PART I:

Introduction

Underdevelopment has been a consistent feature of Mozambique during the past four decades. Currently, more than 60% of the population (16 million people) live in extreme poverty. Various statistics and indicators, such as those produced by the Word Bank,[1] the UN Human Development Index (UNDP, 2016) and recent studies (ISS, 2017), document the significantly high share of the population which lacks access to basic infrastructure (water, sanitation and electricity) and note that the country has one of the lowest life expectancies in the world. Educational attainment is the lowest in the southern African region and one of the lowest in the world. Despite rich soils and water resources, the country still cannot feed itself, thus depending on food imports. Eighteen of the 41 years of independence have witnessed political violence and civil strife. Other studies point to serious challenges to good governance, a high degree of corruption and the economic costs thereof, as well as illicit financial outflows and money laundering (CIP, 2016a; CIP & CMI,2016; BIG, 2016). If properly managed and with benefits broadly shared, the natural and mineral resource endowments, particularly natural gas, would allow Mozambique to find a path out of endemic poverty. However, the country's track record and handling of the recent debt crisis have undermined the confidence of the Mozambican people, foreign partners and investors that the government will be able to turn the wealth into a blessing for all.

Focusing on decentralisation in analysing the country's political economy, this book assumes that the chronic problems of state fragility and underdevelopment are partially caused by the structure and *modus operandi* of Mozambique's political administrative system. Examining the country's decentralisation reform policies and practices, the book argues in favour of rethinking the state, its structure and administration, deemed necessary for a transition from a Limited Access Order (LAO) producing cyclical violence to a more Open Access Order (OAO).[2] Based on a thorough analysis of Mozambique's decentralisation experiences and on evidence, some of it published here for the first time, the authors argue that democratic decentralisation needs to be considered a part of that trajectory.

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1   http://data.worldbank.org/country/mozambique.
2   See North et al. (2010) for terminology; see also Part I, Section 2.3 in this publication.

This book, based on a study commissioned by the Governance Domain at the Swiss Cooperation Office in Maputo, Mozambique, aims at providing an in-depth analysis of the decentralisation process in Mozambique, its history, its stakeholders, drivers and restrainers, as well as its outcomes.

Apart from providing the reader with a broad overview of the ongoing decentralisation process in Mozambique and its dynamics and outcomes, the book's objective is to analyse, historically and structurally, the internal and external actors/agents – such as political leaders, civil servants, political parties, business associations, government, development partners – and their stakes in decentralisation. It also assesses how these share and deal with the relationships of power that influence and determine processes and outcomes of decentralisation. In doing this, the book seeks to assess both the formal frameworks – constitutional rules, codified and informal laws – and the informal rules and processes that have a bearing on decentralisation.

Hence, the reader will be informed about the reform challenges and current decentralisation reform dynamics in terms of the:

- 'foundational factors' shaping reforms (e.g. historic legacy, territory);
- formal and informal rules, regulations, policies defining decentralisation and multilevel governance;
- institutional arrangements framing the multilevel governance system (e.g. assigned functions, funds, human resources/capacities) as well as governance principles which define the quality aspects of the multilevel governance system (effectiveness and efficiency in terms of performance, transparency and accountability, participation and non-discrimination);
- dynamic of fiscal decentralisation, flux of funding, planning and processes, and its articulation between the various levels of the state administration; and
- sustainability of reforms.

Given the intrinsic historical correlation between conflict resolution in Mozambique and the decentralisation debate, the book also aims at investigating the nature of this linkage and the challenges to decentralisation reform. Thus, the following questions are addressed:

- Can decentralisation contribute to peacebuilding and consolidation in Mozambique?
- Who are the key stakeholders involved in peacebuilding and shaping the decentralisation reform processes, i.e. who is participating in negotiations and taking decisions and what are their positions (e.g. power sources, legitimacy), behaviours and motivations/interests, and who remains excluded?

It is hoped that the book will contribute to a broad public debate on a matter of importance to a broad spectrum of institutional actors and stimulate further academic research.

The book is structured in four main parts. In line with the objectives of the study and the agreed methodology, Part I familiarises the reader with the specific methodological approach and terminology used in the Political Economy Analysis (PEA) on decentralisation. Part II is dedicated to analysing power and change with a focus on decentralisation, its dynamics and outcomes. It distinguishes between and dissects 'Foundational Factors' or the 'weight of history' (Section A), the 'Rules of the Game' (Section B) and the 'Here and Now' (Section C). Particularly in Section B, the reader will find an in-depth analysis of the three key aspects of decentralisation in Mozambique, namely devolution/municipalisation, deconcentration and fiscal decentralisation. Section C looks at the present economic and fiscal dynamics as well as the political–military tensions and ongoing attempts to settle them through negotiations.

Part III contains an in-depth analysis of the main stakeholders across all levels of the Mozambican public administration (macro, meso and micro) and their roles as drivers or restrainers of decentralisation. The issue of incentives and disincentives for decentralisation is also addressed.

Part IV sums up the findings and scenarios for decentralisation reform. It then draws final conclusions, highlighting the importance of such reform for peacebuilding and the strengthening of the state, which is considered fragile and prone to violence given its exclusionary features.

1   Research Approach and Methodology

1.1   Research Approach: Power and Change Analysis

Political Economy Analysis (PEA) of a given country or sector is concerned with examining and understanding the political, economic and social forces and stakeholders, i.e. groups and individuals, insofar as these determine and/or contest the formation of policies, the allocation of resources and the distribution of outcomes. In other words, PEA attempts to compare relations of power in each society or segment thereof. Used in a development cooperation context, it allows practitioners, institutions and international partners to assess the dynamics of change and the associated risks for development assistance to a country or a sector. In this, PEA seeks to replace a uniform developmental model (one size fits all) with a tailor-made approach. Consequently, PEA studies are now used systematically as part of the elaboration of country and sector programmes, given that 'problem-driven political economy analysis holds considerable promise to help development practitioners

identify what policies and strategies are most likely to succeed in addressing difficult and persistent development challenges'.[3] Therefore, numerous toolkits and studies have been developed and published to help practitioners conceptualise, direct, focus and evaluate PEA work (Copestake & Williams, 2012; Mcloughlin, 2014; Moncrieffe & Luttrell, 2005; Fritz, Levy & Ort, 2014).

In Mozambique, a growing number of PEA studies have been conducted under the initiative of various bi- and multilateral development partners, generally with government and other stakeholders sidelined in the process and distribution of the studies. Among them are the Embassy of the Kingdom of the Netherlands, or EKN (ECORYS, 2008; EKN, 2010), the United Kingdom's (UK's) Department for International Development (DFID, 2011, 2013; Weimer, 2012c), the European Union (ADE, 2012) and the World Bank in cooperation with the Department for International Development (Yadav & Weimer, 2013).

In deviating from conventional approaches to PEA as defined in toolkits or methodological guidelines, the authors of the present study applied a broader, less problem-oriented and less common conceptual approach known as Power and Change Analysis (PCA). Its origins date back to the first decade of the new millennium, when, commissioned by the Ministry of Foreign Affairs of the Royal Dutch Government, PCA studies were conducted aimed at strategically assessing political economy structures and change dynamics in around 30 less developed partner countries, including Mozambique. In the case of Mozambique, a Dutch consultancy firm (ECORYS, 2008) conducted the study. All studies followed the same conceptual methodological framework, known as Strategic Governance and Corruption Analysis (SGACA). This was developed by the Clingendael Institute, a foreign policy think tank based in The Hague, in collaboration with the Institute of Development Studies in Brighton, Sussex, in the UK. The latter institution was responsible for developing the approach further into an analytical tool known as 'power cube',[4] which helps to assess the levels, spaces and forms of exercising power in each society and polity (Gaventa, 2006; see Part I, Section 2.3).

The PCA/SGACA approach – associated with earlier initiatives to identify institutional drivers of change and to understand power relations, promoted by the UK and Swedish governments and the World Bank, respectively (Dahl-Østergaard et al., 2005) – tries to gain a profound understanding of the political, social, cultural and economic issues and stakes at play in a country and the power relationships between actors and agents of power which shape the outcomes of such processes. The approach also examines the incentives of these actors to effect or prevent change. It focuses particularly on the political commitment of holders of power and the impact on pro-

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3   Flyer for: Fritz, Levy & Ort, 2014.Retrieved from: https://openknowledge.worldbank.org/handle/10986/16389.
4   https://www.powercube.net/an-introduction-to-power-analysis/.

poor change programmes and policies.[5] As in the case of PEA studies, government and other stakeholders were hardly involved in PCA studies, which have primarily been initiated by the country offices of aid agencies to promote internal discussions and learning, rather than dialogue with external stakeholders (Dahl-Østergaard et al., 2005).

The present study is no exception. In fact, the original purpose of the PEA study on decentralisation was to elaborate on the Swiss Development Cooperation Mozambique Country Strategy, where government, Parliament, political parties, municipalities, etc. were initially only marginally involved. However, once produced, the report was shared with a carefully selected, limited audience. Only at a later stage did the Swiss Embassy decide to make the study public in the form of this book.

The PCA/SGACA framework used in this study first takes cognisance of the historical context or 'foundational factors' of the economic, political, social and institutional features of the Mozambican society and economy. Part II, Section A looks at the predominance and pervasiveness of the Mozambique Liberation Front (*Frente da Libertação de Mozambique*, or Frelimo) in government; state apparatus; economy and society constituting an LAO (North et al., 2010); the extractive, export-oriented, 'porous' nature of the economy and its dependence on external investment; markets; imports of capital, credit, etc. (Castel-Branco, 2010), coupled with a model of accumulation based on rents and rent seeking (see Part I, Section 2.3). These structural factors hardly change over extended periods of time. At present, the trajectory of the political economy and its support from outside is showing signs of potentially profound changes, slowly moving away from a 'donor support for development' paradigm to one of 'resources and business for development', given the start of exploitation of the large mineral and energy resources in Mozambique (Vollmer, 2013).

Secondly, PEA examines the established 'rules of the game' and institutional arrangements – both formal and informal – which govern decentralisation and the institutional relationships between levels and forms of decentralised units (Part II, Section B).

The third aspect to be considered is windows of opportunity for change and reform in the current context, in the sense of public affairs or events which affect, even threaten, the established order and 'business as usual' (Part II, Section C). Examples can be seen in the 'social earthquake', such as violent mass demonstrations over price increases (e.g. in September 2011), unpredicted electoral results (2014), the taking up of arms by the opposition in 2012/2013 and the initiation of peace negotiations between the opposition and the government.

Obviously, as suggested by Moncrieffe and Luttrell (2005), PEA also needs to look at the institutional architecture and intra-institutional relationships relevant for

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5   http://www.ids.ac.uk/project/power-and-drivers-of-change-analyses.

decentralisation, as well as at the relations between the public administration and the institutions outside it (political parties, civil society organisations [CSOs], donors and other stakeholders) which may have an (enhancing or constraining) influence on decentralisation. For this reason, the PCA is supplemented by a stakeholder analysis.

1.2   Research Methods and Fieldwork

For this study, the authors used an array of conventional social science tools and methods, including:

- Desk research and the review of relevant academic literature, as well as policy, strategy and programme documents (official and unofficial, published and unpublished), including literature on decentralisation and local government in Mozambique and elsewhere.
- Interviews with more than 100 key stakeholders such as national and local government, e.g. the Ministry of State Administration and Public Service (*Ministério de Administração Estatal e Função Publica*); the Ministry of Economic Affairs and Finance (*Ministério de Economia e Finanças*); statutory bodies responsible for audit and public finance management; parliament, the private sector (including business associations) and CSOs at national (macro), provincial (meso) and local (micro) levels, the latter including municipalities and districts (Local Units of the Central State Administration – *Órgãos Locais do Estado*). Given the ongoing political negotiations between the government and the National Resistance Movement (*Resistência Nacional de Moçambique*, or Renamo) at the time of research, representatives of the main political parties (Frelimo, Renamo and the Democratic Movement of Mozambique [*Movimento Democrático de Moçambique*]) and mediators were included as well. Four small focus-group discussions on specific themes, such as water and sanitation and CSO activities, were organised.
- The interviews were usually prepared by sending a credential letter to the institution whose representative was to be interviewed, together with a set of guiding questions. However, the interviews were conducted in an open-ended way, often in the form of a conversation and not necessarily always following the sequence of questions according to the guidelines. This allowed more ownership on the part of the interviewee. In some cases, due to sensitive issues or confidentiality, the conversations were held in a more informal setting, outside any office context.
- Fieldwork was conducted in Maputo, Nampula and Cabo Delgado provinces, in the latter two cases from 4 to 15 October 2015 (Table 1). Further interviews were conducted in Maputo from 29 November to 14 December 2015.

Table 1: Fieldwork: Selected provinces, districts and municipalities

Province	Cabo Delgado	Nampula
Provincial capital	Pemba	Nampula
District	Mocimboa da Praia, Montepuez	Monapo, Nacala
Municipality	Mocimboa da Praia, Montepuez	Monapo, Nacala

Source: MAP Consultoria, 2016

On 15 December, an internal workshop was held at the office of MAP Consultoria to discuss the results of the fieldwork and the preliminary findings of the study with national decentralisation experts. The workshop's focus was the stakeholder analysis.

1.3   Limitations

Given the ambitious scope of the topic and analysis, on the one hand, and the limited resources/funding and time available on the other, the book obviously has several limitations. Firstly, it was not possible to include provinces, municipalities and districts other than those indicated above. Including other provinces would have necessitated a much larger team and budget. Secondly, for reasons of time and other constraints[6] the data collection planned in the municipality and district of Montepuez (Cabo Delgado) was not realised. However, very recent data on Montepuez were garnered from a baseline study on access to information, conducted by one member of the research team, with the explicit permission of the owner of the study, IBIS Mozambique.[7] Thirdly, concerning financial and fiscal data, the study only covers data up to 2014, since data for 2015 were not yet fully available. However, in the process of reviewing the original study for the book project, some important data were updated, since new data became available at the beginning of 2017 (MAP Consultoria, 2017). What the authors consider the most serious limitation, a few exceptions notwithstanding, is that the book does not reflect the voices of members of the community, farmers or 'ordinary' villagers, in other words, those of *everyday, ordinary people* (Maschietto, 2016b). Thus, the space and focus of interaction between the modern, bureaucratic and administrative ways of ordering the Mozambican polity, on the one hand, and the 'traditional' way of coping with, challenging and contesting that ordering power remains underexposed and out of focus in the portrayal of decentralisation in Mozambique. The reader interested in that part of the picture is referred to other recently published works (Bertelsen, 2016; Maschietto, 2016b).

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6   The field visits in both Nampula and Cabo Delgado partially coincided with presidential visits to those provinces, with the consequence that several persons to be interviewed were not available or had to cancel their commitment at short notice.

7   The team would like to acknowledge this valuable support and thank Ericino Salema, representative of IBIS in Mozambique, for it. All information and data taken from this study are duly cited.

Finally, the reader will note that the book lacks a comparative perspective. The authors had to make the decision – not lightly taken – not to include such a perspective for the simple reason of lack of time and material resources to do so. Any reader interested in a comparative perspective may benefit from the recent publication edited by Dickovick and Wunsch (2014), of 10 case studies of African countries, including Mozambique, and containing a chapter which summarises the converging and differing trends and looks at policy implications (Dickovick & Riedl, 2014). The reader's attention is also drawn to a recent consultancy study on Mozambique's intergovernmental fiscal relations, which provides a desk research-based comparison between Mozambique and five other African countries (MAP Consultoria, 2017). Otherwise, the challenge of analysing decentralisation for state consolidation and peacebuilding in Mozambique in a comparative perspective is put firmly at the doorstep of national and international scholars.

2   Conceptual Framework and Terminology

2.1   Decentralisation: A Secular Trend to Consolidate Power?

In a recent interview, the renowned scholar of Mozambican history, Malyn Newitt, points to the need for some degree of power sharing and decentralisation in order to include significant sections of Mozambique's population in statehood and the provision of adequate services. Newitt states that:

> Mozambique emerged from the civil war with a winner-takes-all constitution which leaves significant sections of the country permanently out of power, and provinces, where the ruling party does not have a majority, without significant control over their affairs. The situation is made worse by the fact that Renamo has not renounced force as a political lever and by the fact that promises of decentralisation made at the time of the Peace Accord have not been realised (Newitt, 2017).

At the same time, Newitt sees the historically entrenched 'claim to entitlement to rule' by Frelimo, the dominant party in power since independence, and its historical narrative to substantiate this claim as an obstacle to a political settlement which would make the country more stable and inclusive.

Focusing on decentralisation, the point of departure and main argument of this book is that coherent decentralisation policies and programmes, in the sense of devolution and sharing of power and resources, have not always been in the interests of powerful groups within the ruling elite, used to exercising central power in all its

manifestations. The political elite's decentralisation discourse needs to be interpreted as an instrument to extend the party and political and economic interests to lower levels of government, as part of what appears a liberal democratisation-*cum*-reform project aimed at consolidating its central hegemonic power rather than sharing it, and at the same time garnering international support for such 'reform'. Nevertheless, the case for decentralisation can be made considering the periodic political contestation and instability resulting from the exclusionary claim to power, and the high degree of centralisation in decision-making and resource and rent accumulation which the country inherited from its colonial past and the immediate post-independence socialist experiment.

In a broader perspective, already in the second half of the 1980s and the early 1990s the centralised state in Africa was theorised as a major obstacle to implementing a social-economic development agenda (Wunsch & Olowu, 1990). Consequently, a considerable number of African governments, driven by a variety of motives, embarked on decentralisation programmes. These were largely supported by international bi- and multilateral partners that saw such programmes as a solution to various problems. The programmes were often promoted by the World Bank, which looked at the motives, merits, challenges, limitations and outcomes of decentralisation and local governance for the delivery of tangible developmental outcomes in terms of public services, poverty reduction, democratisation, governance and community participation, as well as social and political stability and peacebuilding on all continents. A vast body of literature emerged (see, e.g., Cheema & Rondinelli, 1984, 2007; Cheema, Nellis & Rondinelli, 1984).

James Manor's (1999) influential book introduced a political economy dimension into the debate on decentralisation reform, revisited by Eaton, Kaiser and Smoke (2011) a decade later. Other authors drew attention to specific aspects of decentralisation, such as fiscal decentralisation (Bahl, 2000; Fjeldstad, 2001; Oates, 1999); democratic transformation (Crook & Manor, 1999; Olowu, 2003; Wunsch, 1998; Wunsch & Olowu, 2003); social sectors, notably health and education (Ahmad et al., 2005; Azfar et al., 1999; Mwabu, Ugaz & White, 2001); rural development, agriculture, forestry and poverty reduction (Crook, 2003; Parker, 1999; Ribot, 2002; Smith, 2001). Other authors thematised the implementation of decentralisation policies and programmes (Ahmad & Tanzi, 2003; Connerly, Eaton & Smoke, 2010; Shah & Chaudry, 2004), including donor support (OECD, 2004). Still other publications, taking political economy and institutional analysis further, examined the power relationship between central and local governments, including tendencies of recentralisation (Dickovick & Wunsch, 2014; Ribot; Agrawal & Larsen, 2006; Gershberg, 1998) and decentralisation and peacebuilding, notably in settings of fragile states (Brancati, 2009; Brinkerhoff, 2005, 2011; Weingast, 2014).

Mozambique, which initiated its drive towards democratic decentralisation or devolution after the Rome General Peace Agreement of 1992, was and is no exception to the decentralisation 'trend'. Unlike the case of Angola, where the Lusaka Peace Protocol of 1994 refers explicitly to decentralisation under 'National Reconciliation' (in Annex 6),[8] the topic of decentralisation did not feature explicitly in the Rome Agreement.[9] However, during the two years of negotiations leading up to the Agreement – when then Minister of State Administration Aguiar Mazula was part of the Frelimo negotiation team led by Emilio Armando Guebuza – it became clear that a decentralisation reform of local government was necessary. This was not only to increase the effectiveness of government in providing public services, but also, through the choice of a devolution model for the reform (including local multiparty elections), to provide a political space for the rebel movement-turned-political party. To achieve such a reform and establish the necessary legal framework for it, the Ministry of State Administration (*Ministério de Administração Estatal*), supported by the World Bank, implemented a Local Government Reform Programme (*Programa de Reforma dos Órgãos Locais*) between 1991 and 1995. The Mozambican municipalities were conceived and born in this period (Weimer, 2012).

As early as 1999, Faria and Chichava, taking up some of the theoretical strands of the decentralisation debate, asked why decentralisation in Mozambique had been a policy choice in the post-civil war government's developmental agenda since 1994. They identified three motives for decentralisation: to address the regional and intra-regional disparities of the country; as part of a post-civil war liberal reform aimed at relegitimising the hegemonic power of Frelimo over the state; and to contribute to the democratisation and pacification of the country. Similarly, Morier-Genoud (2009) argues that decentralisation as part of Frelimo's liberalisation and democratisation project, introduced after the failure of the centralist socialist project, needed to be understood as 'a purposive historical act and not simply as an external imposition' which allowed the hegemonic party 'to shape democracy to meet its own ends, using the concept of preservation through transformation… and a liberal model of the economy, society and politics which permitted it to remain in power and even enhance its legitimacy' (Morier-Genoud, 2009, p. 163).

In a much broader analytical perspective, Mozambique does not escape the general features said to characterise the political economy of fragile African states in general: competitive political settlements between elites, weak public institutions, and dependence on rents in various forms (including foreign aid, mineral resources,

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8   https://www.usip.org/sites/default/files/file/resources/collections/peace_agreements/lusaka_11151994.pdf.
9   http://peacemaker.un.org/mozambique-general-peace-agreement92.

commodities and trade), with a culturally, ethnically and religiously diverse and stratified population linked to the elites via patron–client relations in a patrimonial system (see Part I, Section 2.3). In such political-economic settings, policies are likely to be adopted that facilitate rent seeking by individuals or factions within the political and economic elite of a given country, to the detriment of investment and effective and transparent delivery of public goods and services. For Mozambique and from a decentralisation perspective, these points have been analysed in detail by Weimer, Macuane and Buur (2012). Recent publications by the *Instituto de Estudos Sociais e Económicos* (Institute for Social and Economic Studies), the *Centro de Integridade Pública* (Centre for Public Integrity) and other research institutions have shown the fragility of the Mozambican state and its vulnerability to poor governance and corruption (CIP, 2014, 2016b; CIP & CMI 2016; Castel Branco, 2015b; Castel-Branco & Massarongo (2016a, 2016b). A picture emerges which shows a rent-seeking economy with competing elite interests, dependency on aid rent and credit together with a structurally weak public finance management system converging to weaken and fragment the policy making, policy execution and management, as well as service delivery capacity of the state. Instead, through the *partidarização* (partisanisation) of the state, public sector funds and employment are used to strengthen the ruling party, opposition is openly and covertly discouraged and militarily contested, and elections serve to legitimise the incumbent party (Niño & Le Billon, 2013). This assures the 'entrenchment of powerful domestic groups that are not interested or compelled to renegotiate contracts, expand the fiscal base to include foreign corporations granted excessive tax exemptions or strengthen the state's direct intervention particularly in the social sectors, industrialisation and agriculture' (Niño & Le Billon, 2013, p. 25).

2.2   Decentralisation: A Way to Settle Conflicts and Strengthen Fragile States?

If we believe, as the historian Newitt does, that decentralisation is a necessary, but not sufficient, contribution to peacebuilding and the strengthening of conflict-prone fragile states, we are obliged to look at selected literature on that subject in an attempt to identify potential advantages of decentralisation for peacebuilding, socioeconomic inclusion and state consolidation. In doing so, we avoid focusing on federalism given that Mozambique's constitution hinges on the notion of a unitary state. We focus instead on literature that produces evidence and experiences of decentralisation contributing to peacebuilding and reducing state fragility.

Several strands of argument emerge from a quick literature review. Firstly, Brinkerhoff (2011) suggests that decentralisation is, under certain conditions, a useful way of reducing conflict, for the following reasons:

a) 'the existence of more than a single level of government in decentralised democracies creates multiple venues for the exercise of governance, and through the separation of powers can provide checks on actions at various levels…';

b) 'the existence of subnational governments creates multiple arenas for bargaining and political contestation, which can avoid "winner-take-all" dynamics by creating opportunities for minorities to win at the local level…'; and

c) 'decentralisation is an important means of state penetration, because it can extend the authority and capacity of the state beyond the centre and embed the state more broadly in society. Decentralised state structures that effectively provide services and security can enhance government legitimacy' (Brinkerhoff, 2011, p. 139).

The last point is particularly relevant for the delivery of public services in areas where the state is fragile or absent or where sections of the society are excluded from such basic public goods for reasons of ethnicity, geographical remoteness or the excessive cost of delivering such services. Extending state functions and resources to lower levels of the public administration is also an important contribution to establishing subnational platforms for the active engagement of citizen and social groups with the state authorities and their local representatives. The point is that the local state authorities should have some degree of power and the resources and autonomy for decision-making, but citizens' rights and the bargaining power of social groups and of local elites should also be formally recognised. This will eventually become the basis for a social contract: 'even the most authoritarian and corrupt regimes need a functioning social contract to maintain power, but in fragile states that contract often contains the seeds of instability and potential state collapse' (Brinkerhoff, 2011, p. 140). Thus, decentralisation has the capacity to promote the negotiation of social contracts at subnational level.

Reviewing a range of experiences (including in Sierra Leone, Cambodia and Afghanistan), Brinkerhoff (2005) contends that decentralisation and the strengthening of local government needs to contribute to state strengthening and the consolidation of fragile states in three dimensions. Firstly, rebuilding effectiveness contributes to the provision of service delivery and effective economic governance of the 'bread-and-butter' issues of public services (education, health, infrastructure, water supply), including transparency and anti-corruption measures regarding their management. Secondly, successful decentralisation will help re-establish local and national security by 'dealing with the police, military and paramilitary units and private militias through a mix of rebuilding, professionalising, reforming and dissolving' (Brinkerhoff, 2005, p. 6). Thirdly, decentralisation in postconflict states

needs to contribute to reconstituting legitimacy through 'expanding participation and inclusiveness, reducing inequities, creating accountability, combating corruption and introducing contestability (elections)' (Brinkerhoff, 2005, p. 5).

A second important strand of research on the relationship between decentralisation and conflict resolution focuses on types of political parties in democratic and electoral processes (Brancati, 2009). This is of relevance for Mozambique since the election of provincial governors is part of the current agenda of peace negotiations. Based on quantitative research and some case studies (India, Spain, Czechoslovakia), Brancati demonstrates that the likelihood of decentralisation reducing intra-state conflict is possible, but that its effectiveness in doing so depends on the shape of the political party and electoral system. If political decentralisation is to contribute to managing regional conflicts and the risk of secessionism, countries should design decentralised institutions that not only reduce the electoral strength of parties with a strong regional identity, but also prevent parties with regional power bases from overwhelming the political national arena. Decentralisation appears most successful in reducing intra-state conflict when statewide national parties dominate the political landscape and effectively integrate regional interests into their agendas. It is least successful when parties with strong regional or ethnic identities are in control. Such parties pose a considerable threat to countries during democratic transitions (Brancati, 2009).

Brancati identifies key variables for the successful contribution of decentralisation to peacebuilding: the proportion of legislative seats a region possesses; the number of regional legislatures in a country; the upper house election procedures; and the sequencing of national and regional elections. In the author's view, to decentralise, in practical terms, means that

> countries must create subnational legislatures, host free elections, and decide how to distribute authority among various levels of government. Undeniably, these are expensive undertakings and deciding how to allocate authorities among levels of government is complicated. However, subnational legislatures already exist in many centralized countries, even though they do not have decision-making powers as they do in decentralized systems of government (Brancati, 2013, p. 228).

Discussing Brancati's conclusions for the case of Mozambique implies considering three lines of political action or reform in the present constitutional context of a unitary state. Firstly, it would mean bestowing a degree of well-defined functions and resources to provinces as well as the ability to elect governors. Secondly, political parties would need to endeavour to reduce their regional bias in favour of national

issues. This could mean, for example, that the major opposition party, Renamo, would need to argue in favour of more provincial autonomy and elected governors not only in provinces in which it has claimed to have won elections, but in all provinces. Additionally, the hegemonic party in power since independence would need to reflect, programmatically, a more profound socioeconomic interest in electoral strongholds of the opposition and actively tolerate opposition parties' activities in its own strongholds. Thirdly, it would imply a review of the electoral regime of the present representative system in favour of a mix between a first-past-the-post and the representational system for both the national and provincial parliaments, as well as a corresponding reform of the electoral administration. CSOs have already proposed the latter issues (Chaimite, 2016; de Brito, 2016).

Numerous studies (Jibao & Prichard, 2016; Putnam, 1994; Weingast, 2014) also show that fiscal decentralisation, partial local autonomy and a space for CSOs to contribute to debate and policy are key elements for the consolidation of the (local) state and for political stability. As Weingast and Pöschl (2013) have shown, this is particularly the case in political economies characterised by an LAO producing periodic instability, in which central governments constrain local governments and/or where local government representatives demonstrate free-rider attitudes or engage in the capture of socioeconomic benefits or corrupt practices. This is particularly the case when local government officials are subordinated to the dominant party, with their salaries being financed through fiscal transfers devoid of local accountability mechanisms, producing services and benefits of insufficient quality to the local electorate, taxpayers and business people. Putting a brake on the periodic political instability and conflict therefore requires a degree of decentralisation and well-defined and -enacted 'rules of the game' observed by all units and civil servants across the hierarchy of public administration, as well as well-defined functions and resources (Weingast, 2014).

Peacebuilding processes also need to recognise the potential threat of corruption, which may derail negotiated settlements, particularly when it comes to disarmament and the reduction of the size of the army, or reconstruction programmes. It may not be the topmost priority of a peacebuilding agenda aimed at finding a conflict settlement and agreement on a new political order, which may include decentralisation. There is no doubt, however, that in the longer term, anti-corruption programmes and action at all levels of the political administrative system are important ingredients for peace consolidation (Zaum & Cheng, 2012).

Once an agreement has been reached, monitoring adherence to the 'rules of the game', as well as incentives (and disincentives) for (lack of) compliance and an efficient, transparent system of public finance management and fiscal transfers are part of a solution to conflict settlement which includes decentralisation reform (Jibao & Prichard, 2016; Weingast & Pöschl, 2013).

In addition to an effective system of intergovernmental transfers, Weingast (2014) suggests further partial reforms, notably the:

- (Internal) democratisation of political parties aimed at avoiding domination by small national elites without much of encompassing interest, and excluding local elites. This implies that, for example, the selection of candidates standing for local or provincial government elections is left to local party entities and not to party headquarters. Examples are the *Partido Revolucionário Institucional* (Revolutionary Institutional Party) in Mexico and the Indian Congress Party in India, whose legitimacy and electoral successes suffered setbacks because of lack of internal democracy and the exclusion of local elites.
- Periodic coordination and monitoring of decentralisation policy and reform programmes by the major political forces, taking into consideration that the implementation of such reforms takes time beyond electoral mandates. This bestows a major responsibility for decentralisation reform on parliaments, auditing bodies and even CSOs.
- Clear and well-communicated definitions of competencies, functions and resources for each level of government in a system of subsidiarity which avoids *ad hoc* and discretionary allocation of resources by central government.
- Bottom-up democratisation, from local via provincial to national units, which stresses (horizontal and downward) accountability. This way local conflicts and crises can be resolved at the lowest level and do not build up to national crises that are difficult to contain.

In conclusion, we therefore agree with the above cited authors and others (e.g. Rocha-Menocal, 2009) that decentralisation can be part of a solution to state fragility, periodic conflict and political settlement aimed at turning an LAO to an OAO. Much will depend on the measure or degree and level(s) of decentralisation, and whether decentralisation reform is part of a peace agreement or not. It can be said that, particularly in Africa, radical decentralisation in the sense of federalism may enhance conflict, fragmentation and secessionism, particularly where there are parties with strong regional identities and when natural resource wealth is available or exploited in certain regions of a country, or when rights of religious and ethnic minorities are infringed upon, requiring central state intervention. On the other hand, not sufficiently decentralising power and resources may erode central government and its legitimacy and may thus contribute to the fragilisation of the state and the (violent) contestation for central power. It seems that a well-considered and negotiated middle way is called for.

It must also be kept in mind that decentralisation is not a panacea for successful peacebuilding and state consolidation. As noted above, decentralisation understood as

the regionalism of political parties may deepen conflicts. At the same time, successful peacebuilding through decentralisation needs to recognise the political dimension of the underlying problems it seeks to address. A mere administrative decentralisation (deconcentration) is hardly capable of doing the job (Heijke & van den Berg, 2011). Various authors agree that under conditions of distressing poverty, as well as lack of capacity and willingness for true devolution of power, decentralisation might achieve the opposite of peacebuilding and state consolidation (Crawford & Hartmann, 2008; Heijke & van den Berg, 2011).

It is the contention of this article that one of the main problems of decentralisation and local governance in Mozambique has to do with the fact that 'the main policy to promote bottom-up governance dynamics has come from the top down, a problem that pervades peacebuilding activities more generally, in particular state-building reforms. This contradiction is key because, ultimately, the 'top' is usually interested in retaining power instead of redistributing it, especially in the case of post-war scenarios, where there is still deep mistrust among the main political forces' (Maschietto, 2016b, p. 117). This contradiction is analysed further in Part II, Section B, of this book.

2.3   Terminology

The specific decentralisation terminology we use in this book is taken from the vast body of literature on decentralisation from the early 1980s onwards (Dickovick & Wunsch, 2014; Manor, 1999; Sheema & Rondinelli, 1984; Wunsch, 1998; Wunsch & Olowu, 1995). We subscribe to the simple distinction made, amongst others, by Manor (1999) and Dubois and Fattore (2009) between devolution, deconcentration and fiscal decentralisation since it best fits the Mozambican context. The term 'devolution', sometimes also referred to as 'democratic decentralisation', implies the devolution of power and resources to autonomous local governments. The term 'deconcentration' or 'administrative decentralisation' is used to describe a process in which human and financial resources are increasingly managed by lower levels of government subordinated to central government, without transfer of the power of the purse and that of (democratic) decision-making. 'Fiscal decentralisation' means the existence of a transfer of resources either through an intergovernmental fiscal system, i.e. via general-purpose grants and/or the transfer of taxation authority to lower levels of government, thus creating an own-source revenue (OSR) base for them.

Other concepts of decentralisation such as delegation, 'decentralisation by default' (Manor, 1998), privatisation, etc. are ignored since they are deemed not to be relevant in the Mozambican context and from the perspective of political economy analyses. In line with Tiebout (1956), Bailey (1999), Oates (1999) and Fjeldstad (2001), we depart from the premise that the purpose and comparative advantage of local governments is the production (and distribution) of basic public and administrative

services in sufficient quality and coverage to satisfy the needs of local citizens. To do this the local governments must have well-defined functions and fiscal resources. In this regard, fiscal transfers and an OSR base are necessary conditions (Bahl, 2000; Bird & Smart, 2002; Martinez-Vazquez, McLure & Vaillancourt, 2006; Weingast, 2014; Weingast & Pöschl, 2013). Under these circumstances, provision of services by local governments is more cost effective and subject to horizontal and downward accountability.

Since devolution and deconcentration are the main themes of an approach to decentralisation in Mozambique, their main building blocks and differences are summarised schematically in Table 2.

Table 2: Devolution and deconcentration: Main building blocks and differences

Key elements	Process/Outcome	
	Devolution	Deconcentration
Autonomy/Authority (fiscal, budgetary, assets)	Yes	No
Subsidiarity/Intergovernmental administrative relations of tutelage	Yes	No
Fiscal transfers (general purpose and conditioned grants)	Yes	No
Revenue-sharing formula	Yes	No
Own legal personality of local governments (public law)	Yes	No
Multiparty election of leaders (mayors, administrators)	Yes	No
Multiparty elections of representative assemblies	Yes	No
Participatory approaches/Consultation	Yes	Yes
Administrative authority	Yes	Yes (partial)
Planning (strategic, operational)	Yes	Yes

Source: Weimer (2012b)

Beyond decentralisation and its constitutive elements, there are other important concepts intrinsic to the nature of the present PEA and thus often used in this book.

Power is a central category in our analysis using the PCA approach. This is not the place to delve into the theorising of power in political science and sociological literature. The vast body of scholarly literature on power, social and political change, and on institutional and comparative politics, is left aside (see Finnemore & Sikkink, 1998; Hall & Taylor, 1996; Levy, 2010; North et al., 2010; Whitfield, 2009).

For our purpose, we draw, in a simplified way, on elements and dimensions of power as 'condensed' and brought into focus by what is known as the 'powercube'[10]

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10   https://www.powercube.net/analyse-power/what-is-the-powercube/.

(Gaventa, 2006). Other more complex theories of power have produced, for example, 'hegemonic power' as juxtaposed to civil society in processes of transformation of 'organic' crises (Adamson, 1980; Gramsci, 1971), or the elements of a 'discourse of power', conceived by the French philosopher Foucault, i.e. power which is all-pervasive and capable of ordering people, things and thoughts, and which includes the power to 'discipline and punish' (Foucault, 1995). In Part IV we briefly return to the issue of change in a hegemonic system of power as theorised by Gramsci.

For our analysis, we consider the powercube a useful tool for understanding and analysing social change and institutional relations, formal and informal, which interact, purposefully or unwillingly, to bring about social change. In this analytical framework, three dimensions of power are distinguished: the levels, spaces and forms of power, and their interrelationship.

Concerning the first dimension, power manifests itself at global, national and local levels. Like Habermas' (1989) 'public sphere', the second dimension in the powercube tool, 'spaces', refers to 'arenas', 'platforms' and 'channels' in which bearers of power interact, contest positions and policies, and shape outcomes which impact on social change. 'Closed', 'invited' and 'claimed' spaces may be distinguished. The third dimension, 'forms' of power, is subdivided into visible forms (e.g. political-administrative institutions, parliaments, courts), invisible forms (e.g. informal arrangements of bearers of power to use their privileges to bar certain topics from becoming objects of public discussions) and hidden forms.

Examples in the case of Mozambique may illustrate the analytical usefulness of these distinctions. For example, powerless groups such as communities may have complaints and grudges against formal power holders but not have the (formally recognised) means, information and resources to interact with stakeholders such as governments and investors. However, they may have sufficient and effective (informal) invisible means to question, interfere in and jeopardise formal decisions that they do not agree with, or that are detrimental to their interests. Roasting cottonseeds, which prevents germination of the seeds, during forced cotton cultivation in colonial times is an example of effective hidden power; burning forests in large-scale forestry projects, observed in recent years in Niassa, is another (Kaarhus & Martins, 2012).

From our point of view, it makes sense to suggest, as Bertelsen (2016) does, that it is particularly the space at local level in which the visible, formally (legally) constituted power of modern government and administration interacts with – and contests – 'traditional' invisible and hidden forms available to local communities. This interaction is often highly conflictual as it is a way of 'continuously emergent and violently challenged mode of ordering'.[11] A telling example is the rejection of the

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11 Flyer for: Bertelsen, 2016, Retrieved from: https://www.abebooks.com/Violent-Becomings-State-Formation-Sociality-Power/20469631808/bd.

health authorities' modern way of chemically disinfecting water sources in areas hit by cholera. This practice, perceived as an act of government poisoning the water (Pires et al., 2014), is violently rejected in some districts of Nampula Province. For their part, the health authorities deem this politically motivated disinformation.[12] Another example is the poaching of elephants in protected areas as a community practice to cope with climatic adversities affecting small-scale agriculture (Givá, 2016).

Thus, the examples show that the Habermasian notion of a 'public sphere' – or, in powercube speak, public space – analysed for bourgeois society needs to be qualified in an African cultural setting. Contrary to the European notion of 'public' (Habermas, 1968), which is juxtaposed to 'private', Ekeh (1975) agrees that we can distinguish a private sphere, but makes the case for (at least) two publics. One is the civic public (institutions, statutory bodies, laws, territorial division, etc.), moulded after the colonial Portuguese model of public administration, and military and fiscal government. In general, this was restricted to urban and coastal areas (of the colonial penetration) – in the case of Mozambique, Ilha de Moçambique and later Lourenço Marques, which, after independence, replaced Lisbon as the pivot of the political economy. Ekeh (1975) labels the other public the 'primordial public(s)' of ethnicity, clan, community and family. According to this author, postcolonial governing elites are usually selectively composed of elites belonging to the two publics, often excluding elites from 'primordial publics' of certain ethnicities and clans.

While the civic public is, in the case of Mozambique, highly centralised, vertically structured, formally and legally codified, and institutionalised (and part of international government arrangements and agreements), it can be said to be discredited and delegitimised because of its connotation to the colonial past, opposition from liberation movements and its emerging postcolonial elites. This is one reason why the civic public is often institutionally fragile, having the character of isomorphic mimicry (Pritchett, Woolcock & Andrews, 2010): the institution, e.g. the police, has a name, a described and legislated function, a uniform, equipment and appears to have a congruence between form and content. But it does not, or only in a limited way, perform the police function of a modern state, and is often part of the problem (e.g. corruption, crime) rather than the solution. On the other hand, the 'primordial public' is hardly codified, if at all, and formalised, but it functions in a well-defined, hierarchic, often gendered way in which everybody knows his or her place, rights, duties and allegiances.

In contrast to Foucault, rejecting the dichotomy between 'controlling/coercive power' and 'constructive/communicative power', we use this simplified, pragmatic distinction for our analysis. This is in line with mainstream thinking on power

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12   http://www.voaportugues.com/a/autoridades-de-nampula-receiam-surto-de-colera-e-tomam-medidas-preventivas/1840308.html.

analyses, especially those promoted by aid and cooperation agencies such as the Swedish International Development Agency (Pettit, 2013), and an earlier version already practically applied in the case of Mozambique in Niassa Province (Åkesson & Nilsson, 2006). This distinction appears useful and is given preference over the more complex notions and theories of power referred to above. Both types of power are premised on the availability of sufficient resources and means (economic, fiscal, technological, military, etc.) to apply or 'project' power, and doctrines and policies of how to do this. It may be useful to introduce the dimension of a form of power that we label *foundational power*. It comprises elements of both controlling/coercive and constructive/communicative power and the control over a 'foundational' historical narrative. It is associated with the fact that one political movement, Frelimo (composed of other movements), managed to emerge successfully from the liberation struggle against colonialism (in alliance with other 'authentic' movements in the region) and struggles among nationalist rival movements as the founding movement of independence, in power ever since (Newitt, 2017). Based on historical merit, this form of power holds an exclusive claim on political, economic, coercive and other forms of power, and is therefore associated with the Gramscian hegemonic dimension of power. It is a key element to explain the 'dominant party system' in Mozambique (Salih & Nordlund, 2006).

Concerning the keyword 'change', the authors did not delve into the endless literature on change, a concept with many meanings and dimensions (social, economic, historical, cultural, ecological, etc.). For this study, we define change simply as a phenomenon of movement, of interaction between (contending) societal, natural, etc., forces, taking place in any given moment and everywhere. It is the only invariable/constant factor in life and its causes are manifold. In analysing and explaining social change, 'agency – a group's or individual's ability to shape and affect their political and economic environment – is often juxtaposed to 'structure' (i.e. the material, contextual conditions which limit the range of interventions by societal actors). According to this school of thought, political change in Mozambique could be interpreted as the result of a sequence of structural conditioning through colonialism, leading to the emergence of Frelimo as liberation movement and its armed struggle ('agent'), resulting in the change of structural political conditions, i.e. the taking of and remaining in power (see McAnulla, 2002, p. 286). However, the present study is not interested in analysing change as such, but in identifying political and economic (structural) causes of changes in the field of government and governance in Mozambique, as well as outcomes, under the assumption that Frelimo, its ideas, policies and actions have remained one of the key agents of change. In line with economic theory, domestic and international relations, it may be useful to distinguish long-term (structural), medium-term and short-term (conjunctural) changes or cycles.

Turning to PEA, the term 'rent' is often used. We understand this 'as forms of income of individuals, (public and private) enterprises, and corporate organisations (including political parties) which is not necessarily the result of work/labour or generation of surpluses and use values, but rather due to strategic advantages, the resource endowments, and political and economic monopolies on resources including land and soil resources' (Khan & Sundaram, 2000: 70). *Rent seeking* is thus 'the expenditure of resources and effort in creating, maintaining, and transferring rents' (ibid)). It can take legal (lobbying, contributions to parties) and illegal forms (bribes, nepotism, trade of influences, illegal political contributions), using up resources which are social costs. According to Moore (1998, 2004, 2008), rentier states in Africa obtain 'unearned income' in the form of strategic, mineral and land rents, as well as aid rents outside or at the margin of the tax system and without producing an equivalent of public goods and services. In the case of Mozambique, the authors of a recent PEA study commissioned by the European Union assess rent seeking in three dimensions (rents for the state, for the party and for the elite) and conclude: 'access to rent-seeking opportunities is now a function of historical status and political loyalty, and has gradually moved to the core of Frelimo political settlement under Guebuza. There is fierce competition for the various parts of the cake, increased fear for exclusion and, in the absence of neutral conflict resolution mechanisms, it is the power of the strongest that prevails' (ADE, 2012, p. 21).

Rent seeking is characteristic of a neopatrimonial system. Originally theorised by the German sociologist Max Weber to describe the mode of ruling by a small class of notables, this term describes a system of government which is dominated by a ruling elite directly exercising personal power over and controlling the bureaucracy, establishing bonds of allegiance to the ruling elite based on patronage and the use of state resources (Hawkesworth & Kogan, 2001). These 'clients' of the patron receive certain benefits in exchange for their support. Thus, the term 'clientilist' is used to describe the relationship between a patron who organises groups of clients. Patronage may take the form of bestowing upon the client privileges, financial or organisational benefits or access to resources and economic opportunities, in exchange for loyalty and allegiance. A significant gap may exist between the prevailing distribution of power and the clientilist obligations of the patron elites on the one side, and the structure of formal productive institutions, i.e. the formal economic and fiscal system, on the other. For this reason, opportunistic economic behaviour and all forms of rent seeking and predation,[13] as well as corruption, are intrinsically part of a neopatrimonial–clientilist system and political settlements among its elites (Khan, 2010; Khan & Sundaram, 2000).

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13   In using this term, we largely follow the definition used by the Crisis States Research Centre of the London School of Economic and Political Sciences. See http://www.lse.ac.uk/internationalDevelopment/research/crisisStates/download/drc/FailedState.pdf.

Finally, the term 'fragile state', introduced above, needs explanation. The opposite of a 'stable state', fragile statehood can be defined as dysfunctionality of one or more subsystems of such a state in generating, negotiating and implementing responses and solutions to social, economic, etc. challenges and problems, both domestic and international. In particular, state fragility is correlated with deficient capacity and resources to deliver basic services. This dysfunctionality generates conflicts and may result in a chronic structural fragility, and, in the worst case, a failed state. Factors contributing to state fragility are extreme poverty and inequality, lack of access to basic services (health, education) and land, exclusionary political, ethnic, military, etc. power coalitions, or LAOs producing rival institutions and political forces, warlordism, etc. In the worst case, a failed state cannot exercise its minimal functions due to lack of legitimacy, internal strife and civil war or economic and fiscal bankruptcy.

For the Organisation for Economic Cooperation and Development (OECD) state fragility implies heightened exposure to risk combined with a low capacity to mitigate or absorb these risks. This situation of vulnerability can lead to violence, conflict, chronic underdevelopment and protracted political crisis (OECD, 2015). In 2015, the OECD redefined its monitoring framework for state fragility, using five dimensions: violence, justice, institutions, economic foundations and resilience.