report cards and their ‘*presidencia aberta*’ forums are good examples of this.

A municipal participation framework leading gradually to policies on participation should be defined, implemented and widely disseminated. Again, these policies will contribute to increasing the level of confidence between civil society organizations, various arms of municipal government and citizens themselves. There are a number of best practice examples that Mozambique can look into, including those of participatory budgeting in Brazil and participatory planning in India and the Philippines.

## **Spatial, Sectoral and Strategic Planning for Integrated Service Delivery**

### ***Limited Vision and Strategy***

Very few municipalities have a clearly articulated and widely discussed vision statement about their future. This vision should lead to a process whereby a clear strategy is developed to move the city towards its vision, including key growth opportunities for the city, both economically and spatially.

Spatial strategies for urban development are needed to accommodate both the distribution of investments within municipalities and the role of municipalities in broader regional development. Balancing municipal initiatives between urban centers and their peri-urban areas requires explicit consideration of the spatial distribution of population, public facilities, and private sector economic opportunities so that the benefits of urban development are distributed between the more prosperous core and poverty-dominated peripheral neighborhoods. Because municipalities play important roles in regional economic development, city development strategies need to consider their regional



context so that urban centers are able to fulfill their role as growth poles and sources of support for rural development. For example, the development of municipalities in the central and northern regions is intimately linked to the effectiveness of the Beira and Nacala corridors which are the foundations for regional economic development strategies in Mozambique.

This common vision for the future of urban areas should be achieved by each municipality through consultative processes such as those used for City Consultations and City Development Strategies. The process to reach a vision for the future, define priorities and link these priorities to existing and potential resources should be built through an intensive process that involves all major stakeholders. An excellent example is that of Maputo City whose vision is that of “Maputo City, beautiful, prosperous, clean, safe and unified” with an associated 10 year development strategy and program defined by the City to achieve the vision (ProMaputo).

### ***Territorial Planning Law***

The new territorial planning law allocates a leading responsibility for spatial planning to the municipalities. At the same time the regularization of urban land requires full implementation of the Urban Land Regulation, including the provision of land use rights documents (DUATs) based on the spatial plans (*planos de urbanização*).

The new Law offers opportunities to accelerate the development of Mozambique’s urban space, by channeling investments and increasing the security of tenure and the Right of Use and Access to Land (DUAT). However to fully achieve these benefits municipalities need to invest in preparing three types of planning documents, at different scales and levels of complexity: master or structure plans, partial plans and detailed plans. These urban plans are now a legal requirement and the number of human settlements that will have a local urban plan will increase. The law envisages urban planning as a process of preparation and implementation that requires active leadership and engagement by the municipalities and citizens themselves rather than repeating some past failures where

plans were developed by outside agencies and shelved for lack of ownership or local consultation.

These plans and particularly the detailed ones (*planos de pormenores*) require linkages to simple cadastre systems as discussed in the chapter on urban land. At the same time these plans and the cadastres are key instruments for titling of property, for increased security of tenure and for creating a stable, more transparent and permanent base for municipal land tax revenues. These plans also reduce the scope for corruption that is rife in the context of informal land markets. The other advantage of more developed urban planning systems is the availability of instruments for more effective consultative processes, and for planning discussions with sectors, districts and others on the basis of visual, fact-driven maps. Such systems also provide useful instruments for a more balanced development within a municipality, between rural, peri urban and consolidated urban centers.

An important first step would be to create or strengthen (where they exist) planning units in the municipalities. Their first task could be the elaboration of local plans that fall under their responsibility. These units could gradually become consolidated planning departments or services in the municipalities where these functions do not yet exist. The process of elaboration of these different plans should be participative, and could draw on city consultation processes, participatory local planning processes and definitions of Priority Action Programs (see chapter on planning) as a part of municipal “*requalificação*” or deconcentration programs.

It is critical to rapidly produce guidelines, rules and simple manuals on how to produce these local plans. A simplified version should also be prepared for the citizens, explaining to them how to engage in these activities. Simple cadastres should be established and should start from strategic areas like *reordenamiento* (expansion areas); *requalificação* (upgrading areas); potential areas for pro-poor investments; and industrial and productive areas. These cadastres will contribute to an enabling environment for attracting investments from residents, urban farmers, small scale entrepreneurs and other investors.

An institutionalized mechanism is urgently needed to support municipalities in carrying out planning and thereby developing capacity through on-the-job training. Only occasionally have municipalities developed their own plans and this has usually been on a very small scale. There is a lack of targeted and continued training of intermediate level planning technicians to manage local cadastres and implement municipal planning. There is a need for a national network, agency or department to support municipalities in developing plans and, in the process, develop local capacity to implement and revise plans. Such a mechanism needs to be explored based on the complementary strengths of the various potential contributors such as MICOA and various tertiary institutions (See Urban Land Chapter for further details).

### ***Sector Planning and Annual Operational Planning and Budgeting***

Municipal planning often tends to be based primarily on the *manifesto eleitoral* rather than on a coherent urban plan and realistic budget projections. Given the challenge of linking spatial, sector, strategic and annual financing planning, it is not uncommon for municipalities to resort to simplified operational planning where previous budgets and a focus on inputs are drivers of the following year's budget, or on the basis of negotiations between line departments and the financial department.

Municipal planning units can play a very important role in defining a priority action program for the next year. In large municipalities such as Maputo or Beira, it may make sense to have a Strategic Planning team located within or under the mayor's office, tasked with coordinating the overall planning exercise. In smaller municipalities this would be an incremental process and the urban planning department could lead the process. On the basis of city consultations, the strategic planning team would assist the mayor in developing a city-wide strategic plan that would need to be operationalized. In smaller municipalities, the plans may grow from bottom up plans into a city-wide plan over time. The planning teams would need to coordinate among sectors within the municipality, between the municipality and other arms of government (district, province, sector ministries) for which spatial planning and mapping would be critical. Obtaining

poverty, economic agglomeration, and service delivery data for the municipality and integrating these into GIS-based maps would be very useful for anchoring discussions with the different stakeholders. On the basis of these activities, a priority action program for the next year would be defined and then linked to the annual budgetary exercise. A binding system such as the territorial ordering plan implemented in Colombia could be a good solution to consider (see chapter 3 on planning and governance).

### ***Insufficient Intergovernmental Co-ordination***

There is currently a severe lack of coordination between district and municipal authorities with regards to urban planning, as well as tensions between municipalities and central government and provincial sector departments vis-à-vis responsibilities for planning and execution of service delivery in urban areas.

To address this, during the formulation of spatial, sectoral and strategic visions plans, the key ministries that have an impact at local level, such as education and health should be consulted in order to define jointly (and jointly with the population) where schools and health centers, for example, should be located in a spatially balanced way. This would be based on locally articulated priorities that can support achievement of national policies and targets. Therefore these local plans and consultation processes are very practical ways to ease out potential tensions between local and central government. Local plans can have a strong indicative value for the central government ministries, indicating and providing for example land where they could build, and ensuring active support from communities for supervision of contractors and monitoring of service delivery.

Likewise, the local plan formulation should be compatible with district plans. Coordination meetings between district and municipalities are important to examine possible clashes and find solutions during the formulation process (e.g. in Dondo and Marromeu).

## Finance

Municipal finances are very limited in terms of their ability to cover the range of services and activities under municipal responsibility. Some municipalities have made significant progress in revenue enhancement and financial management during the last ten years, but overall a lack of resources and weak financial management systems continue to be major limiting factors for them to comply with their mandates. Nevertheless, while municipal revenue and expenditure functions are constrained on a number of fronts, there is also considerable room for improvement through both national and municipal efforts. Total municipal budgets in Mozambique are about \$12US per capita which is strikingly low, even compared to those of other countries in the region, for example Tanzania at \$23US per capita.

*Own-source revenues* are underutilized, especially with regards to property taxes (IPRA) in urban areas. Some municipalities (mostly the small ones and those with a high rural composition) do not have the tax base to benefit from a wide use of taxes, but the large and more urbanized ones do. There are still some legal limitations on the use of this tax, but municipalities can take better advantage of property taxes by expanding the number of taxable properties (updating the cadastral rolls) and updating the property values.

Recently, Law 01/08 gave municipalities full control over taxes on property transactions (SISA) and vehicles, both of which were previously shared with the central government. Provided that the central government transfers all the records and systems to administer these taxes, they may become important local revenue instruments in the medium term. The central government could help to boost local revenues by creating new tax instruments in areas of municipal importance like tourism and mining (at least in a number of municipalities). These instruments can be exclusively local or shared with the national government by allowing municipalities to piggyback on the existing national taxes. However, this may only be feasible in the medium to long term.

*Non-fiscal revenues* are currently the main instruments of own-source revenue generation. In the last ten years, progress has been made in the collection of municipal

licenses and fees, mostly in the areas of markets and use of public space, and also in sanitation and solid waste fees in the case of some municipalities like Maputo and Beira. Despite this progress, revenue from municipal licenses and fees can also improve significantly by having complete and updated registries of the different types of economic activities and by improving their administration and control systems (often a source of considerable corruption). In the case of market fees for example, their importance can increase substantially if the registries of the sellers are completed, and if the collection and control structures are improved. Licenses for the use of public space can also increase revenues substantially by updating the cadastres.

In sum, municipal licenses and fees are a potential source of funding, especially in the peri-urban and rural areas that have weak tax bases. However, it is critical to keep in mind that in exchange for such revenues, municipalities are required to provide specific services (as they are not unconditional sources of revenue) and that at best these revenues would probably cover operating costs, leaving the problem of funding capital costs unresolved.

*Intergovernmental transfers* represent about fifty percent of total municipal revenue, which is a proportion comparable to that observed in other developing countries. However, as a proportion of the total national revenues, municipal transfers (both capital and recurrent) do not account for even one percent. In addition, the recent creation of new municipalities will reduce the proportion allocated to each municipality from the same revenue pool which has been capped at 1.5% by law (down from the previous limit of 3%) and in practice remains lower. In view of this, it is recommended that the central government reform the transfer system to increase the size of the revenue pool, according to the overall spending needs of the country and the costs of the specific municipal responsibilities, and to establish a formula-based allocation of the local investment fund (FIIL) to make it a more predictable and reliable source of capital funding. This will also have a positive impact on municipal planning, as local authorities will have more certainty about their available transfers for the future, and can plan accordingly.

A major issue of concern is that there is not yet clarity on the financing mechanisms for the newly transferred responsibilities to municipalities in the social sector under Decree 33/06, especially when considering that provision of currently mandated services is far from being met. There is a risk of spreading resources even more thinly or resulting in further spatial inequality between the urban “core” and the fast growing peri-urban and more rural municipal territories. Therefore, as already mentioned, if this transfer of additional responsibilities is to be a successful process, the central government must ensure that it is accompanied by the appropriate financial, material and human resources. The financing should take the form of block grants to the dedicated services. However, provision of complex social services is not easily undertaken at a municipal level, so it will be critical that municipalities receive constant support from the central authorities and line ministries responsible for these services.

*Development assistance (Aid)* is an important source of funding in Mozambique. Data on aid is imprecise so no definitive analysis can be done on it. However, this study helped to clarify data relating to amounts of aid being spent at the municipal level. There is still a need to clarify to what extent this is being channeled *through* municipalities as opposed to being spent *within* municipal boundaries. According to some calculations using information provided by OdaMoz, from 2004 to 2007 aid spent in municipalities amounted to several times the total size of the municipal budgets.

Aid, however, does not represent a regular source of revenue, as it varies according to the specific investment projects from each donor. In addition, aid does not go to all municipalities and is unpredictable in its frequency and amount. This is not conducive to effective planning by municipalities. The Lessons Learned chapter indicates that some municipalities have 5 or 6 donor supported programs in their territory whereas others have none. These resources are also mostly earmarked for specific capital investments (and technical assistance), so it is unclear how the associated recurrent costs generated from the aid-financed capital projects will be covered.

This study found that municipalities would like to be more systematically associated and involved in the formulation and planning of aid funded projects that will affect their residents and their territories. The projects should also systematically take into consideration the various planning documents and priorities identified by the municipalities. Also, gradually, the aid funded municipal programs should be financially managed by the municipalities themselves. This transfer of responsibility by the donor community will create a good basis for building capacity at municipal level in financial management, accountability and reporting. Finally, it is suggested that OdaMoz, the donor-supported database on aid, be restructured in such a way that it more easily provides information on the quantum of grants, and the number and nature of municipal projects financed.

*Financial management systems* in municipalities, with some exceptions, are generally weak and fragmented and preclude municipalities from planning, executing and controlling their municipal budgets in an effective and integrated manner. Municipal budgets also tend to be input-driven rather than activity or program-based, compromising the usefulness of the budget as a planning instrument to identify and execute priorities, and to monitor outcomes effectively. In order to improve their overall performance, municipalities should invest in complete yet simple financial management systems that allow them to perform all financial transactions in a standardized, efficient, and controlled manner. These systems should be fully compatible with the central government's e-SISTAFE. Moving from an input to an program-based budget may help municipalities to start identifying critical actions that may better serve the needs of their citizens. The donor community has shown interest in supporting such activities. Moving to integrated systems (that are by and large automatized) implies a drastic change in the organization, institutions, culture and operation of municipalities, so authorities must be committed to undergo such radical changes. All these changes should be done in accordance with the legislation, notably with the SISTAFE law. It is also important for municipalities to conduct internal and external audits and to utilize the findings to improve their performance.



## **Poverty Alleviation**

The findings of the poverty section of this study show that the conditions of the urban poor in Mozambique are complex and concerning. Not only is poverty in urban areas declining more slowly than in rural areas, but the access and quality to urban services is deficient. Moreover, there is a strong local perception in urban areas that despite the country's positive economic trends, municipalities are not benefiting from national growth and that inequality is increasing. Unemployment is high and, as in many countries, the structure of the Mozambican economy is shifting away from agriculture, and urban and peri-urban informality is increasing.

Under these difficult circumstances, the question arises as to what role can municipalities play to stimulate growth and reduce poverty? Mozambique remains a highly centralized country and the national government is in control of most pro-poor redistributive and fiscal instruments. However, municipalities do have an array of functions that have the potential to impact positively, directly or indirectly, on urban poverty. Research undertaken for this study found that tackling poverty should be one of the priorities for municipalities, although their potential is still constrained by a lack of management experience, available resources and by the significant gap between the challenges of poverty reduction in urban areas and the scale and scope of the instruments they can rely on.

Nevertheless municipal authorities can contribute to poverty reduction along four broad dimensions. The first includes a series of actions, projects, programs and policies that are related to the access to urban public services which directly affect the material conditions of the population. The second dimension relates to the actions of the municipal government on the economy, i.e. initiatives that contribute to job and income generation, and local economic development. The third dimension relates to the synergies between rural and urban areas and the way in which they can be improved to diversify income. The fourth and last dimension is more intangible and involves the cultural and political aspects of municipal governance, where the impact would have more to do with political participation, empowerment and promotion of meaningful citizenship among the poor.

In terms of service provision, municipalities have played a positive role in improving school facilities, undertaking a number of housing and land use planning activities such as the resettlement of families from areas of risk, unregulated settlements, and areas marked by high density and inadequate living conditions. In addition, municipalities have mandates for improving sanitation, the urban environment, and solid waste management that can, and have, contributed to the reduction of urban poverty. Finally, municipalities are partially responsible for water supply, electric power (critical for security), and road maintenance, all of which have a series of pro-poor components.

The municipalities' role in the promotion of local economic development is limited by statute and, above all, by resources. Municipalities have tried to attract new investments, especially of an industrial nature that may generate jobs and income, a few of which indicate that it is possible to enter into such partnerships. There is also an interesting initiative to create "Municipal Companies" which could enable municipalities to operate more effectively in the economic sphere. The research found a number of other ways in which municipalities can influence local economic development, including : support to associational life as a way of supporting livelihoods for the poor; promoting and controlling trade activities; and promoting and supporting urban agriculture and various value chain activities across the rural-urban space.

As of the synergies between rural and urban areas, the study found that flows of goods, people, money and information are central to supporting livelihood and income diversification across the rural-urban spectrum. One very important source of flows is peri-urban and rural farming, which largely consists of movements of people who farm or market agricultural produce. Other important flows that are supporting urban livelihoods are those of firewood and charcoal (at the expense of environmental degradation) and of urban agriculture. In general the study found that there are serious problems in creating a development strategy that focuses on rural areas without taking the linkages to cities into account. Remittances from those involved in the urban sector can significantly alleviate rural poverty and the blurred boundaries between the cities (and small towns) and the countryside, with a population that appears to frequently move back and forth and one

that tries to take advantage both of rural production and urban opportunities suggest that any development strategy should take both into account.

Finally, as discussed in the governance section, municipalities can play a role in poverty reduction through various forms of political participation and empowerment. Despite efforts along all three dimensions, municipalities still have a long way to develop in order to be able to address poverty effectively. They need to strengthen their financial and organizational capacities and engage more effectively with citizens through improved local governance initiatives. However, central government also needs to proactively support a more effective inclusion of municipalities as agents of development in its policies and programs, for example by including them more substantively in the PARPAs and 5 Year Plans of the future. Central Government should see municipalities as more significant partners in the struggle to achieve national goals of poverty alleviation and growth, and therefore assist them by channeling additional resources (both technical, fiscal and international) to better equip them to undertake their mandates.

### **Organization and Human Resources**

Many municipalities continue to be organized as they were before or immediately after their creation. Their structure and staffing are often poorly matched to their current governance, management and service provision responsibilities. While municipal legislation does provide significant autonomy for municipalities to define their organizational structure — including the revision of departmental responsibilities, workflows and procedures, staffing tables and individual job descriptions — many have not exercised this prerogative. A few municipalities like Maputo have reorganized their internal structure and staffing based on the external demands for governance and service delivery. A recommendation of this study is to increase the awareness of municipalities of the potential for restructuring their internal organization and for employing various mechanisms to increase capacity, including reformulating staffing tables and salaries and staff redeployment, rationalization or recruitment.

Municipalities have tested a number of service delivery models during the first ten years but there is still significant scope for further development of these options. As part of an organizational restructuring effort it is recommended that municipalities consider different models of service delivery depending on the specific characteristics of a municipality. Examples of such models include in-house delivery of services like in most municipalities, the creation of semi-autonomous municipal services and municipal enterprises (e.g. the municipal-owned sanitation company—EMUSA—in Quelimane), concessions to private operators (e.g. water supply in Vilankulos) and the establishment of public-private partnerships (e.g. PPP unit in Maputo City).

Existing regulations on human resource management limit the flexibility of municipalities to recruit, fire and compensate staff. There is also a lack of specific professions and career paths for municipal staff. It is recommended that regulation by the state be reduced in the area of municipal personnel management and efforts channeled into establishing a certified professional career path for municipal officials. The scope of the prior review by the Administrative Tribunal should also be reduced and the process expedited in order to make recruitment less bureaucratic. Municipalities and state authorities should be more flexible and creative with remuneration packages (both salary and non-salary elements) in order to enable recruitment, placement, and retention of qualified technical and management personnel. This needs to be closely coordinated with revenue enhancement efforts of the municipality. In Maputo City for example, there is a link between revenue enhancement and improved staff incentives, increasingly including a performance-based component, as the basis for sustainable improvements to organizational effectiveness.

Municipalities are often disadvantaged by high numbers of low-skill workers as well as under-qualified senior staff. Training is universally considered a priority to improve municipal performance and incentivize staff. Training involves the increase of individual staff knowledge and skills to better match workplace demands, both through on-the-job learning from externally contracted technical assistance personnel and through short-courses and vocational courses. It is recommended that municipalities work closely with

ANAMM, the Training Institutes for Public and Municipal Administration (IFAPAs), and other training organizations to further develop their training policies and training plans and to maximize collaboration among municipalities in this regard. Training should be closely linked to the municipal career path discussed above and integrated into the public administration training system (SIFAP). Human resources development must increasingly be institutionalized as a permanent feature of municipal operations, so that staff skill improvement is considered not merely a feature of externally financed projects but rather an integral part of municipalities' annual plans and budgets.

#### **10.4 Integrated Service Delivery**

For municipalities and the citizens they serve, the most important visible result of improvements in performance will be measured through service delivery. The objective of addressing the underlying constraints is to increase the ability of municipalities to deliver services. For many municipalities, impressive efforts to improve services in certain sectors have been constrained by focusing on the sector itself when the major constraints to performance have been cross-cutting systemic ones that cannot be dealt with by purely sectoral instruments. These constraints therefore act as a major drag on service delivery and have been the focus of this chapter so far.

Nevertheless, there are also important sector-specific challenges and opportunities that need to be considered. Dealing with sector issues is clearly an urgent priority for the municipalities and this study therefore includes some specific sectors. Given funding constraints, the study only covers a few sectors that are of importance to municipalities, and demonstrate a number of the underlying constraints discussed above, analyzed from a sector perspective. These sectors reflect a combination of areas clearly within municipal mandates (e.g. solid waste and sanitation) and those where there are concurrent responsibilities or "grey areas" that still require clarification and negotiation (e.g. water, urban land). There are a number of other important sectors that could not be covered due to resource constraints and these would be useful areas of future investigation, such as urban transport and the large social sectors. However, the cross-cutting elements discussed above, if improved over time, should impact positively across all areas of service delivery.

## Urban Land Management

Urban land management and administration for the past 10 years have been characterized by several challenges including (i) an increasing tendency for informal settlements to occupy environmentally sensitive areas, (ii) declining security of tenure, (iii) increasing informalization of land markets and widespread corruption in land use, and (iv) restrictive legislation that does not reflect the social or spatial reality of informal areas.

These are compounded by several historical factors, some of which persist such as a low level of institutional capacity, the scarcity of financial resources, archaic systems of land registries, and a lack of visual records of land allocation in most municipalities.

The process of urban land management regulation has been very slow throughout the past 10 years. It is only recently that the government has passed the *Lei do Ordenamento do Território* that requires the existence of local urban plans. This means the number of human settlements that will be required to have a local urban plan will increase. While a step forward, this adds another burden on already financially-constrained municipalities since they lack the capacity to carry out planning. An overall strategy to support municipalities in this area should be a priority, as discussed in the Planning section above. The following key recommendations are summarized for consideration at both national and local level.

Since the early years of Independence there have been some good examples of pilot projects of urban upgrading that can provide models for improved urban planning. (Maxaquene upgrading in Maputo in 1979 and Nacala throughout the 1980s and 1990s). The decentralization process of the last ten years has produced a number of successful pilot projects but they still need to be distilled, recorded and publicised. Lessons need to be synthesised and transformed into training and didactic manuals and guidelines. While innovative pilot and demonstration projects should continue and expand it is time to move beyond pilots and scale-up and replicate good-practices. Slum “*requalificação*” and “*reordenamento*” of informal settlements and participatory planning

need to be recognized as normal planning practice. Legislation and policies should incorporate these practices into urban regulations and municipal bye-laws (*posturas*).

Low-Cost Mapping and Cadastre Building are of the highest priorities for municipalities as the basis for all planning, investment and own revenue collection efforts. There have been attempts at improving and simplifying cadastre systems (Beira, Dondo, Maputo) and recent technology improvements make low-cost “good enough” mapping possible using satellite imagery. A cadastre can improve tenure security and eventually provide a basis for municipal financial sustainability through building a tax-base.

A multi-sector national government-led strategy for urban upgrading needs to be elaborated, as part of the planning strategy discussed earlier. Adequate budget support needs to be mobilised in cooperation between donors and Government. Key actors and decision makers including Mayors and elected municipal assembly members and their staffs need information and training through exchange visit experiences, short courses, training material, understanding applicable legislation and its implementation, and dispute resolution and mitigation.

A technical support structure for physical planning, mapping and legal issues should be developed. One option would be to have such structure at the regional level. A professional roster or pool of qualified national professionals should be established in each region of the country. Intermediate level planning technicians should be trained to support the municipal administrations to manage local cadastres and implement municipal structure plans.

Availability of low-cost housing is also one of the big problems of urban areas in the country. Although no specific studies have been conducted to assess the demand and its costs, Forjaz (2006) estimates an annual growth of 50,000 families, which would require investments of 185 million US Dollars per year in infrastructure and 835 million US Dollars per year for housing. Clearly, the Mozambican State does not have these resources so it would not be able to resolve the problems of urban housing alone. So far,

the intervention of the State in this area has been limited (through the *Fundo de Fomento Habitacional*) to the production and financing of very few properties (172 in 2006) for middle income and salaried personnel. Thus, both for technical and financial considerations, the State would need to facilitate and guide private and municipal activities in this area. Housing policy and practise is a very underdeveloped area in Mozambique, including the potential roles for the private and public sectors, and considerable additional analytical work and policy formulation is required.

## **Water**

A full range of water supply technologies are applied in Mozambique but not all are considered adequate officially, such as point source supplies (mostly boreholes with hand-pumps), small scale providers and water re-sale. However, there is a need for a mix of service levels in a context of limited resources, and these sources are part of the urban reality. It would be important therefore to agree an approach to mixed service levels in order to ensure appropriate policy, including regulation, of the various providers.

Another challenge of the sector is to define the ‘authority’ for water supply in some urban areas and to clarify the specific roles that municipalities play. In smaller towns the municipal councils and district governments have to take primary responsibility for running water supply systems and yet they are not defined as the authority under current law, although municipal legislation indicates shared responsibility for municipalities. There is also the rather serious concern relating to large cities, with Maputo being the prime example, where the authority is not fully clear between FIPAG and the municipality as to all areas within the municipal boundary. The role of the municipalities is not yet clear in respect of the proposals for the AIAS and provincial water boards which will contract operators in urban areas in 3 pilot provinces. It would be important to clarify the authority under these circumstances and to define the role of the municipalities. As a start, districts and municipalities within the provinces will have Board members on the APAS (Provincial Water Boards) and the AIAS will have co-operation agreements with all the municipalities.



The current view from the water sector is that the role of municipalities as direct operators should be limited and either a private company or a publicly owned company should be the operator. Municipalities should be seen mostly as coordinators (and regulators) in peri-urban areas in the FIPAG cities and towns, and possibly in the AIAS towns as well. From a municipal perspective there may be opportunities for small systems to be operated by municipalities (e.g. Montepuez) but this will be constrained by issues of scale and access to capital (and even recurrent expenditure). Even if municipal provision is not encouraged, there are important opportunities to clarify the roles of municipalities vis-à-vis operators and the asset holding companies such as FIPAG and the AMU, as municipalities claim that it is not unusual that consumers bring their complaints about water to the municipalities. It is important that the water sector engage more actively with the municipalities in governance and planning of water operations in urban areas.

## **Sanitation**

In terms of technology the most urgent problem, in the absence of significant capital investment in sewerage systems, is the roll-out of low cost on-site sanitation options such as improved pit latrines or similar technologies (such as composting toilets which are available in some places). Various technologies will be needed to suit economic and physical conditions and not all are fully developed. It is also important to ensure dissemination of knowledge of existing technologies down to community level. Hygienic treatment and disposal of waste is also a major need.

Unlike with water supply, the ‘authority’ for the provision of sanitation is clearly the municipality. In the case of sewerage systems (approximately ten exist or are planned), there is a need to evaluate appropriate revenue instruments (e.g. tariffs or taxes) to ensure operation and maintenance, and it would also be important to investigate how best to integrate water supply and sanitation operations in the coming years under a single operator. In this regard it is very important for CRA to take on regulatory responsibility for sewerage sanitation systems at least in the medium term.

For on-site sanitation, local governments (municipalities and districts) need to work within a supportive national program to assist households in the implementation of effective solutions. A national program under MOPH/DNA that provides ongoing health and hygiene promotion (with assistance from the Ministry of Health) is a minimal requirement but it should also develop a broader program of financial assistance for sanitation. This might take the form of subsidies for critical inputs such as slabs, as was done under the previous PLM, or a national sanitation fund which provides for transfers to municipalities for urban sanitation programs. While municipalities are responsible for sanitation delivery they do not have access to necessary resources. With time a transfer could be phased out, perhaps over 10 years, as local sources of revenue are built up. It is important, however, to recognize that investment in sanitation through municipalities can play a significant role in helping to meet not only the MDGs related to slum-upgrading but those MDGs focused on health outcomes.

### **Solid Waste Management**

Solid waste management poses both an administrative challenge and a health issue in municipalities. The ability of municipalities to effectively manage solid waste has been constrained by a lack of competent staff; limited financial and economical sustainability for O&M of SWM equipment; challenges in extending operations to neighborhood level and peri-urban areas; health and environmental risks at disposal sites; weak community participation in maintaining a clean household or workplace; and a poor supply response from the private sector in SWM operations.

To tackle these challenges of solid waste management, municipalities in Mozambique need to prepare Integrated Solid Waste Management Plans (ISWMP) with the following objectives: (i) to increasingly establish financial and economic sustainability by raising own revenues for solid waste management operations; (ii) ensure technical sustainability through procurement of appropriate technology and equipment, sound management of the equipment and capacity building of technical staff; and (iii) strengthen community engagement in solid waste management through campaigns that reinforce citizen responsibilities.

At a national level there are a number of specific legislative and policy reforms that would establish a more effective framework for municipal solid waste management. These include harmonization of legislation related to solid waste and environmental management, clarifying principles, concepts, and terminology. The framework should also standardize procedures for the treatment and disposal of various types of solid waste (residential, hazardous industrial, and health-related). Dissemination of this regulatory framework (including national strategies and technical directives among others) for SWM would be of substantial assistance to municipalities, particularly those still struggling with this service. One vehicle for providing technical support to municipalities would be through the training of trainers in Provincial and District Directorates of MICOA who would be made responsible for supporting the design and implementation of the ISWMP in collaboration with municipalities.

It is recommended that all municipalities should design and adopt ISWMPs for decision-making, planning, budgeting and monitoring of SWM operations. These plans would include: (i) a financial and economic sustainability strategy by establishing systems to control revenues and expenditures specific to SWM (e.g. revise the solid waste collection fee, increase solid waste collection coverage and apply different coverage schemes for large producers of solid waste); (ii) establish regulations and procedures for supervision of SWM collection and disposal, including quality and efficiency of services; (iii) invest in monitoring systems and research on the content of solid waste; (iv) rehabilitate the dump sites and promote the construction of sanitary landfill facilities; (v) develop continuous training of staff, specifically technicians, managers, administrators, supervisors, and operational staff for SWM and adopt mechanisms to recognize and reward workers, especially the solid waste collectors; and (vi) invest heavily in coordinated civic education programs with a view to enhancing the shared responsibility for maintaining clean municipalities.

## **10.5 Proposed Roles and Responsibilities: A Way Forward**

Annex 10.1 below sets out the main actors and stakeholders that should take responsibility for the most urgent priorities discussed above. More discussion is provided

in the chapters and in the detailed reports in the CD-Rom. This table is intended to provide guidelines to the specific stakeholders concerned as to where they may have most impact in the short to medium term. This table is proposed as a basis for discussion between Central Government, ANAMM and municipalities themselves on how best to structure support for municipal development, as well as any development partners who currently have programs or plan to support municipal development in future. The table is only indicative, but it gives an opportunity to start envisioning the type of support that each stakeholder should consider undertaking within the municipal development agenda.

Finally, there is also a host of future research opportunities that arise from this study that deserve consideration. These include more in depth assessments of some of the cross-cutting issues, including service delivery models (e.g. municipal enterprises, PPPs), organizational reform models and human resource strengthening, specific options for supporting spatial planning, as well as specific sector analyses such as urban housing policy, urban transport services and urban agriculture. Clearly the most urgent agenda for government, partners and ANAMM is to establish clear criteria and methodologies for the transfer of “*competencias*” to municipalities in view of decree 33, along with appropriate financial, human and technical assistance resources.

Given where they started ten years ago, municipalities in Mozambique have made significant progress. There have been many lessons learned in this first decade that lay the foundation for significant improvements in performance going forward. The challenges municipalities face are sizeable and exacerbated by a national context, that while not conducive to fiscal decentralization is moving more and more responsibilities into the municipal sphere. The challenge of municipal management will be to improve its resource base while simultaneously prioritizing areas for visible service delivery improvement through targeted resource allocation. To achieve this, the focus must be on addressing the underlying constraints that limit the effectiveness of the municipality as a whole. Improvements in planning and governance, organizational restructuring, human resource strengthening, and enhancements in revenue and expenditure management, are

critical areas to focus on while simultaneously trying to deliver tangible service improvements to the citizens. Municipal management is a complex field and requires strong support from national government and citizens. It is critical that all programs of support ensure appropriate emphasis in the cross-cutting areas, whatever their specific sector or technical entry point. With the appropriate support over the next decade and leadership from committed mayors and councils, Mozambique's municipalities will contribute significantly to the national goals of poverty reduction and growth in both rural and urban areas.

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<sup>1</sup> This is partially due to a depreciation of the exchange rate during the 1996/7-2002/3 period, which favored farmers. There are no data since 2002/3 so it is unclear if the trend continued.

## Annex 10.1 Role of actors: The underlying municipal system

	Central Government	Municipalities	ANAMM	Development Partners
<b>1.0 Legal and Policy</b>				
1.1 Clarify municipal responsibilities under present legal framework	<ul style="list-style-type: none"> <li>- Clarify legal framework relating to municipal responsibilities (grey issues)</li> </ul>	<ul style="list-style-type: none"> <li>- Focus resources on areas where there is a clear mandate for action (white issues)</li> </ul>	<ul style="list-style-type: none"> <li>- Set up ad hoc commission composed of Mayors (with technical back-up) to negotiate, clarify and finalize this process with national government</li> </ul>	
1.2 Improve transfer of competencies from the State to municipalities under decree 33/2006	<ul style="list-style-type: none"> <li>- MF, MAE and MPD to develop criteria for transfers; including technical financial and human resources.</li> <li>- Make transfer of functions agreement more detailed</li> <li>- Develop methodological guidelines to assist sector ministries and municipalities with this process</li> </ul>	<ul style="list-style-type: none"> <li>- Assess own capacity to undertake competencies and the possible impact of these transfers on them.</li> </ul>	<ul style="list-style-type: none"> <li>- Establish commission to lead this process from municipal side</li> </ul>	
1.3 Clarify policy framework for decentralization	<ul style="list-style-type: none"> <li>- Medium-long term strategy for decentralization defining approach to gradualism</li> <li>- Criteria for towns to become municipalities should be defined and disseminated</li> <li>- Establish transparent process of evaluation of 'candidates'</li> </ul>			
1.4 Spatial Issues and Territorial Aspects of Municipal representation	<ul style="list-style-type: none"> <li>- Modify municipal electoral legislation to combine area-based electoral representation with proportional representation</li> </ul>			

1.5 Increase recognition of urban issues in the PARPA and 5 year plans	- Include urban issues in future PARPAs and 5 year plans through active participation of municipalities	- Participate in PARPA and 5 year plan formation	- Participate in PARPA and 5 year plan formation	- Promote inclusion of urban poverty issues in future PARPAs and 5 year plans - Provide support for development of norms and framework
1.6 Establish legal framework for alternative models of service delivery	- Provide norms and legal framework for establishment of semi-autonomous municipal enterprises, concessions to private sector and municipalities' PPPs by MF			
<b>2.0 Governance</b>				
2.1 Address low levels of accountability	- Develop frameworks and guidance to support accountability	- Publish accounts and budgets - Publish contracts and tenders - Produce and publish municipal codes of conduct - Establish complaints procedure - Improve information flows to citizens and participation in planning and budgeting	- Develop guidelines into tools - Disseminate tools	- Provide support for this process and examples of good practice
2.2 Strengthen capacity of key actors		- Contribute membership fees to ANAMM - (See Organization and HR recommendations for municipality capacity strengthening)	- Raise members fees for political independence - Develop programs that can be financed by external sources (expandable) - Run information campaign about mandate and role	- Strengthen ANAMM to recruit staff, run information, training and communication campaigns and programs - Work with civil society to help build their capacity to engage with municipal issues

<p>2.3 Support participation and strengthening of relations between local government and citizens</p>		<ul style="list-style-type: none"> <li>- Improve relationship with residents' associations and civil society organizations</li> <li>- Strengthen relationships with civil society through undertaking city consultations, participatory budgeting, bairro development</li> <li>- Establish regular channels of communication between elected officials and electorate</li> <li>- Establish a participatory framework</li> </ul>	<ul style="list-style-type: none"> <li>- Campaign for participation of women</li> <li>- Campaign for increased turnout for elections</li> <li>- Undertake an information campaign on the role of municipalities and their responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>- Provide funding to support campaigns for women's participation</li> <li>- Develop programs which encourage participation as 'ends' as well as 'means' e.g. participatory budgeting</li> </ul>
<b>3.0 Planning</b>				
<p>3.1 Develop a strategic vision</p>	<p>- Provide guidelines on Strategic Planning</p>	<ul style="list-style-type: none"> <li>- Municipalities should establish strategy and vision for municipalities through a multi-stakeholder process</li> </ul>	<ul style="list-style-type: none"> <li>- Develop and strengthen relationship with multiple stakeholders to support municipal vision</li> </ul>	<ul style="list-style-type: none"> <li>- Provide financial and technical support for process</li> <li>- Disseminate good practice examples</li> </ul>
<p>3.2 Law on Territorial Planning</p>	<ul style="list-style-type: none"> <li>- Establish rules and regulations for local planning (MICOA)</li> <li>- Provide toolkits and technical support pool</li> </ul>	<ul style="list-style-type: none"> <li>- Establish planning units within municipalities</li> <li>- Produce local plans (3 types) based on participatory planning exercises and spatial plans</li> <li>- Develop local cadastres</li> <li>- Provide DUATs to people given plots</li> </ul>	<ul style="list-style-type: none"> <li>- Work with MICOA to develop and disseminate manuals for local planning</li> </ul>	<ul style="list-style-type: none"> <li>- Document and distribute good and innovative practices</li> <li>- Ensure that development assistance takes into account local priorities and plans</li> </ul>



3.3 Co-ordinate sector planning with annual financial planning	- Develop framework and guidelines for sector ministries and LOLEs on how to coordinate with municipalities on service delivery planning in urban areas	- Link up sector planning with spatial and financial plans; integrating needs with priorities addressed at technical levels	- Promote engagement with sector ministries and share good practice examples	- National meeting to consider situation and analysis gaps - Co-ordinate approach to urban agendas based on this report
<b>4.0 Finance</b>				
4.1 Better utilization of own-source revenues	- Consider introduction of new tax instruments in areas of municipal importance such as tourism and / or mining - Could allow municipalities to 'piggy-back' existing taxes	- Expand number of taxable properties and update property values	- Provide further analytical input and lobby national Government on tax options for municipalities	- Fund support for analytical work on municipal fiscal reform
4.2 Improve collection of non-fiscal revenues (fees and licenses)		- Update registries of different economic activities - Improve administration and controls of collection - Increase licenses for use of public space by updating cadastres		
4.3 Improve system of inter-governmental transfers	- Reform transfer system, increasing revenue pool and regulating allocation of the FILL through use of formula - Clarify financing mechanisms for newly transferred responsibilities and provide appropriate financial, material and human resources for these services - Provide block grants to dedicated services - provide support through line ministries for social services provided by municipalities		- Conduct analytical work to engage government in dialogue on reforms - Gather data on transfers	

<p>4.4 Channel more development assistance through municipalities</p>	<p>- Ensure that donor projects in urban areas involve municipalities          - Channel international resources into financing municipal infrastructure</p>		<p>- Monitor and disseminate how AID is channeled          - Co-ordinate donor efforts</p>	<p>- Aid projects should take into account local planning documents and priority action plans and should involve municipalities in project formulation          - Increase financial management by municipalities of Aid funded municipal projects          - Restructure OdaMoz to provide information on the quantum of grants and number of municipal projects supported by Aid</p>
<p>4.5 Financial Management</p>	<p>- Provide all the necessary conditions to ensure that SISTAFE is properly rolled out to all municipalities.</p>	<p>- Invest in financial systems that allow all transactions to be performed in standardized and efficient manner          - Move from input to program based budgeting</p>		<p>- Provide support for the development of integrated financial systems and subsequent organizational changes required by this</p>

4.4 Poverty	<ul style="list-style-type: none"> <li>- Include Urban Poverty in future PARPAs and 5 Year Plans</li> <li>- Reinforcing and utilizing linkages by developing the appropriate infrastructure</li> <li>- Explore potentials of urban agriculture and agro-processing</li> </ul>	<ul style="list-style-type: none"> <li>- Modernize existing agricultural value chains through encouraging investments in agro-processing, improving transport links and enhancing markets</li> <li>- cut red tape to create an enabling environment for business development</li> <li>- Promote participatory mechanisms to empower citizens</li> </ul>	<ul style="list-style-type: none"> <li>- Promote programs to support local entrepreneurs by sharing entrepreneurial skills and build leadership</li> </ul>	<ul style="list-style-type: none"> <li>- Provide support for programs to enhance urban agriculture, rural-urban linkages, and local entrepreneurship</li> <li>- Encourage agro-processing enterprises close to urban centers</li> </ul>
<b>5.0 Organizational AND HR</b>				
5.1 Restructure organization to meet needs of municipality functions	<ul style="list-style-type: none"> <li>- Disseminate options for municipal restructuring and associated legal frameworks</li> </ul>	<ul style="list-style-type: none"> <li>- Undertake comprehensive overhaul of organizational structure if needed, and establish: location of responsibility for cross cutting issues; dept responsibilities; staffing tables; job descriptions;</li> <li>- Strengthen workforce based on above by undertaking: redeployment, rationalization and staff recruitment activities</li> <li>- Reform systems and redefine procedures and workflows based on increased use of IT</li> </ul>		<ul style="list-style-type: none"> <li>- Help fund consultants required to support municipal restructuring activities</li> </ul>
5.2 Establishment of a strategic training plan	<ul style="list-style-type: none"> <li>- Provide training through SIFAP</li> </ul>	<ul style="list-style-type: none"> <li>- Based on redefined roles and responsibilities develop a strategic training plan to help staff meet workplace demands</li> <li>- Integrate on-the-job learning, short-courses and vocational courses into plan</li> </ul>	<ul style="list-style-type: none"> <li>- Support municipalities in developing training plans</li> <li>- Work with training organizations to develop programs to support municipalities</li> </ul>	<ul style="list-style-type: none"> <li>- Support training in municipalities</li> </ul>

5.3 Develop technical Assistance Strategy	- Develop guidelines and criteria to assist municipalities to develop a technical assistance strategy for successfully receiving transferred competencies under Decree 33.	- Develop own criteria for assessing readiness for transfer of competencies, based on gaps identified through organizational review and restructuring	- Engage with government to define type of support needed	- Work closely through budget support and sector programs to ensure smooth transfer of necessary resources and TA
5.4. Develop career path within municipal government	- Establish national framework for municipal civil service careers, with clear guidelines for professional mobility and career progression	- Link career progression to formal training	- Work with National government on the framework	
5.5 Increase flexibility of recruitment	- Reduce bureaucracy and regulation relating to municipal recruitment and personnel management			
5.6 Increase sharing of knowledge and good practice	- Disseminate good practice examples Ensure integration of lessons learned into SIFAP		- Disseminate information and knowledge - Co-ordinate exchange of experience (peer learning)	- Co-ordinate between agencies (e.g avoid duplication of manuals) - Bring interesting and good practices from other countries

## Annex 10.2 Role of actors: Integrated Service Delivery

SERVICE	Central Government	Municipalities	ANAMM	Development Partners
<p><b>1. Land and housing</b></p>	<ul style="list-style-type: none"> <li>- Produce procedures and manuals for different areas</li> <li>- Clarify MICOA's role in ratification of long-term strategic planning – monitor quality not detailed input</li> <li>- MICOA, work with Universities to develop pool of expertise for <i>requalificação</i> and <i>reordenamento</i> for existing informal settlements and land-use planning</li> </ul>	<ul style="list-style-type: none"> <li>- Undertake low-cost mapping and develop cadastre system to improve tenure security (see 3.4)</li> <li>- Use cadastre in conjunction with land-use planning for tenure security and increased municipal tax base</li> <li>- Scale up <i>requalificação</i> and <i>reordenamento</i> and integrate into normal planning practice</li> <li>- provide paperwork to those given plots (see 3.4)</li> </ul>	<ul style="list-style-type: none"> <li>- Document and distribute good practice</li> <li>- Support training, exchange visits and short courses to build capacity of Mayors and municipal assembly members</li> </ul>	<ul style="list-style-type: none"> <li>- Mobilize budget support in coordination with Government</li> </ul>
<p><b>2. Water</b></p>	<ul style="list-style-type: none"> <li>- Define the 'authority' for water supply in urban areas and clarify the specific role municipalities play</li> <li>- Refine responsibilities of the AMU and PWBs and evaluate their performance over pilot period</li> <li>- Increase effectiveness of coordination mechanisms between municipalities, FIPAG, AMU and pilot PWBs</li> </ul>	<ul style="list-style-type: none"> <li>- Engage consistently in multi-stakeholder co-ordination mechanisms</li> <li>- Participate consistently in governance structures</li> <li>- Build capacity to regulate providers in urban areas</li> </ul>		<ul style="list-style-type: none"> <li>- Invest in physical infrastructure</li> <li>- Finance TA to support operating improvements and financing of O&amp;M</li> </ul>

<p><b>3. Sanitation</b></p>	<ul style="list-style-type: none"> <li>- CRA take on regulatory responsibility for sewerage sanitation systems in medium term</li> <li>- Support local government efforts by providing a national program under MOPH/DNA promoting health and hygiene</li> <li>- Establish block grant to local governments and/or targeted subsidy program to support septic tank investments by households</li> </ul>	<ul style="list-style-type: none"> <li>- Disseminate knowledge of technologies down to community level</li> <li>- Establish septic tank emptying arrangements with private sector</li> <li>- Evaluate revenue instruments for ensuring operation and maintenance</li> <li>- Work within national program to assist households in implementation of effective solutions</li> </ul>	<ul style="list-style-type: none"> <li>- Disseminate good practices</li> <li>- Encourage government and international partners to invest in sanitation infrastructure to reach health MDGs</li> </ul>	<ul style="list-style-type: none"> <li>- Invest in physical infrastructure</li> <li>- Invest in programs for health and hygiene promotion</li> <li>- Invest in septic tank slab promotion programs</li> <li>- finance TA to support operating improvements and financing of O&amp;M</li> </ul>
<p><b>4. Waste</b></p>	<ul style="list-style-type: none"> <li>- Improve coordination between legal instruments relating to environmental and waste management</li> <li>- Standardize procedures related to different types of waste (domestic, industrial and hospital)</li> <li>- Disseminate regulatory framework, strategy and technical guidelines (e.g. VAT exemption)</li> <li>- Increase capacity of provincial MICOA directorates to support municipalities through training of trainers</li> </ul>	<ul style="list-style-type: none"> <li>- Prepare integrated solid waste management plans (ISWMP)</li> <li>- Raise own revenues through fees for operations</li> <li>- Procure appropriate technology and build technical and operational capacity of staff to manage it</li> <li>- Reinforce citizens' responsibilities through campaigns</li> </ul>	<ul style="list-style-type: none"> <li>- Disseminate good practices</li> <li>- Disseminate templates Peer Learning</li> </ul>	<ul style="list-style-type: none"> <li>- Provide financial and TA support</li> </ul>

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