

Urbanisation and Municipal Development in Mozambique:

Urban Poverty and Rural-Urban Linkages

Final report

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ACRONYMS AND ABBREVIATIONS

Acronyms	English	Portuguese
AM	Municipal Assembly	Assembleia Municipal
AMIM	Association of Friends of Ilha de Moçambique	Associação dos Amigos da Ilha de Moçambique
ANAMM	National Association of Municipalities of Mozambique	Associação Nacional dos Municípios de Moçambique
ANFP	National Authority for Public Administration	Autoridade Nacional da Função Pública
CBO	Community Based Organization	Organização Baseada na Comunidade
CFM	National Railroad Company	Caminhos de Ferro de Moçambique
CM	Municipal Council	Conselho Municipal
CMI	Chr. Michelsen Institute (Bergen, Norway)	
CSO	Civil Society Organization	Organização da Sociedade Civil
DANIDA	Danish Agency for International Development	Agência Dinamarquesa de Desenvolvimento Internacional
DEL	Local Economic Development	Desenvolvimento Económico Local
DNDA	National Directorate for Municipal Development	Direcção Nacional do Desenvolvimento Autárquico
DPU	Development Planning Unit	
EN1	National Road no. 1	Estrada Nacional 1
FAO	Food and Agriculture Organisation of the United Nations	Organização das Nações Unidas para a Agricultura e a Alimentação
FAPF – UEM	Faculty of Architecture and Physical Planning of Eduardo Mondlane University	Faculdade de Arquitectura e Planeamento Físico Universidade Eduardo Mondlane
FCA	Municipal Compensation Fund	Fundo de Compensação Autárquica
FDI	Foreign Direct Investment	Inversão Directa Estrangeira
FGs	Focus Group Discussions	
FIIL	Investment Fund for Local Initiatives	Fundo de Investimento de Iniciativa Local
FIPAG	Investment Water Fund	Fundo De Investimentos E Patrimonio Abastecimento De Aqua
GCM	Office for Municipal Capacity Building	Gabinete de Capacitação Municipal
GDP	Gross Domestic Product	Produto Interno Bruto
GoM	Government of Mozambique	Governo de Moçambique
GTZ	German Technical Cooperation	Cooperação Técnica Alemã
IAF	National Household Survey of Living Conditions	Inquérito aos Agregados Familiares Sobre as Condições de Vida
IFLOMA	Manica Forestry Industries	Indústrias Florestais de Manica
INE	National Institute of Statistics	Instituto Nacional das Estatísticas
IPA	Municipal Poll Tax	Imposto Pessoal Autárquico
IPPCs	Institutions for Community Participation and Consultation	Instituições de Participação e Consulta Comunitária
IPRA	Municipal Property Tax	Imposto Predial Autárquico
MAE	Ministry for State Administration	Ministério da Administração Estatal
MDP-ESA	Municipal Development Partnership – Eastern and Southern Africa Region	Parceria para o Desenvolvimento Municipal – Região da África Oriental e Austral

MF	Ministry of Finance	Ministério das Finanças
MICOA	Ministry for Coordination of Environmental Affairs	Ministério para a Coordenação da Acção Ambiental
MOFLOR	National Forestry	Moçambique Florestal
MOPH	Ministry of Public Works and Housing	Ministério das Obras Públicas e Habitação
MPD	Ministry of Planning and Development	Ministério do Planeamento e Desenvolvimento
Mts	Meticals	Meticais
NGO	Non-Governmental Organization	Organização Não Governamental
OE	State Budget	Orçamento do Estado
OP	Poverty Observatory	Observatório de Pobreza
ORAM	Rural Organization for Mutual Help	Organização Rural de Ajuda Mútua
PACT	Programme for Accountability and Transparency	Programa de Responsabilização e Transparência
PADEM	Programme for Support to Decentralization and Municipalization (SDC)	Programa de Apoio a Descentralização e Municipalização
PADM	Programme for Support to Municipalities and Districts, ADA	Programa de Apoio aos Distritos e Municípios, ADA
PAM	President of the Municipal Assembly	Presidente do Conselho Municipal
PARPA	Action Plan for the Reduction of Absolute Poverty	Plano de Acção para a Redução da Pobreza Absoluta
PCM	President of Municipal Council (Mayor)	Presidente do Conselho Municipal
PDM	Municipal Development Project (WB)	Projecto de Desenvolvimento Municipal (WB)
PDDM	Decentralization and Municipal Development Project (GTZ)	Projecto de Descentralização e Desenvolvimento Municipal
PEDD	Strategic Plan for District Development	Plano Estratégico de Desenvolvimento Distrital
PES	Economic and Social Plan	Plano Económico e Social
PPFD	Decentralized Planning and Finance Programme	Programa de Planificação e Finanças Descentralizadas
PRODER	Rural Development Programme (GTZ)	Programa de Desenvolvimento Rural (GTZ)
PRSP	Poverty Reduction Strategy Paper	Processo de Estratégia de Redução do Pobreza
SDC	Swiss Agency for Development and Cooperation	Agência Suíça para o Desenvolvimento e Cooperação
SNV	Netherlands Development Organization	Organização Holandesa de Desenvolvimento
TA	Administrative Court (also Account Court)	Tribunal Administrativo
TAE	Municipal Tax on Economic Activities	Taxa de Actividade Económica
UNDP	United Nations Development Programme	Programa do Desenvolvimento das Nações Unidas
UNESCO	United Nations Educational, Scientific and Cultural Organization	Organização da Educação, Ciências e Cultura das Nações Unidas
UN-HABITAT	United Nations Human Settlements Programme	Programa das Nações Unidas p/ os Assentamentos Humanos
WB	World Bank	Banco Mundial

Executive Summary

This study aims “to examine the profile of poverty in terms of assets and felt needs in the urban areas of Mozambique and to assess whether or not the urban poor are benefiting from the economic growth the country has seen in recent years, and if not why”, as well as “to understand some of the drivers of urban poverty and growth with a view to identifying how urban development could better facilitate more shared growth within urban areas”. It involved 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 people, as well as through focus groups with poor people in different locations in three municipalities.

Research in Mozambique is limited by significant secondary information constraints, with little disaggregation of socio-economic data at the municipal scale that might be considered statistically robust. This is not helped by the wide diversity of places that are labelled ‘urban’. Municipal boundaries tend to include very diverse realities, ranging from the core ‘cement cities’ to traditional housing in peri-urban localities and localities with distinct rural characteristics. These are often linked not only by a common local government but also through the daily commuting of workers.

Although poverty has by and large been reduced in non-agricultural occupations (and by extension in most urban areas), there is evidence that income inequality has increased, especially in the south. A greater source of inequality than the rural-urban gap is the source of income of household heads, with those deriving their main source of income from agriculture earning considerably less than those in non-agricultural occupations. There is also a perception among informants of growing inequality.

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 the poorly regulated domestic work, pay considerably less than the minimum legal wage.

Most urban employment can be classified as informal. Many informants tend to define their position in the economy according to the degree of vulnerability they feel. Private sector firms see the informal sector as representing unfair competition. Municipal officials reject it partly because it is associated with ‘disorder’, but partly because it means reduced revenues for the municipality for which market fees represent a substantial source of income. Peri-urban farming is an important element in households’ survival strategies, with over a third of those in large municipalities deriving their main source of income from it, and well over half in smaller municipalities. Women are disproportionately involved in it.

Although poorly understood in the Mozambican context, it is likely that the constant movement between urban and rural areas by individual workers and poor household members constitutes a central part of their livelihood strategies. There is a constant interchange of remittances and goods from the urbanites and food items from rural family members when crops allow it.

Private sector investors face considerable obstacles in creating urban and peri-urban jobs. These include difficulties in accessing credit, lack of skilled workers, pilfering among employees and a culture of patronage whereby jobs are secured by applicants through payment of fees to well-placed middlemen.

A decentralised system is no guarantee for the automatic delivery of gains for the poor, particularly when it takes place against the backdrop of ongoing, pressing urbanisation involving the rapid movement of people in and out of municipalities the net effect of which is a continued and, for the foreseeable future, irreversible process of rapid urbanisation. On balance, Mozambique's process of devolution is a positive one that is currently able to offer a distinct range of benefits to at least some of the urban and, to a lesser extent, the peri-urban poor.

Municipalities are constrained in their legal, financial and technical capacity to reduce poverty and directly or indirectly help generate employment. The report outlines in some detail the areas in which they directly or indirectly influence material conditions, and the cultural and political life of their inhabitants. There are positive though largely modest examples of housing schemes, infrastructure investments and productive projects aimed specifically at the urban and peri-urban poor. Municipal governments have also opened up spaces of participation and consultation, which help strengthen civil society. Democratisation has played an important role in opening up spaces for participation at the municipal level. Municipalities embody a more accessible form of government, and many of the municipal presidents are well inclined to participatory practices and spaces where the rights of the poor are respected, and cultural values enhanced. This in practice constitutes an added dimension of poverty reduction efforts which is rarely explicitly recognised in official policies.

The reality of municipal development in Mozambique is still 'work in progress'. The Government seems set to sustain its commitment to decentralisation although not without some tension with its more vocal aim of supporting rural development and 'rural growth poles'. Municipal officials (and budgets) are ill prepared to understand and face rapid urbanisation 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.

National-scale poverty-reduction policies and programmes are not easily operationalised on the ground. There is little awareness both among municipal officials and the poor of the aims and instruments embodied in the PARPA, for example. When faced with multiple faces of poverty across different loci, a context-specific strategy is required to address it effectively.

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 quantitative 'snapshot' views 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. Local chambers of commerce and trade associations (when they exist) should be enlisted to maximise cities' potential for growth and sustaining livelihoods.

Few donors seem to have recognised the urgency and importance of supporting municipal governments as a way of tackling poverty and generating economic growth. Such efforts

should be more systematically shared and documented. These are small interventions that, if located within a broader strategy for urban development, may go a long way towards improving municipal management and, by extension, improving livelihoods and living conditions among the poor

There needs to be an increased focus on the production of infrastructure since in economic terms this carries twin benefits: it translates into the employment of larger numbers of people, as well as allowing both urban and rural residents to access markets along the spatial spectrum. Equally, better knowledge of the role that remittances (domestic and international) play in urban development would be desirable as channelling these could foster municipal development.

Resumo Executivo

Este estudo tem como objetivo “examinar o perfil da pobreza em termos de recursos e necessidades sentidas nas áreas urbanas de Moçambique, e avaliar se os pobres urbanos estão, ou não, se beneficiando do crescimento econômico que o país tem visto nos últimos anos, e, em caso negativo, por que?” assim como “entender algumas das tendências da pobreza urbana e do crescimento visando identificar como o desenvolvimento urbano pode contribuir para um crescimento mais bem distribuído dentro das áreas urbanas”. Isto envolveu um trabalho de campo em seis municipalidades e uma análise estatística em oito pequenas e médias municipalidades (com um total de mais de um milhão de habitantes, ou 16% da população urbana) incorporando um espectro de tendências de desenvolvimento no norte, centro e sul do país. Informação primária foi coletada através de entrevistas com representantes governamentais, ONGs, agências de cooperação, empresários e pessoas comuns, assim como grupos focais com pessoas pobres em diferentes localidades de três municípios.

A pesquisa em Moçambique é limitada por significativos constrangimentos em termos de informação secundária, com pouca desagregação dos dados sócio-econômicos em escala municipal que possam se considerados estatisticamente robustos. Este problema se amplia em função da ampla diversidade de locais que são caracterizados como ‘urbanos’. Os limites municipais tendem a incluir realidades muito diversas, que vão do núcleo das ‘cidades cimento’ à moradias tradicionais em localidades peri-urbanas, como também localidades com características de distritos rurais. Estes são freqüentemente ligados não apenas por um governo local comum mas também pelo deslocamento diário de trabalhadores.

Apesar da pobreza ter sido amplamente reduzida nas ocupações não-agrícolas (e por extensão na maioria das áreas urbanas), existem evidências de que a desigualdade de renda se ampliou, especialmente no sul. Uma fonte de desigualdade ainda maior do que a brecha rural-urbana é a fonte de renda dos chefes de famílias, com aqueles que têm sua principal fonte de renda da agricultura recebendo consideravelmente menos do que aqueles em ocupações não-agrícolas. Há também uma percepção de crescente desigualdade por parte dos informantes entrevistados.

Em geral, o trabalho formal para trabalhadores sem qualificação tende a ser mal pago. Os custos de vida nas cidades tendem a ser bastante elevados, se considerarmos apenas gastos básicos com alimentação, transporte, infra-estrutura e serviços sociais. Para os pobres urbanos é difícil evitar a economia monetária. Muitos empregadores privados, particularmente no trabalho doméstico precariamente regulamentado, pagam consideravelmente menos do que o salário mínimo legal.

A maior parte do emprego pode ser classificado como informal. Muitos informantes tendem a definir sua posição na economia de acordo com o grau de vulnerabilidade que sentem. As empresas do setor privado vêem o setor informal como uma competição injusta. Os gestores municipais rejeitam o setor informal porque ele se associa à ‘desordem’, e em parte porque ele significa uma redução da arrecadação de receitas para o municípios, para os quais as taxas dos mercados representam uma fonte de receita substancial. A agricultura peri-urbana é um elemento importante nas estratégias de sobrevivência dos chefes de família, com mais de um terço daqueles que vivem em cidades grandes e mais da metade nas cidades menores obtendo sua principal fonte de renda desta atividade. As mulheres estão envolvidas nesta atividade em uma proporção maior do que o seu peso na população total.

Ainda que pouco compreendido no contexto Moçambicano, é possível que o movimento constante entre as áreas urbanas e rurais por parte de trabalhadores individuais e membros de domicílios pobres constitua uma parte central de suas estratégias de sobrevivência. Existe um intercâmbio constante de remessas de dinheiro e de bens por parte dos moradores urbanos, e de produtos alimentares por parte dos membros rurais das famílias quando as colheitas o permitem.

Investidores privados enfrentam obstáculos consideráveis para criar postos de trabalho urbano e peri-urbano. Estas incluem dificuldades no acesso ao crédito, falta de trabalhadores qualificados, furtos por parte dos empregados e uma cultura clientelística na qual os empregos são garantidos através de pagamento de taxas a intermediários bem localizados.

Um sistema descentralizado não é a garantia de melhorias automáticas para os pobres, particularmente quando este tem lugar contra um pano de fundo da pressão de uma urbanização em curso que envolve o rápido movimento de pessoas de e para os municípios, cujo efeito líquido é um contínuo, e num futuro visível, irreversível processo de rápida urbanização. Mas de forma geral, o processo Moçambicano é um processo positivo que tem sido capaz de oferecer um espectro de benefícios para ao menos parte dos pobres urbanos, e numa menor extensão, aos pobres peri-urbanos.

As municipalidades são limitadas nas suas capacidades legais, financeiras e técnicas para reduzir a pobreza, e direta ou indiretamente ajudar a gerar empregos. O relatório analisa em algum detalhe as áreas nas quais os mesmos direta ou indiretamente influenciam nas condições materiais, e na vida cultural e política dos seus habitantes. Existem exemplos positivos, ainda que relativamente modestos, de projetos de moradia, investimentos em infraestrutura e projetos produtivos voltados especificamente para os pobres urbanos e peri-urbanos. Governos municipais também tem aberto espaços de participação e consulta que ajudam a fortalecer a sociedade civil. A democratização tem cumprido um papel importante de abertura de espaços de participação em nível municipal. As municipalidades trazem consigo uma forma mais acessível de governo, e muitos dos presidentes de municípios estão envolvidos na implementação de práticas participativas e criação de espaços nos quais os direitos dos pobres são respeitados e seus valores culturais fortalecidos. Isto na prática constitui uma dimensão adicional dos esforços de redução da pobreza que raramente é considerada nas políticas oficiais.

A realidade do desenvolvimento municipal em Moçambique é ainda um trabalho em andamento. O Governo parece firme em sustentar seu compromisso com a descentralização ainda que não sem alguma tensão em relação ao seu mais objetivo mais explícito de apoiar o desenvolvimento rural e 'pólos de crescimento rural'. Gestores municipais (e seus orçamentos) estão mal preparados para entender e enfrentar os processos rápidos de urbanização e as conseqüências de uma população altamente concentrada demandando terra, serviços e trabalho. E ainda, existem externalidades claramente positivas para a economia como um todo, para o governo central, para o setor privado e para os próprios pobres, resultantes do nível mais alto de aglomeração e proximidade em relação aos serviços.

Políticas e programas de redução de pobreza em escala nacional não são facilmente operacionalizáveis na prática concreta. Existe pouca consciência tanto entre os gestores municipais como entre os pobres em relação aos objetivos e instrumentos incluídos no PARPA, por exemplo. Quando enfrentadas com as múltiplas faces da pobreza ao largo de

diferentes circunstâncias, estratégias ligadas aos contextos específicos são necessárias para enfrentar efetivamente os problemas.

Há uma necessidade premente de compilação de informação desagregada, recente, relevante e confiável para formular e implementar políticas mais efetivas e apropriadas em nível municipal. Há uma confiança excessiva num conjunto muito limitado de dados que oferece apenas uma visão 'instantânea' de alguns aspectos do desenvolvimento social desconsiderando ao mesmo tempo processos mais complexos de interação social e visões das estratégias de sobrevivência dos pobres em nível urbano e peri-urbano. As câmaras de comércio locais e associações de empresários (onde elas existem) deveriam ser envolvidas para maximizar o potencial das cidades para o crescimento e uma melhoria sustentável das condições de vida.

Algumas instituições de cooperação para o desenvolvimento têm reconhecido a urgência e a importância de apoiar os governos municipais como uma forma de enfrentar a pobreza e gerar crescimento econômico. Tais esforços deveriam ser mais compartilhados e documentados de forma mais sistemática. São pequenas intervenções que, se incorporadas nos marcos de uma estratégia mais ampla de desenvolvimento urbano, poderiam avançar muito no sentido de melhorar a gestão municipal e, por extensão, melhorar a situação e condições de vida dos pobres.

Precisa haver um foco crescente na produção de infra-estrutura na medida que a mesma em termos econômicos traz consigo dois benefícios simultâneos: se traduz no emprego de um número crescente de pessoas, ao mesmo tempo em que permite aos moradores urbanos e rurais acessar mercados em um espectro espacial mais amplo. Igualmente, um melhor conhecimento do papel cumprido pelas remessas (domésticas e internacionais) no desenvolvimento urbano seria desejável, na medida em que a sua canalização poderia fortalecer o desenvolvimento municipal.

1.0 Introduction

The present report constitutes one of ten chapters of a study entitled “Urbanization and municipal development in Mozambique”. As specified in the Terms of Reference for the report, the broader study seeks to “fill existing gaps in our knowledge of urban centres (in Mozambique) ..., the interaction with rural areas, and their role in poverty alleviation and economic growth”. The main objective of this particular report is “to examine the profile of poverty in terms of assets and felt need in the urban areas of Mozambique and to assess whether or not the urban poor are benefiting from the economic growth the country has seen in recent years, and if not why”. The report is the result of research by a team of consultants led by the Development Planning Unit (DPU), University College London, in association with *Métier, Consultoria e Desenvolvimento Lda*, a local partner in Mozambique,.

As stated in the Terms of Reference (see Annex C) the study is situated within an analysis of the effects of recent ‘shared’ growth in the country. The focus and loci of the wider distribution of such growth within the Mozambican society for the purpose of this report lies in the ever-growing urban centres across the country, particularly governance and development processes unfolding at the municipal level. This report and the longer, ten-chapter study of which it is part, are intended to contribute to the knowledge base as well as to current and future strategies of the Associação Nacional dos Municípios de Mozambique (ANAMM).

The report is structured as follows. Section 2 outlines the background and aims of the study. Section 3 describes the approach and methodology used and the limitations encountered. Section 4 illustrates the dimensions and nature of urban and peri-urban poverty and inequality and the perceptions of poor women, men and young people found in the sampled municipalities; in addition to an overview based on secondary statistical information, the section highlights key concerns for the urban and peri-urban poor and investors regarding barriers to employment and investment. Section 5 examines the role of municipal governance in poverty reduction; this contrasts municipal governments’ current mandate and the expectations of other actors, including the poor and donors, against the delivery capacity of local governments. Section 6 outlines the study’s conclusions and lays out a set of recommendations addressed at the national and the municipal governance levels. The Appendix (available electronically on a separate file) provides detailed socio-economic profiles of the six sampled municipalities, highlighting data pertaining to the structure of the urban economy, labour force and employment, the characteristics of the informal sector and its role in the urban economy, as well as a range of social indicators.

2.0 Background to the Study

2.1 Objectives of the study

Following the terms of reference (see Annex C), the study was tasked with “understanding the drivers of poverty in urban areas and how these have exacerbated the exclusion of the poor from economic opportunity in a context of significant economic growth”, and to “understand some of the drivers of urban poverty and growth with a view to identifying how urban development could better facilitate more shared growth within urban areas”. A number of factors were highlighted as key dimensions for research:

- The structure of the urban economy, including the natural endowments, major economic activities and comparative advantages of the urban centres;
- labour force and employment shares across sectors
- the characteristics of the informal sector and its influence on the urban economy;
- the key concerns for the poor and their main constraints in the access to services;
- the barriers to employment opportunities and investment as perceived by the poor; and
- the impact of the quality of urban management and governance in the growth of the economy and the reduction of poverty.

The conceptual approach adopted in the Terms of Reference was one of addressing the issue of urban poverty within the Bank’s discourse of ‘shared growth’, whilst exploring the suitability and capacity of municipal authorities to act as main and effective agents. This is set against the backdrop of ongoing and rising urbanisation and the progressive, although politically somewhat ambivalent, decentralisation process.

2.2 On the ‘urban form’ and the spatiality of urban poverty and inequality

The growth of the urban population implies significant shifts in Mozambique’s social fabric and political and economic make up that in turn will require appropriate capacity, skills, knowledge and policies across different governance scales. In parallel with this ongoing and growing phenomenon, over the past decade the country has been experiencing steady economic growth that has turned it into a recovery showcase in the international aid world. However, both national census data and recent studies on poverty and inequality in selected urban and/or rural locations show that there has been growing inequality, thus questioning *how* ‘shared’ this growth has been in recent years.

In spatial terms urban growth comprises the gradual and largely unregulated conversion of previously rural territory into ‘peri-urban’ and ‘urban’ spaces. The current urban landscape may still be considered as ‘work in progress’, in that it does not yet display the distinctive features of a ‘modern’ urban economy throughout. Rather, the average municipality’s territory consists of urban, peri-urban and rural zones, marked by a range of diverse livelihood strategies.

As will be seen in Sections 3 and 4, there are significant secondary information constraints to studying municipal development and more specifically urban poverty. Socio-economic data in Mozambique is gathered infrequently and lacks the necessary level of disaggregation at the municipal (or even sub-district) scale in a manner that might be considered statistically robust.

This is not helped by the wide diversity of places that are labelled 'urban'. Municipal boundaries tend to include very diverse realities, ranging from the core 'cement cities' to traditional housing in peri-urban localities and localities with distinct rural characteristics. These are often linked not only by a common local government, but through the daily commuting of workers.

Municipal territories in Mozambique encompass a rich mosaic of formal and – largely – informal economic activities; varying regularised and irregular settlements; a variable urban landscape of cane huts and cement structures; land tenure arrangements determined by formal, informal or traditional norms; and a mix of subsistence and productive agricultural and service-based activities and spatially dispersed and varied growth patterns.

There are marked inter-regional inequalities in the achievement of shared growth. As will be seen in Section 4, the distribution of the benefits of economic growth has been uneven across the country. The information gathered for this study on people's perceptions of poverty and inequality echoes this.

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 consultant team sought to trace the roots and spatial manifestations of institutionalised exclusion which has restricted access to the benefits of unprecedented growth over the last decade, particularly to those most in need. The study also attempts to highlight the parameters underpinning the politics of exclusion, whether owing to party political favouritism or 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.

3.0 Approach and Methodology

3.1 Approach

To provide a basis for municipalities to build a local economic agenda to more effectively address poverty, this study builds on a number of inter-connected issues.

Firstly municipalities selected for study are viewed in the context of their broader regions; in the case of Mozambique's more 'urbanised' municipalities, this involves understanding the particular rural-urban linkages that underpin and help shape the urban economy. It also implies an understanding of the drivers of social and economic change at the level of the urban economy, recognising the inter-relations and dependencies of different economic processes at the scale of the municipality and its region, including the peri-urban dimension.

Secondly, the urban poor are differently inserted into the urban economy on the basis of their social position (by virtue of, for example, their income level, gender, age, ethnic origin and religion) and their resulting different access to and control over resources and assets. In order to meet their needs and exercise their rights, poor women and men 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 of the city. 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.

Thirdly, given the rates of urbanisation in Mozambique, it is also important to recognise 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 city 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.

Fourthly, 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 also involve exclusion from economic opportunity and even denial of citizenship rights. The emphasis is not only on nominal access (entitlements) but also on substantive access (capabilities) of rights. Filtered through this reading, any poverty reduction scheme should ultimately aim to address not merely the economically quantifiable well-being, but also their 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, between *and* within different settlement/urban zones and households. Poverty is also inextricably linked to the concept of vulnerability to shocks and stresses.

The aforementioned interpretation of poverty matches well the notion of 'shared growth', as put forward by the World Bank in the ToRs to this study, in that it automatically poses questions of the distribution of such growth within the Mozambican society. In this sense, the

focus of this study was not merely on 'poverty' in an isolated sense, but on the relation of processes of poverty and wealth, located firmly within municipalities.

Finally, the team's approach to the execution of this contract was informed by an understanding of *shared responsibility* over the current and desirable outcomes of this policy brief across all actors engaged in this nationwide effort in Mozambique as joint drivers: national authorities, municipalities, international donors and ANAMM.

3.2 Methodology

3.2.1 Units of analysis

The study followed the methodology proposed in the contractor's Technical Proposal, by focusing on an understanding of a selected number of municipalities and exploring feasible recommendations to support economic growth and reduce poverty in the context of the particular conditions of their region. The sample of six municipalities selected for study is not representative of all municipalities in Mozambique, but seeks to recognise and understand the diversity of urban areas and the possible range of local government responses to change and poverty.

Focusing on the municipality and its surrounding region as the unit of analysis, the following criteria were used to select the six sampled municipalities:

- a) Different sectoral drivers of urban growth, featuring cross-border trade/manufacturing; agriculture/fisheries/wood products; mining.
- b) Capturing the Northern, Central and Southern regions, so as to allow an in-depth exploration and explanation of the different comparative trends in the poverty profiles found in urban areas in these regions through existing studies.
- c) A selection of municipalities to cover the official classification spectrum of 'truly urban', 'truly rural' and those in-between
- d) A diversification in their size, thus capturing both provincial capitals of a considerable number of inhabitants (*ciudades*) and smaller towns (*vilas*)
- e) A higher weight was given to municipalities undergoing economic growth with good practices in promoting urban growth and addressing poverty with some degree of effectiveness.

A further criterion added during fieldwork relates to the party in power in the municipality. As Frelimo currently holds power in most municipalities, it was decided that at least one in the sample ought to be run by Renamo, the opposition party. Thus, the six selected municipalities studied and visited by the team during fieldwork were: Nampula, Ilha de Moçambique (run by Renamo), Dondo, Manica, Maxixe, and Manhiça. Two other municipalities (Angoche e Marromeu), selected in the early stages of the study but later replaced (by Ilha and Dondo, respectively) due to access problems, were included as background statistical research. The total population of these eight municipalities is one million inhabitants, or 16% of the urban population nationally in 2007 (Table 1).

Table 1: Population in the sampled municipalities, 2007

	Population ('000)	% of national urban population
Total	999,178	16.0%
Cidade de Nampula	477,900	7.6%
Cidade de Angoche	134,174	2.1%
Cidade do Dondo	113,461	1.8%
Cidade da Maxixe	105,805	1.7%
Cidade da Ilha de Moçambique	48,839	0.9%
Cidade de Manica	46,348	0.7%
Vila da Manhiça	43,272	0.7%
Vila de Marromeu	29,379	0.5%

Source: INE, 2007 national population census.

3.3 Instruments

The Terms of Reference specify a focus on “understanding the drivers of poverty in urban areas and how these have exacerbated the exclusion of the poor from economic opportunity in a context of significant economic growth”. The six issues outlined for study (see above) and the broader dimensions of rural-urban linkages, urban poverty and the peri-urban interface were addressed at the level of each municipality and its region through two instruments: Economic profile of the municipality (based largely on analysis of secondary data and interviews with key informants), and Local poverty profiles and analysis (based largely on primary qualitative data collected in different locations along the rural-urban continuum).

3.3.1 Economic profile of the municipality

This sought an understanding of the performance of the municipal economy, through an assessment of the following:

- a) The structure of the municipal economy, as identified by the sectoral distributions of output and employment (both formal and informal).
- b) Recent changes in the municipal economy.
- c) The context impelling these changes (markets for its outputs, increased competition, national policy interventions etc.).
- d) The role of public authorities (local, provincial/state, national) in ignoring, resisting, initiating or facilitating the structural changes.
- e) The most important problems faced by the municipality.

This economic profile was built using quantitative data collected by the local consultants at municipal and national levels, through interviews by the international team with key informants at municipal and national levels, including domestic and foreign entrepreneurs, academics, donor representatives, national and local civil society/community-based organisations representatives and local, provincial and national government representatives, as well as through a review of existing published and unpublished studies on the selected municipalities.

This was complemented with *in-situ* observations and informal conversations with local inhabitants.

3.3.2 Local poverty profiles and analysis

Conceptually, there are three important elements in the 'Local poverty profile and analysis': time, space and livelihoods. All three were reflected in the organization and contents of the focus groups discussions:

- *Time*: Seeks to capture the dynamics of poverty (changes over time in people's livelihoods), in response to a range of factors: natural events, economic transformations, socio-cultural change (especially perhaps among younger people), political change and policies at the local, national and district levels.
- *Space*: seeks to describe how the above affects in different ways people living in different locations along a rural-urban continuum (an urban neighbourhood; a 'peri-urban' settlement; and a rural settlement that is well-connected to the urban centre).
- The notion of *livelihoods* seeks to throw light onto the livelihood strategies of different population groups, within each of the three different types of locations identified in each municipality.

3.3.3 Estimating poverty in Mozambique

Poverty mapping is the process of disaggregating the poverty and inequality estimation to the levels below provincial level. The data used for poverty and inequality estimation in Mozambique is collected by the National Institute of Statistics (INE) and is based on sampling which is representative at national and provincial levels, as well as for urban and rural areas.

Detailed statistical information about living conditions in Mozambique comes largely from the National Household Survey of Living Conditions, also known as IAF (*Inquérito aos Agregados Familiares Sobre as Condições de Vida*). This survey, carried out by INE so far only in 1996/7 and 2002/3, collected data at individual, household and community levels.

National population censuses are also useful sources of information. INE has conducted censuses in 1980, 1997 and 2007, though very limited information was available for 2007 at the time of writing.

Socio-economic research in Mozambique is marked by significant secondary information constraints, with little disaggregation of socio-economic data at the municipal scale that might be considered statistically robust. IAF data tends to be valid only nationally and thus lacks validity when disaggregated at sub-district or municipal level, let alone smaller areas. The municipal figures on poverty used result from applying the small area estimate methodology described in Annex E.

3.4 Focus group discussions

Further disaggregating the study's critical exploration of the qualitative nature of poverty and people's perception of it, the analysis focused on different locations in three of the six selected municipalities: Nampula (North), Dondo (Centre) and Manhiça (South). The locations were a poor neighbourhood in the centre (cement core) of the municipal area; a peri-urban

neighbourhood experiencing notable changes in urban encroachment into rural areas; and a 'rural' settlement within or in close proximity to the municipal area that is well connected to the urban area. The instrument applied was that of focus groups discussions in clusters composed of three locations in each of the sub-sample of three municipalities (see Annex D). For each cluster this facilitated the identification of the characteristics of rural-urban linkages, multi-local and diversified livelihoods and of obstacles and opportunities for the poor at different governance and jurisdiction scales. This also involved an attempt (not always with success due) to use timelines to establish change/evolution of trends, perceptions and strategies in time.

The following issues were explored:

- the perceptions of different groups (men, women, migrants and young people) of their needs and their poverty, with a focus was on those factors exacerbating exclusion both from economic opportunity and from affirming people's right to development. In this sense, poverty addressed both levels of economically quantifiable well-being, as well as the positive agency of the urban poor, placing the emphasis not only on *nominal* access (entitlements), but also on *substantive* access (capabilities);
- the temporal changes in the economic conditions of their settlement, whether they benefited from these changes and what the constraints are to their participation in a growing economy;
- the temporal changes in the spatial distribution of assets of individuals and their households (this may include migration; investment in land; investment in education; business development, etc) in rural, peri-urban and urban areas;
- an exploration of the different coping strategies these groups (and households) pursued in the face of changes, including the development of their assets (mechanisms of accumulation);
- the ways in and the degree to which policies and interventions at the municipal scale managed to address causes of poverty and/or its manifestations, therein relating municipal development efforts to positive changes in the citizens' daily realities.

3.5 Study limitations

It is important to state at the outset that the terms of reference for the present study (Annex C) are fairly ambitious given the time and information available to the consulting team. It became clear to the team fairly early on that these factors would severely limit its capacity to describe and analyse rural-urban linkages with the level of detail expected in the terms of reference. DPU's Technical Proposal of August 2007 to the World Bank outlines what we believed at the time could realistically be done given these constraints. In the event, we found even less information than we initially believed was available on, for example, flows of people (e.g. circular or step migration), flows of money (e.g. remittances), or flows of products and commodities to allow even a rudimentary description of a 'supply chain' of goods and services that might benefit the poor. Notwithstanding this, the information contained in the following pages is very rich and diverse, resulting from a combination of qualitative and quantitative methods of data gathering and analysis. This combination, a reflection of the multi-disciplinary nature of the consultant team, may not appear orthodox to someone working within the

confines of a single professional discipline. Nonetheless, we strongly believe that the final result constitutes a significant addition to existing studies on urban and peri-urban poverty in Mozambique and on the potential role that actors at the municipal level can play in fostering its reduction.

3.5.1 Data disaggregation

The lack of recent data disaggregated at the level of municipality or even at smaller areas, was one of the main challenges faced by the study team. This is especially challenging when it comes to estimating poverty in terms of assets and vulnerability. Data from the 2007 Census are only available for total population by sex and number of families and the regional disaggregation of these indicators is only available by province, district and cities. Therefore all disaggregation of other indicators for 2007 was based on the distribution of that specific indicator in 1997 applied to the total population of 2007 and corrected (when available) by INE projections. Household budget survey data are only representative at provincial level. All figures at city level are estimates based on information on the urban-rural split from INE by province.

3.5.2 Impartiality of focus groups participants

The selection of focus groups participants was not always the result of an impartial, 'scientific' process, but in many cases was decided by local gatekeepers close to the municipal government. The team maintains doubts over the absence of political bias in the selection process, yet there was little room for manoeuvre in that respect given that the study relied on support from local government representatives for this task. There are additional suspicions of representatives of influential social/political groups having participated in some of the groups, which may have restricted free expression of ordinary participants' opinions.

3.5.3 Municipal Development Plans

The team consultants requested from selected municipalities their development plans of both administrative periods so far (or, alternatively, electoral manifestos), yet only two were proffered. It was hoped that having the possibility of reviewing these plans might have offered interesting insights over the operationalisation of PARPA II and other poverty reduction initiatives in the area.

4.0. Poverty, rural-urban linkages and the municipal economy

4.1 Introduction

This section presents an overview of urban and peri-urban poverty and of the importance of rural-urban linkages in the livelihoods and income diversification of the poor. It does so with the help both of secondary data as well as primary information gathered through interviews and focus group discussions. Sub-section 4.2 places the discussion on the tension between the rural and the urban in a broad conceptual and historical context and examines some of the political attitudes held by local authorities in regards to urbanisation processes; the goal is to understand political constraints and motivations not as they 'should be', but as they actually are with a view to recommend policies that take these constraints into account. Sub-section 4.3 discusses urban and peri-urban poverty, drawing on the few available statistical sources on poverty, though complementing this with other information collected for this study whenever possible.

As argued earlier, poverty cannot be seen in isolation from the circumstances in which it occurs, and more specifically the conditions from which people derive their livelihood. Sub-section 4.4 examines national economic trends, whilst section 4.6 sketches out the economic base of the six sampled municipalities, offering an overview of the prospects for job creation arising from institutional, economic and social factors. Sub-sections 4.5 examines the role that rural-urban linkages play in the livelihood of the poor in Mozambique. The final sub-section discusses the political underpinnings of inclusion and exclusion in Mozambique, arguing that these are important determinants of poverty that must be taken into account in any policy framework.

4.2 The urban and the rural: Historical and current perceptions

Mozambique is undergoing a process of urbanisation.¹ While currently 30.5% of the nation's population can be considered as living in 'urban areas', this percentage is projected to rise to 37% by 2020.² In 2005 Mozambique was the fourth least urbanised country in southern Africa: only Swaziland, Lesotho and Malawi had a higher percentage of their population living in rural areas.³ By 2025 it is projected that Mozambique will be the fourth most urbanised country in the region, with only Botswana, South Africa and Angola having a higher concentration of population in urban areas.⁴

The growth of the urban population (comprised of a mixture of natural growth, migration and re-classification of formerly rural areas into urban areas, though data do not permit disaggregation into these) implies significant shifts in Mozambique's social fabric and political and economic make up. The classic view of urbanisation, which has been very influential among Mozambican political leaders, tends to see it as part of a broader process of 'modernisation', where peasants move to the city and become workers, where 'rationality' succeeds 'tradition', where people learn to live a 'westernised', or to use the current term, a 'globalised', life. To some extent this is an extrapolation of the historical experience of the

¹ Although there are indications that rates of urbanisation might be slowing down, this is subject to debate and the fluidity of urban/rural boundaries further complicates the ability to gather exact data. From all available indicators it can be expected that rural-urban migration will continue and cities will grow at a rapid rate.

² INE projections; Paulo, Margarida, Rosário, Carmeliza and Tvedten, Inge, 2007, "*Xiculungo*" *Social Relations of Urban Poverty in Maputo, Mozambique*, Bergen: CMI Institute.

³ Paulo et al 2007, p. 8.

⁴ Ibid.

richer and more developed nations that urbanised earlier, where urbanisation was generally associated with structural shifts in the national economy away from low-productivity activities (typically small-scale farming) to largely urban-based higher productivity activities, such as manufacturing and services.

Since the 1970s and 1980s in many sub-Saharan African countries, development debates have revolved around the idea that city populations grew disproportionately in relation to the number of urban formal sector jobs, exemplified in the large and growing number of mainly young (male and female) migrants perceived as being 'idle' or surviving in a 'shadow economy', thus leading to concerns about 'over-urbanisation'. Views of urbanisation as a process of 'modernisation' often continue to subtly shape the opinions of policy makers and political leaders. Although the perception that the growth in formal sector jobs could not keep up with urbanisation in recent decades in most of Sub-Saharan Africa has generally held true, particularly since the advent of structural adjustment programmes in the 1980s, the consensus among specialists is that the economic and human development opportunities open to the new urbanites have on balance benefited not only migrants but national economies as well.⁵ Moreover, outside war and disaster situations, contemporary migration usually involves much more complex movements of people across space than the simple and wholesale rural-to-urban shift so pervasive in policy-makers' minds and so widely depicted in the mass media.⁶

In the eyes of some observers, the incongruous nature of 'modernity' and 'tradition' may be seen in the many new rural migrants who cluster in peri-urban *bairros* where residents may self-consciously try and recreate aspects of village life in what has been called 'ruralisation' of African cities.⁷ And, as will be seen later in this section, although cities in Mozambique still hold out the promise for a better life and both urban poverty rates and inequality have fallen in most of the country, including rural areas, they are rising in Mozambique's largest city.⁸

Mention of these perceptions is highly relevant in the context of this report insofar as the influx of people (perceived to be mostly peasants, disregarding the fact that many are likely to come from towns and small cities) into urban areas of Mozambique is often viewed with alarm by the municipal authorities we spoke with and is seen as one of the most serious problems that cities have to face. And yet, historically programmes to limit urbanisation and relocate people to rural areas have had limited success at best across the world.⁹ In light of these developments, some of the key factors to take into consideration in examining the role that municipal governments can provide in reducing poverty and generating employment ought to include their understanding of the causes of urbanisation and the complexity of urban/rural linkages, as well as how these affect local government's room for manoeuvre in designing and implementing policies and plans. Furthermore, we argue that there has been a tendency

⁵ See, for example, Montgomery, Mark et al. (editors), 2004, *Cities Transformed. Demographic Change and its Implications in the Developing World*. Earthscan, London; Smith, Lisa C., Ruel, Marie T. and Ndiaye, Aida, 2004, "Why is child malnutrition lower in urban than rural areas? Evidence from 36 developing countries", *IFPRI Discussion Paper Briefs 176*.

⁶ Unfortunately, no estimations exist of recent migration patterns in Mozambique. And yet, a solid knowledge of these can great aid policy making. For a very good example of one such analysis, albeit in a different regional context in Africa, see Beauchemin, Cris and Bocquier, Philippe, 2004, "Migration and urbanisation in Francophone West Africa: An overview of the recent empirical evidence", *Urban Studies, Vol. 41, No. 11*, pp. 2245-2272.

⁷ Baker, Jonathan, 2006, "Survival and accumulation strategies and the rural-urban interface in North-West Tanzania", in Cecilia Tacoli (ed), *Rural-Urban Linkages*, Earthscan, London; Kruger, Fred, 2006, "Taking advantage of rural assets as a coping strategy for the urban poor: the case of rural-urban interrelations in Botswana", in Cecilia Tacoli (ed), *Rural-Urban Linkages*, Earthscan.

⁸ Paulo et al., 2007.

⁹ Many authoritarian systems have tried to stop or reverse urbanisation, including China in the 1960s, Apartheid South Africa and Cambodia under the Khmer Rouge amongst others.

amongst policy makers to treat municipalities as neutral, technocratic service providers and to view politics as an unnecessary obstacle. Municipal governments are made up of politicians who have loyalties and priorities set by their respective political parties. In the current era Mozambique is characterised by political polarisation between the two main parties, Frelimo and Renamo, and despite the introduction of multiparty democracy and decentralisation, politics in Mozambique largely remains a zero sum game. In the next paragraphs this discussion will be placed, albeit briefly, in a broader historical context.

After the Portuguese solidified their hold over Mozambique in the late 19th Century they attempted to put into force a set of strict influx controls over African urbanisation.¹⁰ As is almost always the case, people continued to move into cities anyway, but most new African migrants were confined to specific *bairros* with little or no services.¹¹ While the Portuguese settlers in urban areas had some limited representation under the quasi-fascist 'new State', the vast majority of African urbanites were ruled by *regulos* (chiefs) with little democratic accountability.¹²

After the successful conclusion of the liberation struggle in 1974-1975 the urban system underwent a major transition. Although the vast majority of the Portuguese left the country, their places in cities were quickly taken by Mozambican newcomers. The central 'cement' cities, once almost an exclusive province of the Portuguese were taken over and there was the new promise of social mobility, as the Portuguese exodus basically decapitated the managerial class, those with any education whatsoever were often quickly promoted to their place. Overall much of the employment in the urban sector decreased after liberation, but the rapidly expanding state sector continued to offer positions for at least some job seekers.¹³ Politically, the newly independent Frelimo state kept much of the previous colonial structure, but they combined it with new party-based institutions, such as the 'dynamizing groups', part of the larger programme of *poder popular* (People's Power), which were to allow the population to participate in their governance. In reality these structures were often top-down and allowed participation only within a Frelimo dominated framework; even these spaces were restricted after Frelimo transformed itself into a Marxist-Leninist vanguard party after 1977. During the socialist period, Frelimo's major economic emphasis was focused in the rural areas and with much of the budget being devoted to state farms, communal villages, and later, the civil war, little was left over for large-scale urban improvement. Frelimo became increasingly worried about the influx of people into the cities and tried various programmes to combat it. *Guias da Marcha* (a permit that allowed one to leave one's place of residence) had to be obtained from the local party cell to change residence and in 1983 Frelimo attempted to forcibly remove so called 'unproductive' elements from major cities and resettle them in rural areas. This programme, known as 'Operation Production' is widely considered one of the major human rights abuses committed by Frelimo during the single party era. However influx controls largely broke down as the civil war gained in intensity and people moved to the comparative safety of the cities. Around four million people were internally displaced during

¹⁰ Newitt, Malyn. 1995. *A History of Mozambique*. London: C. Hurst & Co. Penvenne, Jeanne. 1995. *African Workers and Colonial Racism: Mozambican Strategies and Struggles in Lourenço Marques, 1877-1962*. Johannesburg and London: Heinemann, Witwatersrand University Press and James Currey.

¹¹ Hedges, D. 1999. *História de Moçambique Volume Dois: Moçambique no Auge do Colonialismo, 1930-1961*. Maputo: Livraria Universitária Universidade Eduardo Mondlane. Penvenne, Jeanne. 1989. "We are all Portuguese!" Challenging the Political Economy of Assimilation: Lourenço Marques, 1870-1933." In Leroy Vail ed., *The Creation of Tribalism in Southern Africa*. Berkeley and Los Angeles: University of California Press, 255-88. Penvenne, Jeanne. 1995..

¹² The 'new state' refers to the Portuguese dictatorship of Dr. Antonio Salazar and his successor that lasted from 1932 until 1974.

¹³ Tvedten, Inge et al., 2006, "Opitanha" Social Relations of Rural Poverty in Northern Mozambique, report n. 16, CMI Reports, Bergen.

the war. The destruction of the war and the borderline economic collapse Mozambique suffered during the 1980s brought a further deterioration in urban living conditions, although registered urbanites in major cities were entitled to government rations.¹⁴ In the late 1980s Mozambique joined the IMF and began to restructure the economy along market lines. The economy recovered somewhat in the mid-1980s after long years of decline, the deregulation of the economy hit Frelimo's urbanites hard as the currency was radically devalued, salaries were frozen, and subsidies removed.¹⁵

Since the end of the war attempts at restricting the movement of the population have been abandoned with the introduction of multiparty democracy. Starting in 1997, further political reforms were enacted and 33 municipalities were allowed to elect local governments in an effort to increase democratisation and make local services providers more accountable. These reforms took place amidst a dramatic economic recovery, with Mozambique's GDP growing at an average rate of close to 8% per year since the late 1990s.¹⁶ However, the processes of structural adjustment that began in the late 1980s and the privatisations of the 1990s caused massive cutbacks in industry, which saw the loss of many formal jobs.¹⁷ The growth of 'mega projects' such as Mozal, an aluminium smelter outside of Maputo, has contributed significantly to GDP growth but has had a minor contribution to job creation.¹⁸

4.3 An overview of municipal poverty and inequality

As discussed earlier, most current nation-wide quantitative assessments of poverty in Mozambique are derived from the IAF surveys of 1996/7 and 2002/3. These use a cost of basic needs approach, distinguishing between food and non-food items, whilst calculating region-specific poverty lines.¹⁹ Using secondary information largely from these sources, this sub-section places the subsequent discussions about the municipal economy, the role of donors and the processes of exclusion and inclusion in the broader context of recent trends in poverty at the national and provincial scales. Much of the information here is widely available, and the aim is simply to highlight key elements in the discussion, while no attempt is made to discuss the merits or demerits of quantitative or qualitative methods of assessing poverty. The sub-section is further sub-divided into two smaller sections, consisting of a brief outline of trends in poverty at the national, provincial and local levels, followed by a discussion of trends in inequality.

It must be remembered that (as mentioned earlier), the usefulness of IAF data for urban analyses is limited by virtue of the fact that the sample of households, although nationally representative, proves largely inadequate for district estimates, let alone sub-district levels (e.g. municipalities), due to the small number of observations made in any given enumeration

¹⁴ These rations were discontinued in 1993. See O'Laughlin, Bridget. 1996. "From Basic Needs to Safety-Nets: The Rise and Fall of Urban Food-Rationing in Mozambique". Unpublished Paper; Institute of Social Studies: The Hague.

¹⁵ Marshall, Judith. 1990. Structural Adjustment and Social Policy in Mozambique. *Review of African Political Economy* 47: 28-43.

¹⁶ Fox, Louise, et al., 2007, *Beating the Odds: Sustaining Inclusion in a Growing Economy. Mozambique a Poverty, Gender and Social Assessment*, A World Bank document.

¹⁷ Fox et al, 2007. Hanlon, Joseph. 1996. *Peace Without Profit : How the IMF Blocks Rebuilding in Mozambique*. Oxford: James Currey Press.

¹⁸ Arndt, Channing, James, Robert, Simler, Kenneth. 2005. "Has economic growth in Mozambique been pro-poor?", Maputo: Ministry of Planning and Development, National Directorate of Studies and Policy Analysis, *Discussion Paper No. 8E* (November); Brück, Tilman and van den Broeck. 2006. "Growth, employment and poverty in Mozambique". *Issues in Employment and Poverty Discussion Paper No. 21*.

¹⁹ For more details, see Arndt et al., 2005.

area. Apart from census population data (for which only 1997 figures are available at present), the available information below the national or provincial level is difficult or impossible to disaggregate further into 'urban' and 'rural', let alone 'peri-urban'.

Box 1

Poverty as defined in PARPA

PARPA I definition*: "the inability of individuals to secure for themselves and their dependents a set of minimum conditions necessary for survival and well-being, according to society's standards"

PARPA II definition: "the impossibility, owing to inability and/or lack of opportunity for individuals, families and communities to have access to the minimum basic conditions, according to society's basic standards."

* Definition used in the household survey studies (*Avaliações da pobreza*) of 1996/97 and 2002/3

4.3.1 Urban and peri-urban poverty

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 that ravaged the country until 1992. Poverty has been at the core of efforts by donors and the Mozambican government for over a decade and a half. A key tool in such efforts has been PARPA in its two incarnations. In fact, PARPA I's aim of reducing poverty to 60% by 2005 was comfortably surpassed, with headcount poverty lower by some six percentage points by 2002/3. Box 1 summarises the definitions of poverty used in both documents.

Table 1: Mozambique: Poverty measures by province, 1997- 2003 (percent)

	Headcount			Poverty gap			Squared poverty gap		
	1997	2003	%D	1997	2003	%D	1997	2003	%D
All	69.4	54.1	-22.0	29.2	19.9	-31.8	15.5	9.9	-36.1
Urban*	63.9	51.6	-19.2	27.2	18.9	-30.5	14.8	9.0	-39.1
Rural	71.6	55.2	-22.9	30.0	20.4	-32.0	15.8	10.3	-34.8
North	66.3	55.3	-16.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Centre	73.8	45.5	-38.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
South	65.8	66.5	1.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Niassa	69.9	49.5	-29.2	29.1	14.5	-50.2	15.3	6.2	-59.5
Cabo Delgado	56.8	62.8	10.6	19.2	20.8	8.3	8.8	8.9	1.1
Nampula	68.7	53.6	-22.0	28	18.7	-33.2	14.7	8.6	-41.5
Zambezia	68	45	-33.8	25.2	13.4	-46.8	11.7	5.6	-52.1
Tete	80.3	58.7	-26.9	38.5	25.7	-33.2	22.2	14.9	-32.9
Manica	62.3	44.4	-28.7	23.3	16.8	-27.9	11.1	9.1	-18.0
Sofala	88.2	34.1	-61.3	48.9	10.1	-79.3	31.8	4.1	-87.1
Inhambane	83.8	81.1	-3.2	37.4	42.1	12.6	20.2	25.8	27.7
Gaza	65.4	59.7	-8.7	23.2	19.9	-14.2	11.1	8.8	-20.7
Maputo Prov.	64.8	71	9.6	27.4	30.9	12.8	14.5	16.9	16.6
Maputo city	47.3	53.2	12.5	15.7	20.1	28.0	7.3	9.8	34.2

* Consistent 2002/3 urban definition; %D is percent change in indicator (not arithmetic difference)

Note: Highlighted provinces are the location of municipalities selected for field work

Source: Fox et al., 2007, and MPF et al., 2004

As measured in the IAF surveys (Table 1), 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. Similar drops can be observed for the other two indicators in the table.²⁰ These impressive figures show nonetheless that poverty remains very high in Mozambique, while masking significant regional differences: 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 and as noted by Paulo et al., a possible trendsetter, poverty actually rose nearly six percentage points.²¹

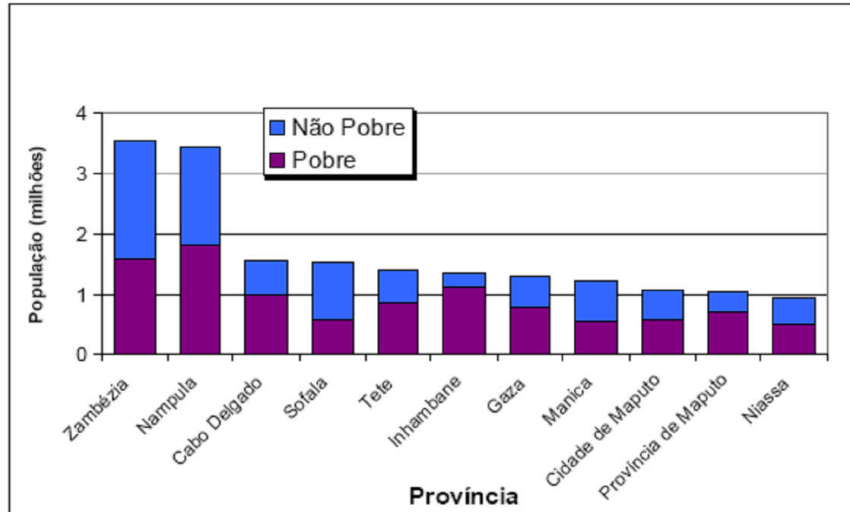
In absolute terms, poverty is highest in the provinces of Nampula and Zambézia, although in relative terms, several other provinces fare considerably worse, including the provinces of Inhambane and Maputo, in the south of the country (Figure 1). Southern provinces have been badly affected alternatively by floods and droughts, and a certain volatility due to their close physical and economic proximity to neighbouring countries, particularly given the high number of migrant labourers who increasingly struggle to find work in South Africa, either legally as miners, or illegally in the informal sector, compounded by a devaluation of the metical in the year preceding the latest survey. But such poverty figures provide a somewhat distorted view of people's well-being, insofar as access to public services such as health and education are generally better in the south than in the north where infant and maternal mortality rates are generally higher. Similarly, road infrastructure in the north is less extensive and until recently suffered from inadequate maintenance, thus constituting an important bottleneck for trade and agriculture, and generally limiting the prospects for economic growth.

Although the dominant impression gathered from quantitative data on poverty, including headcount, education, health, infant mortality and access to services, is that conditions have improved, progress has been uneven across regions. Surveys such as IAF provide snapshot views and may therefore also mask significant shifts from year to year. One factor behind this is the fact that a large majority of households depend on rain-fed agriculture for their subsistence, thus making them highly vulnerable to climate conditions (which seem to be increasingly volatile and unpredictable, according to some climate change experts). This is exacerbated by internal and external economic factors such as exchange rates, as well as fluctuations in commodity prices such as petroleum (which Mozambique imports), and exports such as cotton, cashew nuts and maize.

The high weight of Zambézia and Nampula provinces in the national population (Figure 1) suggests that the performance of these two provinces is likely to have a significant impact on national aggregate poverty figures and other human and economic development indicators. Moreover, the high levels of variation from one year to the next (e.g. in climate and therefore productive conditions), as well as between indicators, suggest that much care must be exercised in drawing up inferences and (more worryingly) policies on the basis of 'snapshot' figures which may provide a distorted view of long-term reality.

²⁰ The poverty gap is defined as "the difference between the income at the poverty line and the median household income for those in poverty expressed as a proportion of the income at the poverty line". Source: www.poverty.org.uk/L04/index.shtml

²¹ Paulo et al., 2007.

Figure 1: Mozambique: Headcount poverty by province, 2002/3 (millions)

Fonte: Elaborado com base no IAF 2002-03 (INE 2003).

Source: Calculations based on IAF, 2002/3

Efforts to measure and characterise the nature of poverty at the level of cities are rather limited in Mozambique and are usually restricted to Maputo, sometimes in the context of other policy concerns such as access to land.²² This report, however, makes only passing reference to Maputo whenever relevant, but seeks to provide further insights into the reality of other cities, more specifically the six municipalities where the authors undertook primary data collection (plus the other two that were originally selected for study and later replaced as explained in the Methodology section).

Table 2: 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 Manhica	43,272	1,259,713	81.4	Maputo	53.6
Average	--	--	47.4	Mozambique	54.1

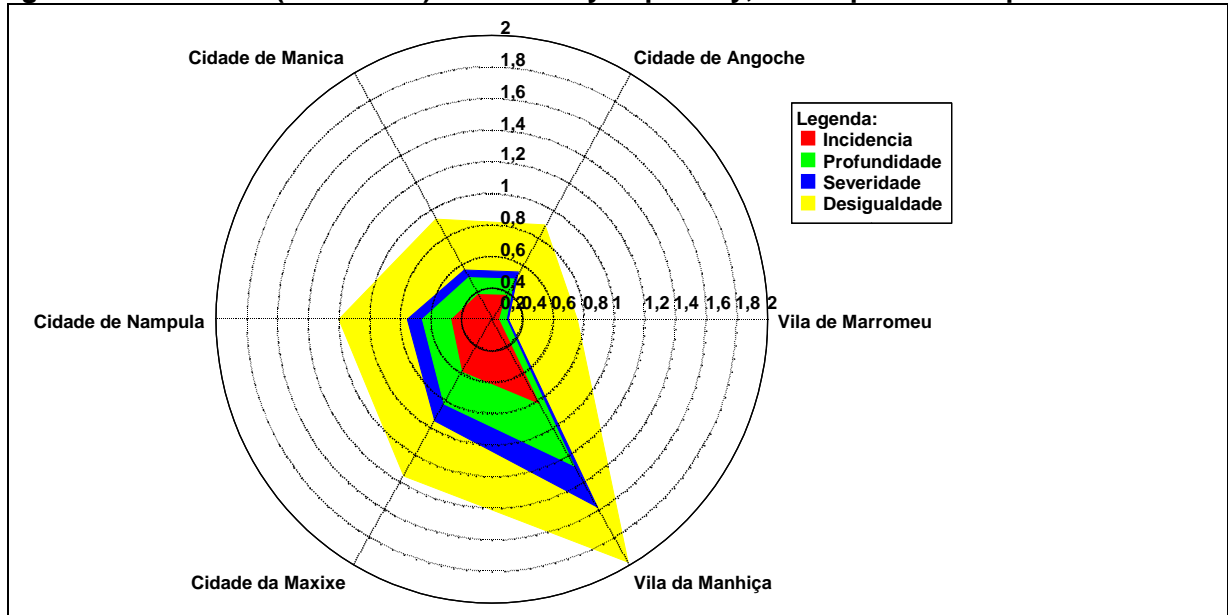
* Not included in primary data collection work

Source: 2007 population census and MÉTIER calculations based on IAF 2002/3 (see Annex E)

²² Paulo et al., 2007; Métier Consultoria e Desenvolvimento. 2006. *City of Maputo. Basic Poverty Assessment*, Maputo City Council and The World Bank, Maputo; Jenkins, P. 2000. "City Profile Maputo", *Cities* Vol. 17(3) pp.208-218; Jenkins, P. 2000. "Urban management, Urban Poverty and Urban Governance: Planning and Land Management in Maputo", *Environment and Urbanization* Vol. 12(1) pp.137-152.

Table 2 shows the sample of municipalities covered in the study in the three regions, ranging from small ‘vilas’ like Manhiça with a mere 43,000 people (much of it semi-rural) to the sprawling Nampula with close to half a million people, representing a hefty 10% of Mozambique’s most populated province and close to 8% of the country’s urban population. The table 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. With the exception of Maxixe, poverty is lower than the national average in all municipalities. Figure 2 also suggests how headcount poverty is correlated with the poverty gap and inequality, most dramatically in Manhiça, where all three indicators are by far the highest in the sample.

Figure 2: Headcount (*incidencia*) and severity of poverty, in sampled municipalities



Note: This figure does not include the municipalities of Ilha de Moçambique and Dondo (selected for field work in lieu of Angoche and Marromeu)

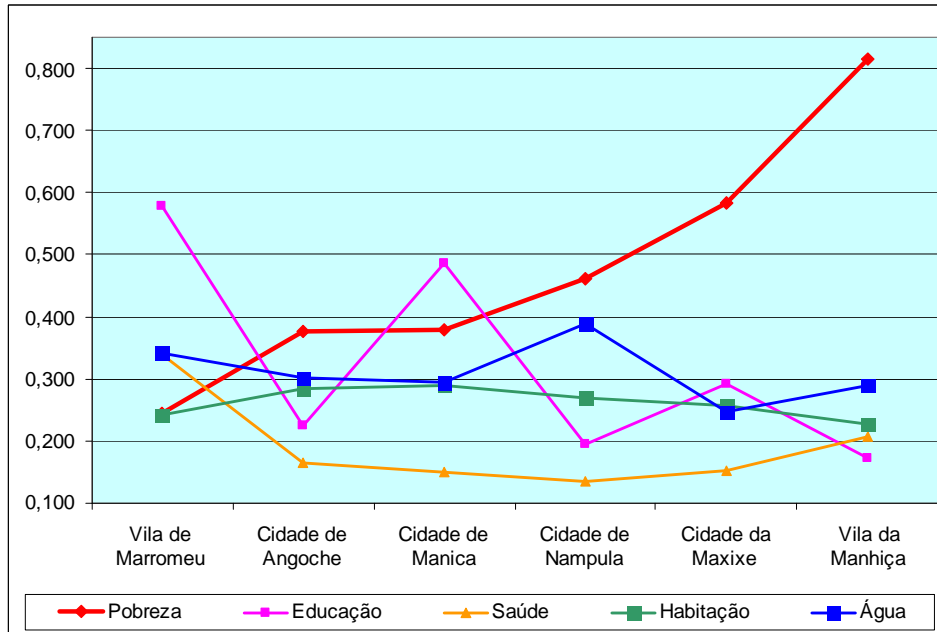
Source: MÉTIER calculations based on IAF 2002/3

In trying to measure the multi-dimensional nature of poverty, beyond household consumption of foods and non-foodstuffs 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, as discussed elsewhere in this report). In the absence of updated statistics, one such rough attempt is summarised in Figure 3, 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). For each of the variables, a composite index has been calculated that seeks to capture the incidence of the variable at the municipal level.²³ The low degree of representativity of the data and the impossibility of further

²³ 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 labour force working as traders; waged: share of labour 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.

disaggregating the information within each municipality by, for example, *bairro*, restricts the use of the results merely as indications of general trends.

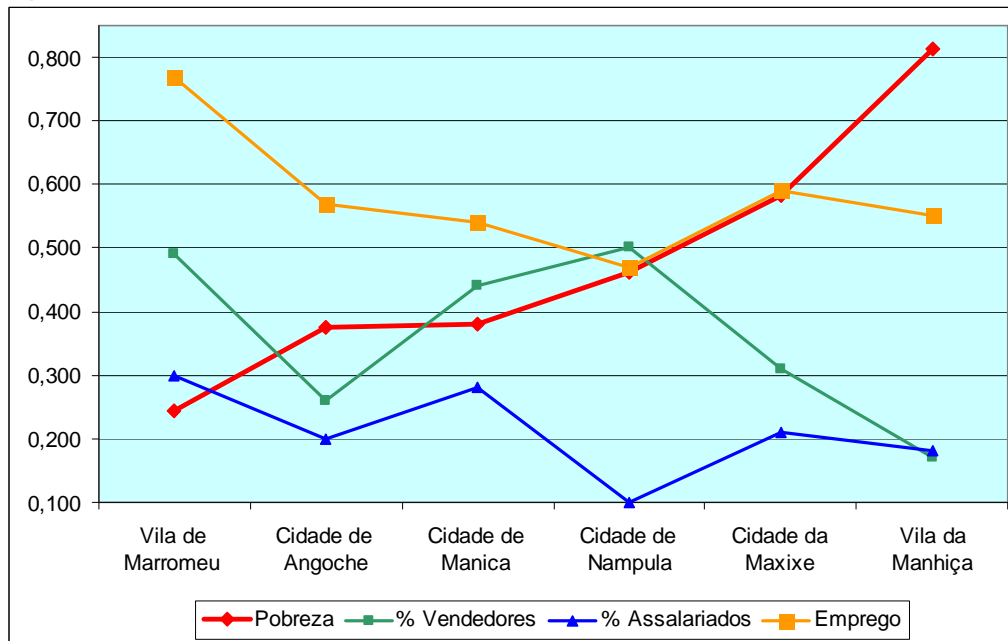
Figure 3: Headcount poverty and access to services in sampled municipalities, various years



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, Figures 3 and 4 offer the interesting observation 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 from Figure 3, for example, that poverty levels in Marromeu do 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 in Manica. However, as one moves to the right of the graph, the poverty indicator drifts increasingly apart from the other indexes, so that in Maxixe and Manhiça, where the other indices converge at levels slightly lower than in the other cities (though not too dissimilar to them), poverty levels shoot up and bear little relation with the other indicators. The cause of these wide disparities would merit some further analysis, ideally with updated figures from the 2007 census.

A similar exercise is shown in Figure 4, this time correlating poverty with labour statistics, namely the shares of traders and waged labourers in the city's labour force, as well as the rate of employment for the 1997 census. Although the methodological problem of using different years remains, this suggests again that poverty levels are not necessarily correlated with the share of the labour force that is employed, nor with the share of waged labour in each municipality.

Figure 4: Headcount poverty and labour force indicators in sampled municipalities

Source: MÉTIER calculations using 1997 census data and IAF 2002-3

4.3.2 Inequality: Facts and perceptions

Largely based on the 1996/7 and 2002/3 household (IAF) surveys, recent research has argued that economic growth in Mozambique has been pro-poor overall, in part due to the relatively low levels of prevailing inequality.²⁴ Arndt et al., for example, dismiss the slight increase in inequality as not statistically significant at the national level, though they do highlight significant increases in Maputo City (see Table 3). Whilst not doubting the nation's significant economic achievements in the past ten years, many of the people we spoke with in our six case studies were more ambivalent and frequently spoke of widening inequality, perhaps best illustrated by the February 2008 riots in Maputo that spread through the south, normally a bastion of support for the ruling party, Frelimo.²⁵

As reported by Tvedten, Paulo and Rosário in a rural district outside of Nampula city many felt there was greater equality under the Portuguese “when everyone suffered together” and Frelimo during the early independence period when “the party decided everything”.²⁶ One of the authors of the present report has also heard similar statements of previous equality. The socialist period was frequently referred to as “*o tempo da fome*” (the time of hunger), but many stressed that at least most were poor together, which created a sense of shared suffering. Recent economic changes appear to have tested this sense of solidarity. In some of the case studies we visited the effects of the destruction of industries were evident, as witnessed by the closure of cashew nut processing factories in the north, including the devastating effect this had on many families in and around Ilha de Moçambique.²⁷

²⁴ Arndt et al., 2005; Fox et al., 2007.

²⁵ The riots were spurred by hikes in the fares of ‘chapas’, the public transport used by the poor. Part of this discontent may also be explained by more recent events that have taken place after 2003 and perhaps could also shed light on the former president Joaquim Chissano’s resurgence in popularity.

²⁶ Tvedten et al., 2006.

²⁷ Vijhuizen, Carin et al. 2003. “Liberalisation, gender and livelihoods: The cashew nut case”. *Working Paper 1*. IIED and Eduardo Mondlane University.

Table 3: Mozambique: Changes in inequality between 1996/7 and 2002/3

Area	Mean consumption (proportion of poverty line) 2002–03	Increase in real consumption from 1996–97 (percent)	Gini		GE(1)		
			1996–97	2002–03	1996–97	2002–03	
National	1.28	32	0.40	0.42	0.31	0.37	
Rural	1.15	26	0.37	0.37	0.26	0.27	
Urban	1.53	24	0.47	0.48	0.44	0.50	
North	1.22	20	0.38	0.39	0.29	0.35	
Center	1.40	63	0.37	0.39	0.27	0.31	
South	1.15	4	0.43	0.47 *	0.37	0.50 **	
Niassa	1.29	45	0.35	0.36	0.22	0.26	
Cabo Delgado	1.27	8	0.37	0.44	0.27	0.62	
Nampula	1.18	20	0.39	0.36	0.30	0.24	
Zambézia	1.35	44	0.32	0.35	0.20	0.23	
Tete	1.06	49	0.35	0.40	0.21	0.30 *	
Manica	1.41	22	0.41	0.40	0.36	0.30	
Sofala	1.81	207	0.40	0.43	0.32	0.41	
Inhambane	0.77	-1	0.38	0.44	0.31	0.40	
Gaza	1.24	12	0.38	0.41	0.27	0.38	
Maputo ¹	1.01	-6	0.42	0.43	0.35	0.36	
Maputo City	1.69	10	0.44	0.52 *	0.41	0.60 *	

¹Excluding Maputo City

** = statistically significant at 1 percent level

* = statistically significant at 5 percent level

Source: Arndt et al., 2005

While the research alluded to has argued that income inequality has remained low in Mozambique, particularly by regional standards, our research has pointed that many urban and peri-urban Mozambicans feel 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.²⁸ Perceptions of widening inequality are perhaps more intensified 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 fastest widening both in social inequalities and in perceptions of these inequalities. This has made Arndt et al. to remark that "the benefits of economic growth (in Maputo City) do not appear to be reaching its poorer residents".²⁹

In fact, partly due to its proximity to South Africa, the south of the country has benefited from the bulk of large-scale investment in the swiftest growing sectors such as energy generation, mining and natural resources (aluminium, titanium, gas), foodstuffs, cement and tourism. It is estimated that in 1990-2003, Maputo City and Maputo Province attracted 75% of total foreign direct investment and 60% of private investment in the country; the neighbouring provinces of Gaza and Inhambane together received 15% of FDI and 17% of all private investment. Thus, with a population of around a quarter of the total, the south absorbed 90% of FDI and 77% of all private investment in the period.³⁰

Our evidence suggests increasing social differentiation and serious poverty in urban areas and a complicated interplay between the urban and the rural, and yet the central government's current strategy largely ignores cities altogether. Instead, as is widely reported in the national press (and was mentioned by a range of interviewees, including local government officials), the goal is to create 'rural development poles' in the districts. As one of the authors was told by a former Minister and current member of Frelimo's central committee: "Our plan is to focus on the rural areas, for the time being and let the churches and NGOs support the cities".

Table 4: Mozambique: Mean consumption among rural and urban agricultural and non-agricultural household heads, 2002/3

Grouping	Mean consumption		
	Number of households	(as proportion of poverty line)	Std. Deviation
Urban Non-Agricultural Head	2812	1.78	3.00
Urban Agricultural Head	1193	0.99	1.23
Rural Non-Agricultural Head	745	1.55	2.27
Rural Agricultural Head	3950	1.08	0.87

Source: Arndt et al., 2005

²⁸ For a fuller discussion see Tvedten et al., 2006 and Paulo et al., 2007.

²⁹ Arndt et al., 2005: 19.

³⁰ Castel-Branco, Carlos Nuno, 2004, "What is the experience and impact of South African trade and investment on the growth and development of host economies? A view from Mozambique", paper presented at the *Conference on Stability, Poverty Reduction and South African Trade and Investment in Southern Africa*, Pretoria, 29-30 March.

Although the overall figures on headcount rural poverty might appear to warrant a focus on rural poverty, this vision ought to be shaped also by another set of relevant facts arising from the IAF surveys and other sources of information on human development. For example, Table 4 shows that in 2002-3 a greater source of inequality (as measured in consumption) among household heads was the fact of deriving their chief source of income either from agriculture or non-agriculture, regardless of their physical location. Mean consumption among those reporting agriculture as their main source was very close to the poverty line, whilst for those not deriving their main income from agriculture, whether in urban or rural areas, their mean consumption was considerably higher, by 78% and 55%, respectively.³¹

4.4 National economic trends

The Appendix of this report outlines in some detail the socio-economic profiles of the six municipalities sampled in this study. This shows the significant diversity found in Mozambique's cities, from the distinctly semi-rural economy of Manhica to the conspicuous dynamism of Nampula, a bustling city in a vast agricultural region. As discussed in the Methodology section, with a joint population of a million people, or 16% of the country's urban population, the choice of these municipalities does not pretend to be representative of all municipalities but to show instead the rich range of regional, political and socio-economic realities that to a large extent help characterise municipal life in contemporary Mozambique outside Maputo.

As said earlier, there are indications that Mozambique is currently urbanising, and will most likely continue to do so in coming decades. It is, therefore, imperative to understand the basis on which municipalities can not only accommodate growing numbers of people, but also create the conditions for sustainable income and improved well-being among urban and peri-urban dwellers. Such prospects must be understood in the context of a broader view of the country's recent economic development, and more specifically the expansion in urban-based employment.

It is well-known that an important driver of Mozambique's impressive economic growth of 9% annually between 1996 and 2003 (cf. Table 5) was the well-documented 'mega-project' phenomenon driven by foreign investment attracted by fiscal benefits, and whose share of GDP is expected to reach 10-11% by 2010.³² Thus, the striking 17.4% annual growth in manufacturing industry is to a large extent distorted by a small number of very large projects, capital-intensive investments generating comparatively few formal sector jobs mainly concentrated in and around Maputo. Agriculture, from which 80% of the population derives its main source of income, grew faster than population, though at a less impressive 5.4% per year in the same period, driven by area expansion, population growth and yield improvement.³³

³¹ There are, though, wide disparities within these groupings, as the standard deviation figures in the table show.

³² World Bank. 2005. *Mozambique Country Economic Memorandum. Sustaining growth and reducing poverty*, The World Bank, Washington DC.

³³ World Bank. 2005.

Table 5: Mozambique: Changes in GDP, poverty and consumption, by sector, 1996/7 - 2002/3 (percent)

	Share of GDP		Annual average growth rate
	1996	2003	1996-2003
<i>GDP</i>	100.0	100.0	9.0
Agriculture	34.4	27.3	5.4
Industry	16.0	26.9	17.4
Services			
(private)	40.9	37.2	7.5
Services (public)	8.7	8.6	8.8
	Share of Labour Force		
	1996/7	2002/3	1996/7-2002/3
<i>Labour Force</i>	100.0	100.0	0.8
Agriculture*	89.7	81.7	-0.8
Industry	3.4	3.1	-0.6
Services			
(private)	5.0	12.3	17.1
Services (public)	1.8	2.9	8.7
	Average Productivity		
	1996/7	2002/3	1996/7-2002/3
<i>All</i>	4.0	6.5	8.4
Agriculture*	1.5	2.1	5.6
Industry	18.2	54.1	19.9
Services			
(Private)	31.6	20.2	-7.2
Services (public)	19.3	19.8	0.4
	Poverty Headcount		Annual change in poverty rate
	1996/7	2002/3	1996/7-2002/3
<i>All</i>	69.2	54.1	-4.0
Agriculture	72.6	58.2	-3.6
Industry	65.4	54.0	-3.1
Services			
(Private)	54.6	44.4	-3.4
Services (public)	56.0	32.9	-8.5

*Agriculture includes 'domestics' (mostly women doing household chores);
average productivity=GDP/labour force

Source: Fox et al., 2007, based on IMF staff estimates and IAF

Manufacturing value added increases were accompanied by job shedding over the past decade, most poignantly seen in the virtual implosion of the cashew nut processing sector where plant closures led to over 10,000 jobs lost in the second half of the 1990s - around 80% of the total at the time.³⁴ Meanwhile, sectors such as commerce, transport & communications, and construction grew at above-average rates and were significant contributors to economic growth. The share of labour in agriculture also fell but productivity rose, fuelling income growth of households whose main source of income is derived from this activity.³⁵ These trends,

³⁴ Around half of jobs lost were held by women. Vijhuizen et al. 2003.

³⁵ Fox et al., 2007.

coupled with the higher poverty levels reported among those involved in agriculture (Tables 4, 5 and 6), seem to signal a slow but ineluctable structural shift in employment away from agriculture to sectors such as trade, construction and other services (both private and government) and thus to an increasingly urban-based economy.

Table 6: Mozambique: Changes in urban and rural employment by type, 1996/7 and 2002/3 (percent)

Type of employment	Share of All Workers			Rural		Growth Rate	Urban		Growth Rate
	1996/7	2002/03	1996/7-2002/03	1996/7	2002/03	1996/7-2002/03	1996/7	2002/03	1996/7-2002/03
Agriculture (all)*	88.8	81.5	-0.6	94.8	93.1	-0.3	71.3	53.5	-1.9
Self-employed, non-agriculture	3.8	8.1	14.3	2.0	3.6	10.6	9.0	19.0	16.5
Wage employment	7.4	10.4	6.7	3.2	3.3	0.7	19.6	27.5	8.9
Public	4.8	3.8	-3.2	2.1	1.3	-6.9	12.8	9.7	-1.7
Private	2.6	6.6	17.7	1.1	2.0	9.8	6.8	17.8	20.9
All economically active	100.0	100.0	0.8	100.0	100.0	0.0	100.0	100.0	2.9

*Agriculture excludes those employed in public sector

Source: Fox *et al.*, 2007, based on IAF

In 1996/7-2002/3, employment in agriculture dropped not only in rural areas but also in urban areas, where by the end of the period it was still providing over half of heads of households with their main source of income (Table 6). In terms of employment composition, urban areas suffered much more substantial changes. The falls in public wage employment were partly the result of adjustment policies, especially in agro-processing. Such falls were somewhat compensated by more than a doubling (to close to a fifth of the total) of the share of non-agriculture self-employed workers, largely in the informal sector. This was coupled also by substantial rises in private sector wage employment, from 6.8% to a non-negligible 17.8% of the urban total, or two-thirds of urban wage employment.

Table 7: Mozambique: Employment by type, 1996/7 and 2002/3 (percent)

	1996/7			2002/3		
	Rural	Urban	All	Rural	Urban	All
Government/public enterprise	2.7	26.5	6.0	1.4	11.5	4.2
Private sector	2.2	14.3	3.9	1.8	12.7	4.8
Cooperative sector	0.1	0.4	0.1	0.0	0.2	0.1
Self-employment	46	40	45	48	40	46
Employer	0.2	1.0	0.3	1.4	10	3.6
Family labor	49	18	45	47	26	42
Total	100	100	100	100	100	100

Source: IAF 1996/7 and 2002/3, workings for the accompanying background paper by Fox *et al.* (2005). Note that the 1996/7 definition of "urban" was used in both 1996/7 and 2002/3. This is because the urban areas were extended by some 50 percent in the intervening period, making the two definitions incomparable. Age group: 10-59 years.

Source: World Bank, 2005

Using a different breakdown, Table 7 shows how these changes were reflected across a range of employment types. This suggests that 'self-employment' remained stable throughout the period, while employment in government/public enterprise dropped dramatically in urban

areas and remained minimal in rural areas. There were remarkable rises in both the share of 'employers' and 'family labour' in urban areas, which partly compensated for the drops in government waged employment.

4.5 *Rural-urban linkages and the livelihoods of the poor*

In examining the potential for municipal economies – and the policies towards them – to foster economic growth and reduce poverty, it is important to recognise 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 labour 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 specialised 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 a country with low urbanisation levels like Mozambique these linkages help our understanding of regional and national economies and place us one step forward in reducing poverty. This is so partly because 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 today is much more ubiquitous, with much activity found not only in rural but also in urban and peri-urban localities.

A study of rural-urban linkages involves examining the role they have played in Mozambique's recent urbanisation, analysing their support to people's livelihoods and income diversification, and understanding how the 'urban' component of municipalities contribute to sustained growth at the municipal and regional scales. These issues are discussed in the next few pages.

4.5.1 Urbanisation without economic growth?

A striking feature of the decentralisation programme in Mozambique is the diversity of territorial units that have been classified as municipalities. This rubric includes major cities such as Maputo, Beira and Nampula and small towns that are hardly more than villages such as Manhiça (see the Appendix for a statistical description of all these municipalities). The very diversity of municipalities highlights the difficulties of drawing a firm line between the urban and the rural, especially for the poorer members of the population. Urbanisation in Mozambique increased dramatically during the war, sadly 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.³⁶

This has led to concerns about Mozambique's urban population growth not being sustained by a demand for labour in urban-based manufacturing industry and services.³⁷ Concern for 'urbanisation without growth' has also been widely expressed in the context of other countries, including sub-Saharan Africa as a whole.³⁸ The phenomenon of urbanisation, although in Mozambique's recent history heavily fostered by war-induced displacement, 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 those 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, the northernmost of the country's provinces.³⁹ Thus, while much of the municipalities' population comprises comparatively recent migrants, a factor our interviews and focus groups brought out repeatedly is that 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 centres 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.

4.5.2 Formal vs. informal employment across the rural-urban spectrum

When discussing livelihoods particularly among the urban and peri-urban poor, a first issue to highlight is that very few of the income-earning opportunities open to them arise in the formal sector. In Mozambique, as in many countries, 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 by our research team many of the respondents looked to the central government to provide secure jobs. The interconnections between Frelimo and economic enterprises stem in part from earlier experiences with socialism during the single party period and the history of authoritarian rule where the party was the primary source of employment. They also grow from empirical observation. Many members of the new business class are part of Frelimo, or those closely associated with the party and even foreign ventures are normally required to have a Mozambican partner, once again often those close to the party.⁴⁰ A frequent complaint that was voiced in almost all of our focus groups is that employment opportunities only went to those associated with the elite. Others, especially in Nampula and Dondo have to depend on a '*padrinho*' (see Box 3) - a godfather or patron.⁴¹

³⁶ Paulo et al., 2007.

³⁷ See, for example, Jenkins, Paul, 2003, "In search of the urban-rural frontline in postwar Mozambique and Angola", *Environment & Urbanization*, Vol. 15, No. 1 (April), pp. 121-134.

³⁸ For a robust rebuttal of this argument see Kessides, Christine, 2005, "The urban transition in Sub-Saharan Africa: Implications for economic growth and poverty reduction", *World Bank Africa Region Working Paper No. 97*, Washington DC.

³⁹ Jenkins, 2003.

⁴⁰ See Pitcher, Anne. 2002. *Transforming Mozambique: The Politics of Privatisation, 1975-2000*. New York: Cambridge University Press.

⁴¹ A similar system has also been reported in Maputo (see Paulo et al., 2007), as well as in other African cities.

Box 3

Padrinhos and jobs

The padrinho system tends to operate in two major ways. A padrinho is someone, often an employee of the municipality or a private enterprise, who knows about upcoming employment opportunities and requirements well before they are made public. This person is also often on the selection committee (if it exists) or is in a position of some influence (such as head of human resources). A padrinho serves to smooth the way for a job seeker in exchange for a payment. Some of the focus group respondents replied that they would have to pay their padrinho up to three months salary in exchange for services. This can create significant problems especially for private sector employers (who may not be aware of the system) as a job is seen by employees as the result of a payment to a well-placed individual instead of individual merit which has to be demonstrated in the workplace. Laying-off an incompetent worker who has paid to secure a job becomes highly problematic for the employer.

The system is also found in the education sector. When schools are overcrowded, the student is too old, or a certain certificate is necessary to advance (sometimes a combination of all of the above) people can make use of a padrinho to make sure that their child is placed on the necessary list by paying a school official.

Those who secure a formal wage employment are not automatically guaranteed a way out of poverty. By and large, formal jobs for unskilled workers tend to be located in or close to the 'cement city' or in peri-urban establishments and are poorly paid. Living costs in cities tend to be quite high, once basic expenditures of food, transport, service infrastructure and social services are taken into account. A common complaint in the focus groups was that "today, everything must be paid in cash". Rather than in the smaller towns and cities this is echoed perhaps more loudly in Maputo where research on poverty shows the central importance of employment and income, and where money "is an integral part of most relationships". And yet "formal employment opportunities are scarce and most people depend on a fragile informal economy with low returns". Thus, "despite relatively low household dependency rates, high levels of education and good access to health services, the urban political economy makes it difficult for the poor to convert them into increased income and consumption".⁴²

In addition, the large number of unemployed workers acts as a dampener on employee demands. As one retired worker of the Lusalit factory in Dondo told us: "everyday there are hundreds of people at the gates of the factory asking for a job; the bosses can do anything they want with the workers because if you complain there are always tens of others ready to take your job". Many private sector employers, particularly in the poorly regulated domestic work, get away by paying considerably less than the minimum legal wage. Collective contractual arrangements rarely favour the workers, as the example of sugar cane workers participating in the focus group discussions in Manhica shows: they argued that their employment is seasonal and poorly paid, suggesting that even the availability of informal sector jobs is no guarantee of long-term employment or improved welfare. The poor enforcement of private sector employment laws offers no guarantee either that working

⁴² CMI. 2007. "Monitoring and evaluating poverty reduction Policies in Mozambique. Study 2: Social relations of urban poverty". *CMI Brief Vol. 7, No. 3*. See also Paulo et al., 2007.

conditions among the formally employed are substantially better than in the informal sector. This forces household members to seek multiple survival strategies as a way of spreading risk, involving whenever possible a formal job in combination with peri-urban agriculture and informal work (for example, petty trading).

Most urban employment can be classified as 'informal'.⁴³ Given the paucity of studies on urban areas other than Maputo, knowledge about what this involves is at best partial. Estimates of the share of the urban labour force involved in what could by most definitions be classified as 'informal' vary considerably. For example, the World Bank's *Country Economic Memorandum* of 2005 includes in this the categories of 'self-employment', 'family labour' and 'employer' shown in Table 7, adding up to 60% in 1996/7 and rising to 76% in 2002/3. INE's informal sector survey of 2004, however, estimates this to be of the order of 50.4% of the urban labour force, with 18.5% in the formal sector and the remaining 31.1% classified as 'unemployed' (though in the absence of social security safety nets it is not clear how an unemployed person can survive for long without some formal or informal income-earning activity).⁴⁴

The vast majority of urbanites, then, subsist on different levels of the 'informal' economy. While the terms 'formal' and 'informal' economy seem quite clear cut at first glance, there appears to be a great deal of overlap on the margins of both in actual practice. In our research, many informants tended to define their position in the economy according to the degree of vulnerability they felt. Our respondents would describe themselves as 'employed' when they worked on a regular basis, with an actual contract and were paid a salary on a monthly or weekly basis. The informal sector, or seasonal or casual labour was described as "going to work" or "I can say that I work, but...". More informally, it is known as *desenrascar* (literally to find a way out, but meaning any work that can hold one over) or *biscato* (casual work). There is of course much blending.⁴⁵ The *vereadores* of Nampula told us that many people come to the city to work on construction jobs and then move into the informal sector when their contract is finished; the same can be said of the more steady seasonal work. On the other hand, 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.⁴⁶ Overall though, our respondents expressed an urgent desire to be able to obtain formal work.

Policy experts are often divided in their view of the informal economy, but most of the municipal political leaders we spoke to have a negative view of it. 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.⁴⁷ Even in a bustling larger city, such as Nampula, where informal traders often bought their goods from established shops, the *vereadores'* view is almost uniformly negative. The outcome of rapid city growth largely from refugees fleeing the war was the city's incapacity to generate 'proper' jobs for all: "tudo mundo virou comerciante".⁴⁸ Outside of the blurred boundaries of criminality

⁴³ We do not wish to enter here into the long-ranging policy and academic debate on the classification of what is and not 'informal'.

⁴⁴ INE, *Resultados do primeiro inquérito nacional ao sector informal (INFOR – 2004)*, Maputo. Jim LaFleur, who works for CTA, a business association, estimates that the informal sector represents around 94% of the national economy (personal communication).

⁴⁵ Paulo et al., 2007.

⁴⁶ Tvedten et al., 2006.

⁴⁷ In the centre and north of Mozambique there are also political ramifications as well. This is described in more detail below in the sub-section entitled 'Politics of inclusion and exclusion'.

⁴⁸ "Everyone has become a trader".

informality represented a lack of purpose and the movement of rural poverty to the urban setting and a lack of knowledge of city life. “These people are from the village; they do not know how to live in a city and how to obey the rules”.

This was echoed across the political divide with the Renamo mayor of Ilha stating: “People came to the cities during the war and they saw electricity, television and phones for the first time. Of course they wanted to stay, but they have no education and nothing to do, they just float around”. Business owners tended to agree with this assessment. A prominent member of Nampula’s Indian merchant community told us that the informal economy represented the nation’s current failings and would lead to a permanent state of poverty for the majority of the city’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 bank. 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 they do not have fiscal costs, informal traders represent unfair competition to formal establishments.⁴⁹

While widely held and to some extent legitimate, however, the view shared by local politicians and formal entrepreneurs disregards the reality that most informal sector traders source their products from formal sector ones, thus providing crucial outlets without which many would barely survive let alone thrive. Glaring examples are the many traders who buy large stacks of mobile phone pay as you go cards and then 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.

The informal economy is also crucial in the smaller, more rural, towns and the peri-urban areas of larger ones. In Manhiça as in other towns, many sell their goods on the major roads to passengers of cars and buses. It gives many women the chance to market their agricultural produce. However, two of the major sources of ‘informal’ income in our peri-urban settings were informal land sales and forms of labour various known as *ganho-ganho* or *xitoko*, 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.

4.5.3 Livelihoods and income diversification

Urban dwellers’ linkages with rural areas vary across our case study municipalities (and no doubt warrant further and more detailed study than allowed by time limitations in this study). In the south there is a long history of labour 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.

⁴⁹ This view is often echoed by formal firms in other contexts. For a discussion on the policy dimensions of the problem in Latin America, see Perry, G. et al. 2007. *Informality: Exit and inclusion*, The World Bank, Washington DC.

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.⁵⁰ For those who own a piece of rural land some distance from the city, 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 km⁵¹, although there are documented cases of *machambas* located some 60 km from a town like Dondo.⁵² Those who work in plots closer to the city - where *machambas* tend to be smaller due to pressures on land from the growing city, 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.⁵³ There is also evidence of low-income urban workers employed as waged labour in privately owned (peri-urban) farms (known variously as *ganho-ganho*, *olimela*, *xitoko* or *xicoropo* depending on the region).

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 monetised. In focus groups the chief worry of many of our respondents was the lack of land (often considered the most important asset) and unemployment (especially for their children) as summarised by the statement "everything today costs money". 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 city markets is a crucial source of cash.⁵⁴

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

⁵⁰ For recent ethnographic evidence from four provinces see Departamento de Arqueologia e Antropologia, 2007, "Avaliação social combinada de pobreza e género em Moçambique", UEM.

⁵¹ Jenkins, 2003, p. 128.

⁵² Verissimo, Céline, 2008, "Maputo-Dondo MPhil/PhD fieldwork report", Development Planning Unit, UCL, (17 June).

⁵³ A case was also identified of a Municipality-supported farming collective in Nampula.

⁵⁴ Verissimo, op. cit.

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.⁵⁵

Thus diverse strategies are necessary to try and eke out a living anyway one can. In the centre and north of the country migration to places such as South Africa is less common, and a previous common destination, Zimbabwe, currently does not hold many opportunities for migrant labour. However, in interviews with Mozambican researchers who have been conducting fieldwork in rural Nampula, they speak of a growing 'rural aristocracy' composed of those who have family members working in the cities that are able to send money and goods, such as clothes and foodstuffs for important celebrations.⁵⁶ While this most likely contributes to social differentiation, it also connects people to urban based markets.

The constant movement 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 formalised agricultural production chains and the underlying infrastructure which seem unable to support trade along long distances (except to large city markets in the north such as Nampula or Nacala, or those closer to major production centres 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, as mentioned earlier, 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 practised 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.⁵⁷ 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 city, 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 we 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

⁵⁵ Verissimo, op. cit.

⁵⁶ Personal communication, Margarida Paulo

⁵⁷ Women are heavily involved with the sale of vegetable products and food stuffs in the informal economy; see Fox et al., 2007.

explored further.⁵⁸ This would point to issues such as identifying a profile of urban farmers, the degree of security of tenure of 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 favours the poor.

4.6 A sketch of the economy of sampled municipalities

In the absence of published information for the 2007 census, the city profiles in the Appendix of this report show how the categories on Table 7 might look like in the sampled municipalities were the shares in the 1997 census to be used.⁵⁹ These are also a useful entry point towards briefly sketching the economic basis of these municipalities whilst highlighting their potential to sustain economic growth. It is worth noting that four of the six municipalities sit on corridors linking the Indian Ocean with the interior of Mozambique and its neighbouring countries on the west and south. This gives them a series of features in common, ranging from the weight of trade and transport services on local employment, to the impact of HIV/AIDS on the local population, including the poor.

Nampula

Using figures projected to 2007 (see Appendix), in Nampula half of the labour force would today be classified as 'self-employed' (*conta própria*), with 14% as 'family labour', while of the 35.2% of waged labour two-thirds would be in the private sector. Given Nampula's comparative economic strength and the national changes outlined earlier, it is likely that the share of government waged labour would have dropped below the 12% projected in the Appendix, a perception echoed by a group of Nampula *vereadores* when presented with these projections. For them, the proportion of waged labour (both government and private) should be lower than these figures suggest as formal sector jobs in, for example, construction, are highly cyclical and numbers may be distorted by isolated projects (such as warehouses built along the road to Nacala) that shed jobs once they are completed. In their view, the vast majority of private sector work in today's Nampula is involved in informal sector activities, mainly retail trade. This is evident in the numerous street sellers, including mobile pay-as-you go 'phone card sellers, busy city markets, car repair shops, and vigorous construction activity along the main roads leading out of town.

But there is also evidence of a comparatively prosperous formal private sector, mainly in trade (given the city's important role in a vast agricultural region, as well as on the road linking the coast with the interior and Malawi), but also in real estate, including a number of newly built hotels, as well as several higher education establishments, few of which are state-owned.⁶⁰

⁵⁸ Mougeot, Luc (editor). 2005. *Agropolis. The social, political and environmental dimensions of urban agriculture*, Earthscan, London.

⁵⁹ This is merely for indicative purposes and should not be used as the basis for planning or policy making; an indication of how significant changes were between 1996/7 and 2002/3 at the national level is given in Table 6, and this could well have been echoed at the municipal scale in subsequent years.

⁶⁰ According to a four-page official description of the city by the Municipality, there are five higher education establishments (Universidades Pedagógica, Católica, Mussa Bin Bique and Lúrio, a Military Academy, and a 'Politécnica', currently being built). Município de Nampula, 2007, "A cidade de Nampula", Gabinete do Presidente (November).

There is also some evidence of growth in the agricultural and agro-processing sector, with nearby commercial farms, which reportedly include two chicken farms for the local market and one incipient large banana plantation near the city destined for the export market. Finally, as the 1997 census figures suggest, the focus group discussions confirmed that a substantial (though unknown) proportion of the labour force continues to be engaged in farming, either in peri-urban locations in Nampula, or in far away locations to which one household member travels for periods ranging between one week and three months at a time. These households probably contain the bulk of the urban and peri-urban poor in a city like Nampula. Of those engaged in this form of subsistence agriculture, women tend to be disproportionately represented (a finding common to other municipalities).

If poverty in Nampula is to be reduced in the long term, there is little doubt that the city must attract investment and create formal sector jobs with higher earnings and productivity levels than most informal occupations are currently able to offer both the poor and non-poor. Such jobs are needed not simply to generate income, but also as a means of securing a skilled labour force who would otherwise seek to migrate to Maputo or elsewhere. The city does seem to offer outside investors some attraction though not without difficulties. Box 2 summarises the case of a foreign investor who employs over 100 workers in peri-urban Nampula. The scheme to out-source chicken production holds some promise in building forward and backward linkages, and municipal officials have recognised it and support it enthusiastically. However, there are serious obstacles to expanding a business under the conditions described in the Box, which include poor skills among the local labour force and poor enforcement of the rule of law under a precarious political balance between the ruling Frelimo party which currently holds 24 out of 45 council seats and the opposition Renamo party holding 19 (one is held by Partido Pimo).⁶¹ Yet another difficulty noted by the investor in our interview is the prevalence of a 'culture' of pilfering among workers that seems to be condoned in practice by the legal system.⁶² Equally or perhaps even more serious for long-term investors is the prevalence of a system of patronage (Box 3) that helps secure jobs to potential employees in exchange for a fee. Insofar as this was mentioned not only by this businessman but seems to be a relatively widespread practice mentioned by focus groups participants in different localities of the country, it presents a serious challenge to the authorities intent on supporting private sector investment and should therefore be the subject of further research.

⁶¹ Município de Nampula, 2007.

⁶² In the absence of systematic studies on this, no generalised conclusions can be drawn from what may be an isolated case of one business run by a white foreign couple. It could well be that ethnicity plays a role here, in that workers might feel that they are owed more by a white employer than their monthly salary, though this remains largely speculation.

Box 2**Peri-urban chicken farming in Nampula**

We interviewed a white farmer who has set a large commercial chicken farm outside of Nampula city. He employs over 100 workers and specialises in the production of live, broiled and frozen chickens, as well as chicken feed. The availability of thousands of live chickens every day has no doubt made a significant difference to the diet of the people in Nampula who can afford them, as well as to the broader region (as far afield as Ilha de Moçambique), as virtually the only alternative is frozen chicken mostly imported from Brazil. The farmer has also started a putting out system where his firm gives one-day old chicks, equipment and feed to local small farmers and buys the chickens back from them when they are ready for the market after deducting costs. At present this involves outsourcing 1,000 day-old chicks every six weeks or so to the 29 small farmers currently employed in the scheme. The scheme is only meant to employ one or two people (typically the farmer and his wife) who receive training and technical support. Given the high costs involved, only one (arguably overstretched) technician is available to provide regular support to the smaller farmers. The municipality of Nampula are very enthusiastic about this business and have given the farmer significant support by for example allocating 300 hectares of land to it in a peri-urban location.

This business model may hold not inconsiderable promise for Nampula's peri-urban economy, but there are a few significant bottlenecks to its future expansion. Although recognising the significant support of the municipality, one initial hurdle that the farmer had to overcome regards the long delay of two years in the disbursement of a central government loan. Perhaps a more serious one is the lack of skilled personnel available in the region, ranging from animal husbandry specialists to lawyers; it would appear that skilled workers prefer work prospects in and around Maputo. Moreover, despite its indisputable agricultural vocation, the region around Nampula lacks any form of technical training in farming. An option being considered by the farmer is to recruit foreign technicians (of which he has only a few at present) from as far afield as the Philippines.

Another not insignificant difficulty involves occasional land invasions by landless farmers, who the farmer claims are being encouraged by local Renamo activists. The municipality has helped to allocate land elsewhere to the squatters, but this seems to have acted as an incentive for further invasions.

Ilha de Moçambique

In contrast to the lively economy of Nampula, the old national capital of Ilha de Moçambique is a compact and congested town of about 17,000 people on an island about 3 kilometres long with visible signs of serious economic decay (for more details see the Appendix on socio-economic profiles of municipalities). There used to be a large cashew processing plant just across the bridge on the mainland in the district (with a population of 32,000 in 2007). According to the city mayor and a former employee of the plant, it closed down in the 1990s with the loss of around 1,000 jobs. No other large scale industry has come to replace it. There are ample signs that small businesses that were operating in the city's main street until a few years or even months ago are now shut. Even the bakery that operated in the island closed down, so fresh bread has to be brought in daily across the bridge. The two city markets in the island show scant signs of activity, with most products coming from as far afield as Nampula and Nacala. There has been growth in construction as some houses are being renovated mostly by foreigners but also by well-off Mozambicans from other localities who use them as holiday homes, while a few tourist and infrastructure projects are also being built. There is

significant potential for tourism in the area, and this is backed up in a historical heritage strategic plan supported by UNESCO and the Norwegian government.⁶³

However, this has not yet been realised and a tour operator we spoke to was generally pessimistic due to the crumbling infrastructure and inadequate sanitation, which he felt damaged the overall aesthetic.⁶⁴ According to the mayor of Ilha the general economic situation has stayed basically the same or improved slightly for those lucky enough to have jobs, but most of the population is in dire straits depending on fishing and farming *machambas* (small plots of land) on the mainland side: “but the land is tired and the sea is temperamental; many fishermen actually end up in debt at the end of the season”. A young man we spoke to whose father is a fisherman told us that his father’s catch averaged only four or five fish a day, some of which were used to feed the family. We witnessed people trying to gain some economic advantage from tourism through the informal economy by acting as tourist touts or selling sea shells and old Portuguese coins they had found on the seabed, but due to their numbers and the lack of tourists, at least in the low season, it can be assumed from anecdotal evidence that returns from this work tend to be generally low.

The mayor argues that the municipal government cannot promote the island as a tourist destination because they lack human resources and cash to do so. They can barely keep up with the basic maintenance operations of local services, and therefore can only hope to be facilitators for outside investment. In his view and that of another *vereador*, a more immediate project to help reduce poverty lies in supporting the construction of a large refrigeration plant on the continent side of the bridge, where fresh fish could be kept thus helping the local fishermen.

Manica

Manica is located in Chimoio province, on the border between Mozambique and Zimbabwe. The city is the last urban area on the Beira Corridor, a road that links the city of Beira, in the shores of the Indian Ocean, to the far west of the country. Due to its location, Manica is an important trade centre not only within its immediate region and province but also beyond, extending to neighbouring Zimbabwe.

The fertility of the soil has fostered an affluent agricultural sector, with small scale subsistence farming coexisting with commercial farms. The local agriculture produces potatoes, manioc, corn and beans, in a subsistence agriculture system where surplus is traded in the city’s markets. Commercial agriculture produces mainly cotton and tobacco. Traders from the south of the country, as well as from Beira and Chimoio, come to Manica to buy agricultural products. Cattle and poultry both for subsistence and trade are also to be found in the municipality.

The city also has some industrial activity, including Vumba Water, one of the largest mineral water bottling plants in Mozambique, some mills, clothing and a shoemaking factory. There is some forestry (IFLOMA). In Manica 37% of the city’s labour force is employed in agriculture, 18% in the industrial sector and 45% in the commercial and services sector (see Appendix). From those workers, 72% are self-employed or family workers, mostly women. The percentage of waged labour is only 28%, and from those, only 10% are women.

The most important recent trend affecting the economy of Manica arises from the economic troubles faced in Zimbabwe since the mid-2000s. This has benefited the local trade sector,

⁶³ Conselho Municipal da Cidade de Ilha de Moçambique. 2007. “Plano estratégico para a gestão do património edificado da Ilha de Moçambique”. See also Technoserve. 2007. “Ilha de Moçambique, orgulho de um povo” (Powerpoint presentation).

⁶⁴ There is also the possibility that tourist based economies can create significant local resentment, as we were told by one local NGO worker: “My dream is for my children or grandchildren to own the restaurant, not wait tables for foreigners”.

with Zimbabweans traders and affluent consumers buying and selling products in the city's markets.

Dondo

Dondo is located 30 kilometres from Beira, the second largest city of the country, capital of Sofala province. The city is in the margins of the Beira corridor, beside the road and the railroad that link the coast of the Indian Ocean in the east to the interior, towards the west. The economy of Dondo is predominantly agricultural but there is also an industrial sector of comparative significance within the Mozambican economy. This includes the industrial plants of Luselite, which supplies construction materials, Cimentos de Moçambique, a cement plant responsible of 12% of cement produced in the country, forestry (MOFLOR, Moçambique Florestal), sugar (Mafambisse Açucareira and the maintenance workshop of the national railroad company (CFM, Caminhos de Ferro de Moçambique). Dondo is the second most industrial centre in the province of Sofala.

There is an active agricultural sector producing corn, manioc and beans through small scale subsistence agriculture and cotton and sugar cane as commercial agriculture activities. In the 1970s abundance of water spurred the production of rice at a large commercial scale in the Pungue river region, but this was abandoned later and is slowly trying to recover its former importance.

65% of the city's labour force works in agriculture, 11% in the industrial sector and 24% in commercial and services, with a large informal sector. Of those in the informal economy, 70% are self-employed or family workers, mostly women. At 30%, the share of waged labour is fairly high for Mozambican standards, with only 7% of women. The economy of Dondo is influenced by the proximity of Beira where a significant part of the labour force commutes to work.

Manhiça

Manhiça is located in Maputo Province, around 80 kilometres from the capital, in National Road number 1 (EN1). This location influences the city's economy, with trade linked to road traffic constituting an important element. Agriculture also plays an important role, with corn, potatoes, beans, bananas, manioc and rice, mainly in the form of small scale subsistence agriculture, with any surplus typically sold in the local market. There is also cattle breeding, though this activity is reducing its importance in the region.

Besides small scale farming agricultural sector, Manhiça is the site of commercial agriculture, with sugar cane plantations and two sugar processing plants: the Maragra Company and Xinavane, two enterprises that concentrate 65% of waged labour of the city. In Manhiça 73% of the city's labour force worked in agriculture, 10% in the industrial sector and 17% in services, in which there is a large informal sector, especially in commerce. From those workers, 84% are self-employed or family workers, mostly women. The share of waged labour is 16% and, from those, only 19% are women.

Maxixe

The municipality of Maxixe is located in the Inhambane bay on the shores of the Indian Ocean. The mainstay of the municipal economy is agriculture, though fishing also plays an important role. There are jobs (though unquantified) in coconut harvesting, with the bulk of output sold to three factories that process the nuts for the production of oil. The small scale agriculture is basically for self consumption, and the agricultural products sold on the city market very often come from another cities, provinces or even from South Africa.

In Maxixe 55% of the city's labour force is employed in agriculture, 14% in the industrial sector, 31% in commerce and services, comprising a large informal sector. Of informal sector workers, 79% are self-employed or family workers, mostly women. At 21%, the city has a lower percentage of waged labour than Dondo or Nampula, with only 19% are women.

Maxixe's service sector has recently experienced some incipient development, particularly around tourists attracted to the beaches near the neighbouring city of Inhambane.

4.7 The politics of inclusion and exclusion

Several authors quoted earlier have argued that the unprecedented economic growth Mozambique has enjoyed since the late 1990s has been largely pro-poor. In our research, however, many respondents felt that the fruits of the new economy seem to be concentrated in the hands of a small elite. Worryingly our informants' perceptions of exclusion often take on a political dimension, especially in the centre and north of the country where competition between Renamo and Frelimo is at its most intense. The boundaries between the ruling Frelimo party and the State have historically been blurred since independence, and this vagueness has not been entirely erased with the onset of democratisation and a multiparty system. In urban and peri-urban areas many former Frelimo party cells have simply become local administrative centres, but it is popularly suspected that their loyalties continue to lie with the party.⁶⁵ Respondents in many of our focus groups and interviews felt that it could be unwise to question the decisions of local leaders as it would often lead to them being labelled as a partisan for the opposition. It often appeared that one had to ingratiate oneself with the locally dominant party to be meaningfully included in the economic system.

The politicisation of inclusion and exclusion can bring some benefits. Both Nampula and Dondo are bustling, relatively prosperous cities. While their current prosperity is no way simply a direct result of the favour of the ruling party, their importance has meant that government takes a keen interest in them. Dondo is the only municipality that Frelimo enjoys full control of in the Sofala province, a heartland for the opposition party. This municipality has a considerable amount of industry for a town of its size, including fibre, cement and milk factories and a base for the national railways. In interviews many of our respondents felt that Dondo was benefiting from its position as the only Frelimo municipality in Sofala and that had spurred investment.

Nampula, the third largest city in Mozambique and often referred to as the 'capital' or 'queen' of the north appears to enjoy a similarly privileged position. The city has the natural advantages of a rich agricultural hinterland, a strategic position sitting astride the major transport corridors of the north, linking to Malawi and Zambia, and it is one of the major centres of the Indian merchant class. Renamo enjoys considerable strength in Nampula and Frelimo managed only a relatively narrow victory in the last municipal election, winning 24 seats to 19.⁶⁶ Frelimo has expended considerable effort to 'recapture' the province of Nampula from Renamo and because of the provincial capital's strategic economic and political importance we were told in interviews that the central government watches over Nampula with considerable care. Thus the ruling party is eager to try and stimulate investment in the area and stop the opposition, who still has a social base in the area, from becoming the dominant

⁶⁵ For a discussion of the governance dimensions and lessons learnt at the municipal level since the onset of decentralisation, see the chapters authored by Cabannes, and by Vásquez and Ilal for this study.

⁶⁶ Município de Nampula, 2007.

political force. Thus it is widely asserted that one has to have some sort of connection to the ruling party and be considered 'loyal' to attract economic benefits.

However, the politicised atmosphere can also lead to competition and charges of politically motivated exclusion. The example of peri-urban chicken farming discussed in Box 2 illustrates the potentials and pitfalls of collaboration between political and economic structures, as they can be viewed as partisans for one side or another, with the poor farmers who work for the enterprise caught in the middle. The smooth running of the white farmer's operations could well be jeopardised (and possibly his considerable overall investment) were the opposition to win power in the upcoming municipal election. This is more so as it appears that local Renamo activists have had a hand in the recurring problem of land invasions.

Another worrying development our research team encountered was found among peri-urban residents in Frelimo-controlled municipalities in the centre and north of the country. Residents of peri-urban areas in Nampula City and Dondo that were associated with the opposition claimed in focus groups that they suffer discrimination manifested in difficulty in finding employment and infrastructure provision. The situation in the south of Mozambique is somewhat different as the ruling party is deeply entrenched in the area and historically Renamo has had a very limited social base in southern districts. Respondents of our focus groups in the south tend to hold individual government personnel responsible for problems but continue to vote for Frelimo. While we do not have the necessary information to argue conclusively, one wonders if the lack of competition may not be detrimental as Frelimo focuses their limited funds to try and secure areas where they are weaker, in a situation made worse by the fact that many aid agencies focus their efforts in the centre and north as these areas have arguably been historically marginalised.

The situation was different in Ilha de Moçambique, the only Renamo run municipality in our sample. We are not aware if specific *bairros* are being penalised for supporting one side or the other, but there did seem to be something of a deadlock appearing between the Renamo run municipal government and the Frelimo appointed district government. This is especially problematic as the district boundaries overlap the municipal ones, leading to many disagreements over jurisdiction.⁶⁷ The mayor of Ilha complained bitterly of his marginalisation by wider, Frelimo dominated power structures, while the Frelimo run district government took us on a tour of the municipal run infrastructure that no longer functioned and pointed out the district run projects they are implementing. This includes the construction or upgrading of four public toilet blocks financed with central government funds. This is undoubtedly a highly relevant project both on the grounds of improving health and attracting tourism, for many dwellings in the *makuti* (palm roof) *bairros* are below sea level and most lack individual toilets, leading to a serious problem of open defecation in the beaches. Although the construction of these toilets is fairly advanced, the district officials confirmed to us that it is the municipality's responsibility to maintain them on a daily basis. Given the shortage of funds about which the mayor complained to us (see earlier), it is likely that the toilets will soon fall into disrepair and users will resort again to the beaches. This and other similar examples suggest that, as service provision has the potential to be a deeply politicised undertaking, there is the danger that projects get lost in political competition and that many of the supposed beneficiaries feel that they need to be associated with one side or another to be eligible.

Current national development policies of the central government focuses on the development of rural 'growth poles', as they are commonly known, in a move to reduce poverty where it is

⁶⁷ See chapter by Cabannes in this study for a more detailed discussion of the relationship between districts and municipalities.

felt to be the greatest. However, this is not a neutral, technocratic process, but instead deeply, and perhaps inevitably, influenced by historical, social and political factors. One of the authors was told by a Mozambican aid worker who focuses in urban issues and decentralisation that the government's current development plan is akin to what occurred concerning the police after the civil war. One of the provisions of the peace agreements was that the army be mixed with former combatants from both sides. In response Frelimo turned their attention away from the army and increased funding to the police, an institution that is widely seen as loyal, above all, to the ruling party. The police are now the most significant armed force in the nation. The analogy was that, by placing resources and power in district structures, which are still appointed by the central State, the danger of losing power in municipalities through elections is mitigated. While it is impossible for the authors of this report to prove this assertion, it points to the importance of recognising the political situation as it actually exists in Mozambique and that current processes of exclusion and inclusion are also shaped by ongoing power struggles between the two major parties. Policies that take this into account may be more modest, but perhaps more successful in the long run.

Finally, it is worth highlighting briefly the gender-specific nature that exclusion might take. Numerous reports preceding this study have highlighted the dominant gender politics currently promoting a differential access to and control over resources and assets within a household and within communities, impacting on women's and men's dissimilar livelihood strategies. It is well documented that female educational attainment rates are consistently lower, although recent evidence indicates that the gender gap in that respect is narrowing at least at the primary level. Were the same progress to be sustainably attained in the subsequent secondary and tertiary levels – especially in the peri-urban and rural zones of municipalities – one might be looking at one potential factor to start reversing the high female labour ratios in agriculture, more so among the predominantly unskilled. In terms of access to and control over monetary-based resources and assets, persisting patrilineal practices in the south (Inhambane; Maputo province) in the form of for example dowries, impact negatively on the empowerment of local women and their entitlements to land and other assets. A relevant telling example in that vein was witnessed by the team in the municipality of Manhiça, where the self-proclaimed gender-aware local elected official referred to the scheme of awarding land titles of the reclaimed rural-urban territory only to male offsprings of selected households, because “the daughters will anyway start their married lives with a dowry including most probably a house or a land”.

5.0. **Municipal governance and poverty**

Municipalities are a relatively new reality in terms of the institutional structure of Mozambique. Their origin, in the process of decentralization started in the mid 1990s, is recent, and that directly impacts on their capacity of being a relevant actor in poverty reduction efforts. Their institutional structure is ruled by the Autarchy Law of 1997, which outlines municipal functions. According to the Law, the attributions of municipalities are: “a) local economic and social development; b) environment, basic sanitation and life quality; c) public services; d) health; e) education; f) culture, leisure and sports; g) autarchy policy; and h) urban infrastructure, construction and housing.”⁶⁸ From this array of functions it can be argued that much of what local governments are meant to do potentially impacts, directly or indirectly, on urban and peri-urban poverty.

However, in general municipal managers still consider themselves quite inexperienced from the point of view of institutional action, which implies difficulties in conceiving a more strategic and systematic action in this field. In this sense the action of local government 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. In our interviews with government officials, it is evident 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 absolute poverty is, doubtlessly, one of the priorities of action for municipalities. And this commitment is usually included in the electoral manifestos of elected presidents. And here lies the first element out of which one can evaluate the impact of the implementation of municipalities in terms of poverty reduction. The elective nature of the function of municipal president makes that the same needs to take care of the poverty issue. “Most government platforms reflect the demands of electors, and the poor are the majority. Therefore, the government plans are likely to prioritize the most severe problems, amid them poverty”.⁶⁹

In the Electoral Manifesto that guides the programme of the presidency of Manica, for instance, the subject explicitly arises already in the introduction: “Our great challenge is the combat to absolute poverty at the level of the autarchy...to caress children, to support the poor, the physical handicapped and the most unprotected...to fit women into sustainability projects... and to see the life conditions of citizens improved”⁷⁰. This example of Manica means a kind of approach that certainly applies to the electoral manifestos of the other municipalities analysed in our study, serving as sample of the commitments established between the candidates and the citizens.

From the more general point of view of the process of decentralization, the creation of municipalities also embodies the emergence of a new social actor in the implementation of poverty reduction policies. Beyond their role in the structure of the Mozambican State, materialized in their interaction with national and provincial governments, municipalities bring about new dynamics. On the one hand, local governments are emerging as the local interlocutors of international donors. On the other hand, cooperation among municipalities is

⁶⁸ Government of Mozambique. 1997. *Boletim da Republica. I Série, número 7* (February). page 36 (4).

⁶⁹ Interview with José Manoel Elijah Guambe, MICOA.

⁷⁰ FRELIMO. Manifesto de governação municipal da Cidade de Manica 2003/2008. Comitê da Cidade de Manica, 2003, p. 2

potentially an important instrument of replication of successful projects, programmes and policies, multiplying the impact of good management practices.

In the first case, the sampled municipalities represent legitimate interlocutors to donors. It is the case of the action of construction of markets in partnership with Spanish cooperation, in Vila da Manhiça, of the projects of rural development implemented in partnership with GTZ in Manica, of sanitation projects made in Dondo with the support of UN-Habitat or Ilha with SDC. Also in Dondo Austrian cooperation provides training in planning issues for the municipal Managers, and funded the building of the new municipality city hall. Municipalities, therefore, allow international cooperation organisms to make a dialogue closer to local communities, represented by directly elected leaders.

On the other hand, the dialogue process of municipalities amid one another has been an important space of information exchange and dissemination of good practices. The exchange of successful experiences amid local governments, as we shall see later, has allowed that successful projects in some municipalities may be eventually replicated in others. ANAMM plays an important role as it provides a forum of debate and articulation for municipal governments.

5.1 Municipalities and the PARPA

The action of municipalities to reduce poverty is related to more general plans of the central government relative to the fight against absolute poverty. The Action Plan to the Reduction of Absolute poverty for 2006-2009 (PARPA II) by the Mozambique Administration aims to decrease the incidence of poverty from 54% in 2003 to 45% in 2009. This document follows PARPA I from 2001-2005 (Mozambique Administration, 2001), keeping in common the priorities in the areas of development of human capital in education and health, of improvement in governing, of the development of basic and agricultural infrastructure, of farm development, and of improvement in macro economic and financial management.

In PARPA II the municipalities are included as part of the process of reform of the public sector, which is considered one of the basis of the process of poverty reduction. Amid the specific aims of this reforming process is the “strengthening of the institutional capacity of local governments”. And in this field, beside several references to district governments, we can find three direct references to municipalities: “g) to conclude the diagnosis on the creation of new autarchies in light of the article 5 of the law 2/97; h) to consolidate and expand the number of autarchies and; i) to approve and implement the Policy and Strategy of Urban Autarchy Development”. The Plan also refers to local level when it mentions the strengthening of the management process of both sectoral and inter-sectoral policies at many government levels and to the dialogue of the central government with local governments and civil society⁷¹.

In this field the PARPA sets clear aims in terms of the performance of municipal governments from the point of view of the execution of the aims of fighting against poverty. To the ministries related with local governments, notably the MPD and the MAE, growth indicators of the financial autonomy of municipalities are established, through the development of the local capacity for generation of revenues. Likewise the autarchies are recognized as important

⁷¹ Government of Mozambique. 2006. Plano de Ação para a Redução da Pobreza Absoluta, 2006/2009 (PARPA II). Maputo, pgs 77, 78 and 85

elements in order to decentralize and qualify the mechanisms of public management to make poverty reduction more efficient.⁷²

As a rule, therefore, municipalities must coordinate actions and share experiences with those of central and provincial authorities. However, in practice, the action of municipalities is poorly integrated with PARPA actions. In the sampled municipalities, it was seldom possible to identify a more explicit relation of municipal action with the plans of the central government, except in very peripheral ways. In all municipalities the interviewed managers say and show 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.

One important reason for that is related to the organization of state institutions. The ministries of the central government are more used to deal with the provincial and district level governments, which are politically and structurally closer to central government. This problem is perhaps more acute and visible when the municipal governments are led by Renamo, the main opposition party. Existing problems of working in a more coordinated manner with the central government are possibly more intense when there is no common party among the different levels of government.

Only in Maxixe it was possible to identify some explicit articulation, as the municipality tries to link itself with civil society through the Poverty Observatory⁷³ at provincial level. This initiative to monitor poverty reduction efforts and give voice to civil society, in line with the PARPA at national level is slowly being decentralized to the provincial level.

The results of a 2003 study still seem to stand. "PARPA is not really recognized and sometimes not even known among officials at the local level...If it is known it is seen as something that is not relevant at that level. The one District Director of Agriculture informed the team: 'PARPA is an issue at the central level, in Maputo. Not here. Here we are just implementing what they are planning.' This comment clearly shows that the purpose and even the concept of PARPA has not (yet) been communicated down to that level."⁷⁴

The lack of reference to PARPA by municipal officials, however, does not mean that the new autarchies are distant from the national poverty reduction efforts. Our observation suggests that, as relates to PARPA guidelines, provincial and national governments can usually count on the support and collaboration of municipalities. Municipal efforts to expand infrastructure networks and social services are some of the aims of the Plan, as is the consolidation of autarchies. None of the interviewed municipal presidents and local officials explicitly mentioned PARPA in their description of municipal actions on poverty reduction. But several of them pointed out amid their core priorities the subject of poverty reduction, thus echoing the discourse of central government.

It is possible that, in some cases, the districts, as part of the structure of the central government, take the lead in implementing initiatives linked to the PARPA. But the municipalities, in some way or other, have to deal with the effects of poverty. Their role as a public service provider relates directly to many aspects of urban poverty, especially as regards

⁷² Government of Mozambique. 2006. p 163, 164.

⁷³ Poverty Observatories are structures created by civil society organizations to monitor PARPA actions.

⁷⁴ Roll, Michael. Decentralisation, PARPA/swaps and poverty reduction in mozambique 2003 (Of-Briefing Report). Sociology of Development Research Centre, University of Bielefeld (Germany) February 2004. p 3

education, health and social welfare. On the other hand, the municipal role in urban planning, infrastructure and environment is often focused on poorer neighbourhoods, which are the majority in Mozambique's urban areas.

Such a disconnection between the existence of a national plan and the daily practice in municipalities, also reflects in the perception of the population about government action. From anecdotal evidence and the results of the focus group discussions, it is clear that the poor, who in theory are the object of the actions of the PARPA, have little awareness of its existence.

This seems true at a national level too. In the 2004 Annual Poverty Report by the G20, a group of organizations whose objective is monitoring the PARPA from the civil society's point of view, the results of a survey showed that the majority of the citizens interviewed were distant from the debate. "Despite efforts made by the government and civil society to foster greater participation of citizens in the decision making process, 70% of citizens and half of the institutions have not participated in any meeting to discuss the issue of the poverty in Mozambique".⁷⁵

5.2 *Municipal government actions on urban poverty*

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 on 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 too centralized, which limits the range of the 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's role in this field.

In this section we examine the areas in which municipal authorities can contribute to poverty reduction under its many manifestations. To the effects of analysis, we have split these actions into three major groups, related to one another. On the one hand, we have the actions, projects, programmes and policies that are related to the access to urban public services. They directly affect the material conditions of the life of the population. On the other hand, we also have the dimension of the action of the municipal government on economy, i.e. the initiatives that contribute to the generation of jobs, income and local economic development. And finally a more intangible but equally important dimension that 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.

5.2.1 Expansion of education and health

In several of the sampled municipalities it was possible to identify efforts by local authorities to improve school facilities. Responsibility has rested with the Ministry of Education, but according to new rules, municipalities will be given more responsibility for building, equipping and managing primary schools provided they are capable of taking over these⁷⁶. Although modest, the construction of new schools and new classrooms in existing schools was

⁷⁵ G20. Annual Report on Poverty. Maputo, May 2004. p 20

⁷⁶ Government of Mozambique. Decree 33, article 11, clauses a) to i)

highlighted in interviews with both government officials and community members as one of the main achievements of some local governments.

The results of these efforts are visible in the national level. According to the World Bank the access to school of children from 7 to 12 years increased from around 50% in 1997 to more than 70% in 2003⁷⁷. In interviews with a community leader in Maxixe, and with the *regulo* of Manhiça, the first mentioned examples which would be good results in poverty reduction were related exactly 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. We had just a few schools, a classroom for every 5,000 inhabitants, nowadays we have more schools, EP1, EP2, high schools. Only here in the neighbourhood there are 3,200 students.”⁷⁸

This is corroborated by other studies, such as a broad-ranging study in eight districts in Niassa, Nampula, Zambezia and Gaza provinces: “on the whole, the populations of the four provinces say that access to education and health was the only area showing improvement, stemming from the abolition of primary education fees, increase in the number of schools (in some districts) and improved access for poor children by presenting a poverty certificate.”⁷⁹

As with education, responsibility lies with the central government, though the law contemplates their gradual transfer to municipalities. According to the World Bank health care access increased by 5% from 1997 to 2003. And the situation is better in urban areas: In 2002/3 “68 percent (of urban households) live within half an hour of a health post”⁸⁰. This situation also reflects the effort of the municipal governments to provide access to the health facilities to the population.

This quantitative success is not necessarily matched by improved quality. In the UEM’s study focus groups discussions revealed that “low costs to the access to health services were also mentioned as positive, even though the delay in consultations and shortage of drugs and of health institutions close to the patients’ home (mainly in rural areas) were mentioned as quite troublesome”.

5.2.1 Urban infrastructure and housing

Urban development and housing at the municipal scale 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, mainly in areas known as *bairros de expansão*. 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 for the municipality, as is the case of a housing project clearly aimed at middle income families in Nampula 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.

⁷⁷ Fox et al., 2008, “Beating the Odds: Sustaining inclusion in Mozambique’s growing economy” (Summary). January, p 5

⁷⁸ Interview with Lourenço Agostinho João, líder of the bairro Pecém/Akitima.

⁷⁹ Mate, Alexandre et al. 2007. Avaliação social combinada de pobreza e gênero em Moçambique. Universidade Eduardo Mondlane – Banco Mundial. p 11

⁸⁰ Fox et al. 2008, p 6.

That not seem to be the case in the other municipalities visited, where municipal officials see housing estates as part of their poverty reduction strategies, rather than as revenue generating schemes. In principle, as is discussed in a parallel report on urban land, 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. In principle, this leads 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. "Land use controls have become increasingly ineffective due to widespread corruption at all levels. Plans, where they existed, were often ignored and many developments, whether luxury houses, self-built shacks, or economic activities, took place in inappropriate or environmentally hazardous locations."⁸¹

The municipal government of Manhiça has allocated 1,000 20x40 m serviced plots in three *bairros de expansão* (Aeródromo, Baluquene and Via Férrea) to local beneficiaries, who are expected to finance the construction of a dwelling. It is not clear, however, what criteria were used to select the beneficiaries, nor whether they are expected to build within a certain period. In Maxixe's *bairros de expansão* (involving 15x30 meter plots in the peri-urban area of the city) priority has been given to populations relocated from risk areas, hit by floods. In Manica, in the neighbourhoods of 7 de abril and Manhata there are 400 plots with street infrastructure, water supply and electric power. In Dondo 400 plots were allocated, besides the regularising of tenure in the neighbourhoods of Inhamainga and Mafarinha, with the provision of water supply and electric power, as well as 5.2 km of surfaced roads. Most of these cases benefit but a small proportion of all poor households in each municipality.

Shortage of resources, however, limits municipalities' potential to build and allocate houses as opposed to serviced plots. Yet, in the case of Manhiça, the municipality, through a Dwelling Fund, built 200 houses that are being delivered to young marrying people, and who will gradually pay for the received houses. In other cases, through the neighbourhood leaders, the municipality identifies the poorest people, the most intense cases of social vulnerability, such as widows, orphans, and other extreme situations, and allocates finished dwellings to them, though at a scale that barely scratches the surface of the problem.

5.2.3 Infrastructure and roads

In these processes of urbanization, the municipalities, besides the distribution of land plots, provide basic infrastructure as water and electric power networks. Likewise the municipality is responsible for maintaining the streets and the roads that connect the urban section to the rest of the municipal territory. In the focus groups developed 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 this way have easier access to urban markets and services.

⁸¹ Allen, Charlotte and Johnsen, Vibe. 2006. *An overview of the current state of urban development, planning and land management in Mozambique* (Draft), Massala Development Consulting and Research– Report for Rooftops, Canada, p 17.

The expansion of water and electric power networks is one of the main changes implemented by municipal governments, significantly improving living conditions among the poor. "In urban areas, access to water has improved in the last 5 years. On the one hand, that stems from much increased numbers of public standpipes and wells. On the other hand, the Investment Water Fund (FIPAG) has tried to extend the supply network, focusing on urban areas at the level of municipalities and district headquarters."⁸²

The provision of such services, however, if on the one hand improves living conditions among beneficiaries, it also adds maintenance costs to the families, requiring a monetary income to pay for them. In the case of water, borewells offer virtually free supply (though they do require maintenance and a protective infrastructure), but in the case of electric power and water services the distribution companies demand the payment of tariffs that are often prohibitive to the families that usually just 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.

5.2.4 Sanitation, environment and management of solid waste

In terms of sanitation, municipal action seems to be very limited. Due to high costs, there are no sewerage networks except in limited areas in the 'cement cities'. We 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. In Manhiça the municipality tries to persuade residents to build latrines and bury domestic solid waste. In Dondo the municipality develops an environment educational programme 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, as mentioned earlier, the district government recently built public toilets, though maintenance is left to the cash-strapped municipality (most likely leading to decay and therefore abandonment by users).

Street sweeping and solid waste management are also within municipal functions. From our visit, however, it would seem that in most of the 'cement cities', street sweeping is done regularly, though much less frequently (if at all) in the peripheral slums. Disposal of solid waste, however, is another serious problem. The collected rubbish is often dumped in the city's periphery, with little attention to health or safety concerns, or burnt without any kind of systematic care. The growing volumes of urban solid waste produced is a problem that municipal officials are not prepared or do not have the material resources to face.

5.2.5 Higher flexibility in delivering public services

The creation of municipal governments has facilitated meeting citizen demands for basic services. Local autonomy away from the complicated web of central government departments means that municipalities are in a better position to meet such demands more quickly and efficiently. "In old times, when we needed to repair a road we had to make a request to the District, which addressed it to the provincial government, which requested funds from the central government. That usually took a long while. Now the municipality has its own funds and, if we have the resources, we can have an almost immediate response"⁸³. A similar story was heard from a Manhiça *vereador*.

⁸² Mate et al. 2007, p 69.

⁸³ Interview with Paulo Tiago, técnico responsável pelo sector de obras, Municipality of Maxixe.

5.3 Municipalities and the promotion of local economic development

A second dimension of the impact of the municipalities in poverty reduction involves the role the municipality can play in terms of fostering economic development and livelihoods for the poor (which may involve job creation and income generation as well as other broader actions). This role is certainly limited in the face of statutory limitations and, above all, owing to limited resources. Nonetheless, we were able to identify efforts by local administrations in this sense.

5.3.1 Livelihoods for the poor

The first instrument relates to investment in public works, in which municipalities explicitly seek to hire local labour and promote labour-intensive local projects. Municipal public works can thus have a direct effect on the economy and generation of jobs, a potential which is directly linked to the resources available to municipalities.

In the city of Manica, for instance, serviced plots in the neighbourhoods of 7 de Abril and Manhata were carried out through local building companies, who were required to employ local labour. There are 125 workers in charge of the opening of streets and infrastructure installation. These workers are hired under a provisional regime for local residents. Likewise in Dondo, the creation of urban infrastructure in newly serviced bairros de expansao allows the hiring of local labour with a subsidy equal to one minimum salary (1,500 meticals).

Moreover the 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 amid the poor. Two examples are the creation of labour groups with women to act on urban cleaning in Dondo, following a national emergency programme of "Social Benefit through Work", in which the participants receive 450 meticals for a reduced labour day, which allows that such activity is complemented by work in *machambas*; the local government selects beneficiaries through the national programme and provides them with own resources so as to increase the number of people to be covered. In Manica the government organized groups of women to carry out, in exchange for subsidy in money, control jobs on the effects of erosion along with the planting of trees in streets of peripheral neighbourhoods. These women receive a subsidy that allows them to complement their monthly income. Similar schemes were identified in Nampula.

5.3.2 Local development policies

From the point of view of local development, the sustainability of such initiatives is fragile. The lack of financial resources in local governments, as well as the institutional limits set by the bill of autarchies, significantly limits the possibilities of a more intense action of municipalities in terms of the implementation of encouraging policies towards local economy. As a rule the expectation of municipalities is focused on a possibility of attraction of new investments, especially of industrial units that may generate job and income in the towns.

The interaction of municipalities with already existing companies, however, 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, they all have a systematic interlocution with municipal governments. But such a collaboration is more turned to partnerships on social projects rather than to development policies.

However, development efforts are hampered by limited operational and financial capacity of municipal governments. And the fragility of the local private enterprise, limited trade, associations of growers, fishermen and so on would certainly demand a higher support by municipal governments. This 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 action with local social actors and with the national government aimed to stimulate local development. This initiative, despite its limits, points to a higher qualification of the intervention of autarchies in the field of support to the economy of municipalities. This experience highlights the possibility that municipalities could lead innovative experiences in terms of local development, should they have the opportunity and capacity to do so. The methodology of 'City Development Strategies' developed by Cities Alliance, a multi-actoral process involving citizens, the public sector, civil society and private partners could be a useful tool to generate initiatives at the local level. For this, however, it would be necessary to improve capacity at the level of municipalities, not only among public managers but also private partners and civil society organizations.

An interesting Initiative that is currently under discussion refers to 'Municipal Companies'. This proposal, introduced at the level of the ANAMM Congress in December 2007, aims to give a higher operational capacity to the intervention of the municipality in the economic sphere. This is still under study, as it must conform to central government legal requirements relative to the creation of state-run companies. This initiative, however, may offer an alternative in the sense of empowering the municipalities to act in the area of local development. For Eneas Comiche, president of the municipality of Maputo, it is urgent 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"⁸⁴.

5.3.3 Supporting associational life

An important element of incidence of municipal governments on the 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. "Today they see agricultural activities as a task of their parents, of the elderly, and do not want to work in the fields. We have acted in the sense of moving groups of young people and giving them conditions to work on the land"⁸⁵. A first association on a municipal horticulture project brings together 50 young people.

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 already settled, and is articulating two more associations of fishermen and three of farmers. The example of the experience of the Association of Fishers from Maxixe Norte - Chicute is significant in this. Born out of an initiative by the fishermen, the association was recognized and received support from the municipal government. Through this support it was possible to allocate resources from the

⁸⁴ *O Bangwe*. Number 7, December 2007. p 1

⁸⁵ Interview with Eusébio Manhiça, vereador of the area of urbanização and environment. Manhiça.

FAO, through the Fund of Fishing Support of the national government, which allowed the construction and repair of boats and nets, meeting the needs of 42 fishermen and their families, out of a total of 120 existing in the region. 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 fertilisers.

5.3.4 *Informal economy*

Another area of action of municipalities on economic development involves their role in promoting and controlling trade activities. The municipality regulates trade within municipal boundaries, which implies a much more direct role in the conditions through which trade takes place in municipalities.

With the exception of Ilha, in most cities visited by the researchers, we witnessed active formal and informal trade, in open-air tents and often along the main roads. They are important for the poor, providing both important outlets for products, and places to buy. Municipalities' revenues benefit from such trade, as any trader selling from a stall is required by law to pay a fee to the municipality (currently around 10 Mts. per day). According to the 2002/3 IAF survey, more than 53.3% of the urban labour force is engaged in agriculture, and 19% are "self-employed non-agricultural workers"⁸⁶. So, in a way or another these markets play a central role in the livelihood strategies for a significant part of the poor.

In all the sampled municipalities, local governments try to improve the structures of local markets. The reform and improvement of existing facilities, construction of markets in the poorer bairros, improvement of the conditions of access and hygiene are initiatives found in some cities. Municipal authorities responsible for the markets interact with small traders, seeking to meet their demands and help stimulate commercial activities. In Dondo the municipality has a structure of participatory management in the central market of the city, with the municipality delegating a commission of local traders to the administration of the market.

On the other hand, given the place that market fees has in their revenues, a priority for municipalities would appear to be regulating informal trade and inserting into a more 'formal' structure.

5.3.5 *Support actions to agriculture*

As agricultural activity is part of the survival strategies of the poor (even of those who live in typically urban areas as shown elsewhere in this report) in Mozambique the municipalities also try to play a role in terms of supporting the local production. Once even the dwellers of urban areas often also have their machambas, local governments also regard as their duty the technical support to primary production. This support 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 to qualify the 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 has lacks higher education or technical college qualifications.

⁸⁶ Fox et al., 2008, p 11

In Dondo, the municipality makes a strong fomentation activity by providing technical support and organizing growers in order to maximize the potential of the primary production of the municipality. This action is part of a more general strategy of the local development of the municipality, and is based on an accurate diagnosis that, to combat poverty, it is required to go beyond subsistence culture, allowing the generation of a surplus that may be traded. The municipality counts on a technical staff that supports growers, and undertakes some research trying to identify market opportunities of various products, stimulating their production by growers in the municipality. Though the limits in terms of staff and resources are evident (the municipality only have three advisors in this secretariat), the work is enhanced through collaboration with the small producers.

This process occurs in a participatory way, with the appointment in each community of a person responsible for production and trade, and with the support to pilot experiences with a few individual growers that serve as example so that others adopt the same producing techniques. With such local interlocutors, the municipal government stimulates the dissemination of new products and new processes that allow the expansion of the gains of growers and increase of the income in the municipality. The next step must be adding value to products through agro-processing and perhaps eventual insertion into a national or international commodity chain.

This work reaches not only the typical peasantry, but also has a strong incidence in urban population. In Dondo a significant part of the urban population, especially women, has agriculture as the main income source. Every morning women, whose husbands may have urban jobs in local factories, head for the *machambas* in peri-urban or even rural areas of the city 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.

5.4 *Promotion of culture and participatory governance practices*

A third dimension of the municipal action of poverty reduction involves not so much material conditions but rather the political and cultural dimensions of poverty. Such dimensions, intangible and of hard measurement, are, however, as important as the economic dimensions of poverty. And also here we could identify a positive role of municipalities in the sense of the empowerment of citizens, of the strengthening of participatory practices, of the valuation of local culture and of the recovery of the self-esteem of the poorer citizens. That allows us to say that, also in a political and cultural sense of municipal governments are well placed to contribute, however modestly, to help citizens overcome situations of poverty and dependence.

5.4.1 *Elections, citizen participation and accountability*

The elective nature of municipal mandates has a direct effect on the policies of poverty reduction. According to all the interviewed managers, the electoral process involves discussions with the community about the actions to be developed in 5 years of government. The elaboration of the Government Plans, materialized in the so-called Electoral Manifestos, is a process in which, according to the interviewed managers, the citizens start a discussion of the aims of the municipal management. This Manifesto is later transformed into a Government Plan discussed by the Municipal Council and that is eventually debated with the community in public meetings in the neighbourhoods.

In many of the sampled municipalities, especially Dondo, Manica, Manhiça and Maxixe, interviewed government officials showed great enthusiasm regarding democratic and participatory government practices. In a more or less formalized way, local governments try to foster citizen participation in their decisions, though these are often restricted to consultation processes.

Valorisation of local culture and traditions, efforts to disseminate new values and to hold public debates on several subjects, the search for broadening the educational effort beyond formal networks of education are also important dimensions of poverty reduction, as they go through the non-material aspects of the phenomenon.

The fact that municipal governments are a result of periodic electoral processes has a very strong effect in the relation between the municipalities and the citizens. First of all, the periodic holding of elections creates an effective possibility of alternation in power. Therefore the performance of government officials in front of their electors becomes a criterion of political survival. The elected Municipal Council needs to fulfill the promises of its electoral manifesto as condition to continue its work. In this sense the elective character of the mandate of the municipal president turns into a concrete stimulus to the efficiency of the government. Moreover, a time-limited mandate is a conditioning factor that acts in the sense of the search for efficiency. At least in theory, by holding a 5-year mandate, municipal managers need to take care of the problems and to implement their proposals in a horizon limited by time, which makes them try to solve the problems in the fastest possible way.

The fact that municipal governments are now elected also has the effect of changing traditionally hierarchic relations between politicians and citizens. Prior to decentralization, local government officials used to respond more to their provincial superiors than to citizens. Now elected leaders are more willing to take their electors into account. This new reality has gradually changed the traditionally authoritarian relation of local government officials, replacing it with more horizontal and more democratic relations. In interviews with community members they said that municipal elected officials are likely to be more accessible to the demands of the population than non-elected ones.

However, electoral processes should not be overestimated. The right to choose the leaders is not always considered important by citizens. In the first municipal elections in 1997 “less than 15% of the registered voters turned up to cast their ballots. In the second election, held in November 2003, which were the first inclusive ones, turnout was still relatively low averaging about 28% of the more than 2 million registered voters in the 33 municipalities”⁸⁷. Nonetheless, elections are potentially an effective mechanism to create new relations of responsibility among citizens and public managers.

Another important dimension refers to efforts to increase accountability at the municipal level. Information about municipality’s revenues can be frequently seen displayed in the city hall. In Manica, the municipal government provides a detailed annual report of its actions with data and photographs in the main entrance of the city hall. In Dondo a municipal newsletter provides detailed accounts of local government actions.

All these measures not only increase social accountability of the municipality’s actions but also help build a culture of services delivery in exchange for taxation. Local authorities are making considerable efforts to increase revenues, and part of this effort is linked with the idea that the

⁸⁷ Francisco, A. A. Silva and Matter, Konrad. *Poverty observatory in Mozambique* (final report) SDC/World Bank. May 2007

citizens might see what is being done so they will be less resistant to pay municipal taxes. This effort was also visible in the local markets, as in Dondo, where authorities share with local traders responsibility for managing the buildings in a participatory way, or in Manhiça and Maxixe, where those responsible in the municipality regularly consult with local traders. The person in charge for markets in Maxixe pointed out to us: “if (traders) can see the benefits of municipal actions, they will be more willing to pay their taxes.”

This new reality does not mean that the changes are completely consistent, because ten years is still too short to change a political culture marked by centuries of authoritarianism. In the focus groups in most of the municipalities, the opinion of the poor people about the local authorities is mixed with feelings of dissatisfaction. Reports of corruption at the local level are frequent, involving patronage in access to jobs (see earlier box on *padrinhos*), and difficulties in accessing land, both in rural and in urban areas. And this corruption is, for the people, directly linked with poverty, “related to the causes of poverty, the corruption, the disrespect for the citizens and their rights appear with certain emphasis. These phenomena limit the access to jobs and services, takes to the collapse of the institutions established to the welfare of the communities and create constraints in accessing assets”⁸⁸.

Elected governments do not guarantee an end to past problems. In the focus groups there were many complaints about local government. One related to the perception that programmes and policies usually benefit more those who have political or family links with the authorities. The other was the perception that neighbourhoods that are politically identified as strongholds of the opposition are also discriminated against. And yet, despite these problems, participants seem to express a positive view of democracy. This positive view is related, on one side, with the freedom, the possibility to live anywhere you can and to travel without needing to have permission. And the other one has to do with the possibility to elect the national and municipal authorities.

5.4.2. *Participatory governing practices*

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. In several municipalities municipal officials argue that they seek to consult citizens about the decisions and actions of the local government. Due to time limitations, and in the absence of independent corroboration, little can be said about how effective these consultations are, and neither is it possible to verify how regularly they are conducted, so we have to rely on what was relayed to us by local officials.

In Manhiça the municipality holds monthly meetings in neighbourhoods in which they release government plans, report the results of the developed activities and listen to the population. The General Plan of Actions of the local government, divided into several areas, is discussed in neighbourhoods and occasionally rearranged in accordance with the demands of the dwellers. This consultation allows, depending on the local government officials, a permanent process of reformulation of the government plans. In Maxixe the process is similar, with a systematic process of meetings in neighbourhoods to discuss the policies. According to the local authorities, these meetings may also be requested by the citizens of the neighbourhoods when they think there is a relevant subject to be discussed with the municipality.

⁸⁸Mate et al., 2007, p 19

In Manica the local government acts based on what it calls “participatory governing”. Based on the Electoral Manifesto, the municipal government prepares its five-year plan and annual plans. These plans are approved by the Municipal Council after a process of consultation to the leadership of the neighbourhood and social organizations such as groups of mothers and of young people. This process of discussion is also replicated on more ordinary measures of the administration. According to the mayor, “any decision about a road, a health center, always needs to go through a consultation process. That makes the administration more efficient because the decisions are not imposed, they have to come out from a discussion with the community”.⁸⁹

The process would seem to be more advanced in Dondo, which developed a more formal methodology of consultation to the population. The government plans and the investment budget are discussed with the population both at a spatial (neighbourhoods) and a thematic dimension (with local institutions). The projects prioritized in first place in the discussions in the neighbourhoods are implemented, leaving the others to be carried out as the municipality is able to get additional funds. From the point of view of the relation with organized civil society, this involves the Consulting Council, a Forum where local civil society is represented, which meets every 90 days to discuss, besides the investment budget, the plans, proposals and actions of the local government.

Moreover, the municipality is used to the practice of holding of systematic meetings with the population, through the so-called “open presidencies”, and in public audits about many subjects. At the “open presidencies”, the president of the municipality goes to neighbourhoods to assemble with the citizens, to listen to local demands and to introduce action proposals. The public audits are open meetings of thematic character, in which either the president or the councilmen discuss municipal projects and policies, sharing decisions with the community.

These open presidencies do not appear to be restricted to Dondo. In Maputo, the municipality has also adopted a regular dialogue with the city’s population. This is described in a magazine published by the municipality: “in these ceremonies of social accountability, with the presence of the President of the Municipal Council, Eneas Comiche, in company of the councilmen and other staffs of the municipal administration, the citizens recognize the efforts that the Municipal Council has developed to minimize the problems that the districts have to cope with”.⁹⁰

It can be said that, in many aspects, this kind of meeting can mean not more than top-down information sessions. Lack of experience in participation may turn all these events into no more than formalities. But the fact that the authorities are willing to be accountable to citizens is a first step towards real democracy. In a context of a growing civil society organization, this kind of experience undoubtedly helps to broaden the space for participation. And, if these practices start to be systematic, and the spaces to discuss the problems of everyday life in the municipality become a regular feature of municipal life, the experience of participation may improve the quality and outcomes of the process. The key issue, in this case, is commitment of the government officials to democratic practices.

5.4.3. Increasing political participation

According to the local authorities, the practices of consultation and debate with the population, be they more or less systematic, more institutionalized or not, are constant in most of the the

⁸⁹Interview with Mogueue Candieiro, Municipal President, Manica.

⁹⁰Município de Maputo, 2007, *Acácia Rubra* No. 2, p 3.

analyzed municipalities in our investigation. In this sense the municipal governments are spaces of stimulus to political participation in its many different dimensions of action. Not only in terms of the investments themselves, but in the many aspects of the everyday life of the public management there is the concern of bringing in the citizens to debate. The action of municipal governments, therefore, is made up by a permanent stimulus to the political participation of the citizens.

In Manhiça the process of urbanization of the new bairros de expansão was preceded by public consultations. The Municipal Council makes a proposal to the Municipal Assembly. Once approved, the proposal is addressed to the leadership of the neighbourhood, who call the population for a discussion at an open meeting, and only then, having approved the proposal and included the contributions resulting of the discussion, the proposal is implemented. According to the councilman in charge of the area of urbanization and environment “our governing is participatory, we hold meetings in which all the citizens take part”.⁹¹

In Manica this search for the construction of participatory practices has even produced innovative practices in terms of the planning new areas. In parallel with the “bairros de expansao”, usually sited in a peri-urban area of low population density, the municipality has also become involved in low-income settlement upgrading, where the possibility of opening new streets was hindered by the high concentration of people. The solution they came up with was sharing with the population, in a participatory process, the definition of a new project to the neighbourhood. Out of such a decision, it was possible to design a whole road plan that respected the pre-existing structures, reducing the potential for conflict and involving the local population in the process of urbanization.

The result was a process that lasted over a year, involving government officials, municipality technicians, local leadership, technical advisors and dwellers, in which streets were laid out anew, and new technical alternatives were discussed for water and electric power networks, with minimum disruption to existing dwellings. This process was so successful that it is being replicated in other municipalities. The experience of Manica establishes a new standard in terms of participatory methodologies in urban design and planning.

However it is important to recognize the limits of those experiences. In many ways the process is tainted with a history of authoritarianism. The population itself is used to a pattern of token participation. Many meetings turn to be simply a formal way to legitimize the decisions of the government. One of the reasons is the brutal asymmetry of information, education and authority between government officials and the people, especially in poor neighbourhoods. But democracy is also a process of learning, and having space to discuss the problems of one's community can be a real first step.

Those experiences show that democratizing experiences are not restricted to the electoral process. The formulation and implementation of public policies and programmes can also be a field to implement democratic practices. The range and the effectiveness of these practices can be questioned, but the fact is that rather than the appointed authorities, elected ones tend to be more committed to democratic practices. Maybe it has to do with instrumental reasons, with the need to gain legitimacy that is fundamental in electoral periods, but whatever the reasons, we believe this experience helps expand the boundaries of democracy in cities.

⁹¹ Interview with Eusébio Manhiça.

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. "The participatory government educates a generation. Participation gives rise to a sense of responsibility in citizens about the problems of their city. More than that, the experience of participatory government teaches the importance of the construction of consensus, and has a dimension of education towards cooperation".⁹²

Although this is a slow process, related to the expansion of the education and improvements in living conditions of the population and in the practice of democracy, municipal governments can make a real contribution to it. Undoubtedly there is still a long way to go before a truly democratic political culture takes hold. Awareness among citizens of their rights appears to be 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".⁹³

In the Electoral Manifesto of the elected president of the municipality of Manica, this pedagogic dimension of political participation is highlighted: "such actions are first steps in the involvement of citizens in the solution of the problems of their own community, improving living conditions, deepening democracy... The five years of local administration also enabled citizens and politicians to come closer, in a process from which lessons and experiences can be derived."⁹⁴

5.4.4. Civil society and the private sector

The adoption of participatory practices by local governments stimulates and strengthens civil society organization. Institutions such as the Consulting Council of Dondo, actions in partnership as the ones carried out in Manhiça, the stimulus to the construction of associations in Maxixe, the expansion of Poverty Observatories at provincial level and, in the future, at municipal level, contribute to the valuation of associativism and the autonomous organization of society. The constitution of local decision spaces, as opposed to the old centralization of power in provincial and national bodies, makes more concrete the need of organizing the groups of interests at local level. The possibility of local solution of the problems legitimizes the need of local-based organizations.

In this sense the existence of autarchies as organisms with political and financial autonomy means a powerful stimulus to the strengthening of civil society at the local level. With that the municipalities will be contributing to a higher decentralization of civil society organizations, currently too highly concentrated in Maputo. It is evident that this process will be long and complex, but it is undeniable that the existence of local governments has an important contribution to make.

Local elected authorities implementing democratic practices at the local level are an important foundation for civil society organizations in cities. The fishermen associations in Maxixe, the farmers in Nampula, the small entrepreneurs in Dondo, all of them are discovering and opening new spaces of dialogue with the local authorities in a more democratic way. One

⁹²Interview with Jerônimo Albino Cessito, pastor of Baptist Church, Dondo.

⁹³Fox et al, 2008, p 22

⁹⁴FRELIMO. Manifesto of Governação Municipal of the City Manica 2003/2008. Comitee of the City of Manica, 2003, p. 1

thing is to deal with an appointed authority, the other is to build a dialogue with a local manager who has a mandate that can lose his or her job by electoral ballot.

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 cooperated actions that benefit the poorest. In the case of Vila da Manhiça, Maragra, a big local sugar-producing industry, financed in the urbanization process the installation of the net of water and construction of schools in the neighbourhood of Maciana, in a process that benefited over 15,000 residents.

In Dondo the directors of the companies located in the municipality take a seat on the Consulting Forum, besides sharing many initiatives with the municipality. The councilmen who deal with local development have a direct relationship with the companies, keeping an eye on the evolution of production and including the data in the Development Plan of the municipality. Every month the president of the municipality visits the biggest companies, farms, traders and popular markets. In such visits, he assembles with the people in charge to study proposals of action together. One example of this cooperation was the partnership with Lusalit company, which resulted in the construction of a Health Center both for company employees and the population in general.

5.4.5 Relation with local culture

As mentioned earlier, in Dondo the municipality actively supports local cultural groups, and regards culture as part of a more general policy of their “participatory governing”. Local traditional dance groups are always present in events held by the municipality and are often invited to create songs and dancing out of the subjects under debate. The lyrics, sung in the local language, are an important instrument of dissemination of information and concepts to the population. According to the councilwoman in charge of this area, such groups turn into “spokespersons” of municipal actions. In a country where oral culture prevails, in which illiteracy has a significant weight, the dissemination of the initiatives through singing and dancing play an important communicative role. In Manica, the municipality support a community radio run by a youth group. This radio performs a double role: a) as an instrument of information to account for municipality’s actions and b) as a cultural space to the youth, to express their needs and values

More than that, such a stimulus to the traditional local culture by the municipality also means the rescue of symbolic values and elements that contribute to the integration of wide sectors of the population with the civic life of the town. Contrasting with the formal education at schools, which tend to be Western-oriented and universalist, this rescue attempt of cultural roots contributes to self-valuation, boosting the self-esteem of the population and favouring the inclusion of considerable sectors of the population to the local political process. This cultural dimension of the so-called “participatory government” means an innovating element in terms of municipal public policies.

The traditional African culture is also taken into account by the municipal authorities. One example is the presence and the support of the municipality of Manhiça for the ceremony of the “Ucanhi”, a traditional feast of the region. The speech of one of the authorities is significant to understand the meaning of this comprehension “*Ku luna nguva* is more than the simple act of drinking *canhu* because it represent our traditions. During colonialism we thought it was a

sin and we had to embrace the colonizers' culture and we were forbidden to do these ceremonies"⁹⁵.

The effort of local government officials to improve the participation of the citizens and to face more firmly the problem of urban poverty also involves the recognition of the multicultural and multiethnic dimension of the Mozambican society. And this recognition also requires that the language issue is taken into account when dealing with local communities. Though Portuguese is the official language of the Mozambican State, local government officials, whenever possible, try to work with the local languages when reporting to poorer communities.

In Maxixe, municipal technicians try to learn all the languages spoken in the municipality (besides their mother language and Portuguese) as means of improving communication. "When we speak Portuguese people often barely say a word. When we speak their local language, people feel much more at ease and express their opinions more openly".⁹⁶ This perception of the importance of local languages and the recognition of the value of the local culture are quite an advance since, although Portuguese is the official language of the country, it is fundamental to admit that language is part of the identity of the poor. And the respect to such an identity contributes to bring local government closer to the population. According to the councilwoman responsible for Social and Gender Affairs in Dondo: "When the local language is used there is more interaction, reliability and credibility. The communication is open".⁹⁷

This recognition of the local culture along with this effort of communication mean a great advance even though it is not part of a deliberate and systematic effort. In this sense they show again that municipal governments have been concerned over local particularities and carry out a permanent effort to get closer to poorer groups of the population. Speaking the local language means communicating in a clearer way with those sectors that were deprived of formal education.

5.5 Limits to municipal actions in poverty reduction

The main element that limits the capacity of municipal governments in fighting poverty is the fragility of such institutions in terms of financial resources and structure. The budget resources available to municipalities are far below the required to face huge challenges. The municipal revenues, limited to the standards established by the "Lei das Autarquias" are insufficient to deal with the huge problems of urban poverty. And this is worsened by the lack of equipment and of personnel. All these material constraints limit the effectiveness of municipal efforts to fight urban poverty. Financing adequately local governments should be a very important step to deal with the problems generated by poverty in urban areas.

5.5.1 Limited technical capacity

Another important limit of the action of municipalities is the lack of skills among municipal staff. According to a 2003 study by the MPD, 95% of the permanent staff in the 33 municipalities only had basic education.⁹⁸ The weakness of the technical body of permanent public cadres, that may give consistence and continuity to the administration, regardless of changes in

⁹⁵ *O Zambeze*, 2008, 31January, p 8.

⁹⁶ Interview with Paulo Tiago, of the municipality of Maxixe.

⁹⁷ Interview with Rosa Ernesto, vereadora, Dondo.

⁹⁸ Allen and Johnsen, 2006, p 34.

elected politicians, is one of the main problems faced by municipalities. This weakness hinders the action of municipalities in all aspects, particularly in the areas of physical urban planning, mobilization of resources, and formulation of policies for local development.

According to an evaluation by the Ministry of Planning and Development, mentioned by Allen and Johnsen, the municipalities cope with big problems in terms of technical qualification, which hampers their performance “their institutional capacity is still very weak and they suffer shortages of financial and material resources and qualified staff. The majority of staff have low technical qualifications and are of an advanced age. Staffing structures are excessively hierarchical and promote ineffectiveness. Combined with low salaries, this situation leads to a lack of motivation, high staff turnover and low retention of qualified staff.”⁹⁹

The actions of the central government, as well of international donors, have tried to overcome this obstacle. The Ministry of Planning works in the sense of qualifying the municipal personnel and developing methodologies of participation in local planning out of a territorial vision. The MAE promotes the Program of Municipal Development, aimed at training municipal staff, with a focus on local finances, but also trying to give material conditions in terms of equipment and specialized advisory, by hiring professional such as managers and architects to support the action of municipalities.

In the face of such structural fragilities, the action of municipalities depends to a large extent on the capacity of leadership and on the initiative of the elected authorities. The action of presidents and councilmen is, in this sense, decisive to the success of municipal administrations. As argued by Roll: “To have the ‘right people’ in leading positions in such a process of transformation is much more important than is commonly accepted. It is of utmost importance to have a particularly determined and qualified person in charge of the local state government, especially in the first years of the decentralisation process. Acting as a mediator between external actors like NGOs, donors or higher government levels and the local administration, it depends to a large part on her or him to contribute to a ‘change of mind’ with regard to interaction with the population, responsiveness of the administration and the determination of public servants.”¹⁰⁰

5.5.2 *Misconceptions on the role of municipalities in promoting local development*

Another factor limiting the action of municipalities in seeking to reduce poverty is the lack of a clearer view about government officials on the role of the municipality as a partner for local development. It seems that amid the local authorities prevails the same development concept that drives the projects of the national government, in which development is equated with injections of cash from outside the municipality. Although this view is not made explicit, it was patent in interviews that, for the municipalities the perspective of development and growth involves the settlement of industrial enterprise, outside investors who settle in 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 enterprise, shortage of capital, lack of resources in municipalities to support economic activities certainly contribute in a

⁹⁹ Ibid.

¹⁰⁰ Roll, 2008, p.8.

decisive way to this difficulty of thinking about a development project emerging from local initiatives and resources.

One of the main development dilemmas when addressing the role of municipalities is the lack of resources to finance development projects. Municipalities are heavily dependent on the central government and frequently on donor funding. As lack of financial and human resources are, for most local entrepreneurs, one of the main obstacles to fostering local development, the contribution of the local authorities tend to be very limited. There are some limited experiences of micro-credit and micro-finances but they are not really connected to municipal government development strategies.

5.5.3 *The limits of participation*

Although interviewed government officials may have stressed the participatory nature of their governments, there are significant limitations to democratization. At national level, civil society representatives pointed out that often the processes of consultation and decision shared just a formal way, without an effective sharing of the power. Such limits stem from many reasons. On the one hand they come from the lack of political will and a more systematic experience in participatory processes. In this case the consulting process becomes merely formal and nominal.

This process becomes less formal at local level, as a smaller distance between politicians and citizens broadens the possibilities of a more direct participation of the citizens in the discussions. Moreover, at local level, the complexity of the subjects is usually lower, and the possibility of the community having an effectively active voice in the decision process is more concrete. Even if at level local the participation is more intense and more concrete, it is important to highlight that the initiative is usually taken by the government. The municipality, in a relatively unilateral way, is the one that determines the dynamics and intensity of the process of discussion with the community. In this sense, the commitment of the local governor with the participatory process becomes decisive.

Another limit is the lack of a more systematic methodology that organizes the process of participation that would be able to give more transparency and truly equal conditions of participation to citizens in the process. As a rule the processes of consultation are improvised and organized from the top downwards, which sharply limits their democratizing potential. The simple holding of meetings, no matter how abundant and frequent they may be, does not give a participatory character to governments if the same are not organized in such a way that secures an effective participation.

Moreover, the participatory processes carried out in the municipalities are usually informal and not institutionalized. The consultations made by local governments are processes almost usually started by the municipal governments, when they consider that they must discuss subjects with the population. Even when such meetings tend to be ordinary and very systematic, there is the formalization of the process with impersonal and permanent rules. The exception is the municipality of Dondo, where a more formal systematic participation has been set, which has shown good results. In his city, all the interviews with the representatives of the civil society revealed a high degree of confidence and trust in the local government.

On the other hand, it is important to consider that these limits do not arise only from political fragilities and from the lack of experience of government officials in the participatory process. It is important to consider, as pointed out by the representative of the G20 at the province of

Inhambane, cultural factors such as the lack of a culture of participation in the population. “Sometimes people are afraid of manifesting themselves. That is a heritage from the colonial times. Many people still understand that thinking in a different way is a reason to be rejected. We still do not understand that diverging opinions are part of the human being”.¹⁰¹

The prevalence of a hierarchical culture, resulting from Mozambique’s history, deeply marks the limits of participatory practices. Tribal origins, of hierarchic and traditional content, were followed by the colonial period, in which the rules of relations between the authorities and the natives were highly authoritarian. This period was followed by almost twenty years of a single-party regime, when the possibilities of expression of differences were also strictly limited. Finally, the recent democratization was followed by a process of structural adjustment with the severe consequences from the social point of view, and by the adoption of individualistic behavior patterns turned to competition rather than to collaboration. All these factors are likely to hamper, although do not make it impossible, the development of participatory practices in the social and political field.

5.5.4 *Inadequate formal education*

If it is evident that the extension of school facilities is no doubt one of the big highlights in the actions of municipal governments the success of this process cannot be analyzed from a purely quantitative point of view. The increase of the number of schools does necessarily not mean the construction of qualifications that allow some improvement in life conditions. In many interviews, the inadequacy of the formal education relative to the real needs of the population was pointed out. A representative of private enterprise in Maxixe highlighted of a more practical dimension in formal education, pointing to the absence of a professional formation that qualify technical labour force: “there is a shortage of carpenters, joiners, electricians.”¹⁰²

In the interview with representatives of civil society of Dondo, the criticisms to formal education move towards another direction, less linked to professional training. “The school has not met the practical needs of the people. Education is much more universalist, little related to concrete life. Children study biology at school but get home and do not wash their hands before eating”¹⁰³. In this sense, the pure and simple extension of school facilities does not necessarily mean that the teaching is in fact contributing to reduce the problems of poverty in the country.

On the other hand, the extension of school facilities also raises expectations in a whole generation that completes primary school (EP 1), and many times also in the high school (EP 2) and even so is not able to get a job compatible with this formation. Such a contradiction between the education supply and opportunities may produce conflicts: “There is an emerging problem of alienated educated youth and unemployment which has yet to be analyzed. The issue is not absolute deprivation but rising expectations that may not be met and increasing concentration of power and resources within a limited group.”¹⁰⁴

It is important to highlight that the quality and content of education remains the responsibility of the national government. However, it is fundamental to recognize that the predicted

¹⁰¹ Interview with Antônio Zacarias, assessor of the Sindicato Nacional of the Trabalhadores of the Construction Civil and meansnte provincial of the G20 in Inhambane.

¹⁰² Interview with Joseph Jakes, director of the Associação of Hotelaria and Turismo of the provincia of Inhambane.

¹⁰³ Interview with Jerônimo Alberto Cessito, pastor of the Baptist Church, Dondo.

¹⁰⁴ Vaux, Tony et al., 2006, *Strategic Conflict Assessment – Mozambique*. DFID, p 2.

continuity of the process of decentralization, implicating the gradual transfer of the entire management of primary education onto municipalities remains one of the main challenges directly related to poverty reduction to be faced by them.

5.6 Expectations on the actions of municipalities

An evaluation of the role played by municipalities in terms of tackling poverty in Mozambique also involves examining the expectations of the partnerships in this process. The many social actors involved have different views about the role of autarchies, and such views help us to make up a more plural picture about the efficiency of the municipal action. The opinion of the central government, donors, private enterprise and the very population helps us understand in a better way the role played by municipal governments in this area.

5.6.1 Central government and municipal action

In the evaluation of the MAE, the setup process of municipalities must be understood in its historical context. In a first moment, in the first municipal government term, the work was concentrated on the constitution of local power structures, which limited the operational capacity of municipalities. In the second mandate, “the focus of the action on citizens start to appear, the local governments start showing the first results”¹⁰⁵ However, the MAE clearly identifies the limits, notably the lack of material and human means along with the inexperience of the local administration personnel. Another problem identified by the MAE is the relative overlapping of attributions between the municipal and district levels of government, which often leads to problems of disarticulation of the actions at different government levels. In the face of that, the MAE has developed support initiatives to municipalities, through the Programme of Municipal Development, with actions of qualification of the cadres, providing equipment and formation in the area of the management of public revenues.

At the Finance Ministry the eyes on municipalities are turned to aspects of the revenues and public expenses. “Poverty reduction in the municipality must be tangible, straight on the citizen. But sometimes that does not happen, since municipal finances are in the red and resources are limited. Citizens have not felt yet the impacts of municipal devolution”¹⁰⁶. The fiscal base of municipalities is limited, except for the larger ones like Maputo, Beira and Nampula, and usually revenue collection is insufficient to keep up with the big challenges of poverty reduction, which leads to some dependence on the funds provided by the central government, such as the FCA (Fund of Autarchic Compensation) and the FIL (Local Initiatives Fund). Broadening the revenue capacity of municipalities is one of the priorities of central government, included in the matrix of the PARPA II.

Examining more closely the relation between the central government and the municipalities the picture seems more ambiguous. Decentralisation advances slowly and does not necessarily involve a fairer division of government revenues. PARPA statements about increasing municipal revenues does not seem to be consistent with the new *Lei de Finanças*, that in practice reduces transfers and rates and limits the possibilities of increasing municipal own revenues.

¹⁰⁵ Interview with Joaquim Casimiro Macumbi, MAE.

¹⁰⁶ Interview with Carlos Sitão, Ministério das Finanças.

At the MPD the emphasis of critics is in the sense that the municipalities tend to give priority to service delivery rather than fighting poverty. As the ministry works with long term planning, technical staff have a very critical opinion about the municipal government managing skills. In both MF and MPD the view of managers in relation to the local participatory process is very critical. To the interviewed technicians, the existence of an electoral manifesto, if on the one hand establishes commitments that are likely to reflect the expectations of most electors, on the other hand that may lead to some limitation of the space for a more participatory discussion. In both cases ministry officials said that district governments, who are not bound by an electoral manifesto, have more flexibility to act on citizen demands. Moreover, in the MPD it was also mentioned that the management scope restricted to an elective municipal mandate may also limit the capacity of thinking of policies in the medium and long run, which go beyond a 5-year mandate.

5.6.2 *Civil society and municipal officials*

As a rule, the interviews with civil society representatives, either at the level of nationwide institutions, in Maputo, or at the level of local institutions in the sampled municipalities, point to a positive evaluation of 10 years of municipal governments. Greater spaces for dialogue than before, greater capacity to respond to demands, and more participatory practices, are characteristics highlighted by civil society representatives. But the results of the municipalities also point to other dimensions, related to the local development: "They started to pay attention to the municipality, the actions have a local focus, based on local resources. The municipality gets closer to the community, to the neighbourhood".¹⁰⁷

From the point of view of the civil society at national level, the emphasis has been in improving the capacity of the population to participate. The limits of the organization and fragility of organized civil society in the country are clearly noticed and are still more intense in the interior of the country, especially at municipal level. The G20 has some weight and representativeness in Maputo and other large cities, but just a small presence in the countryside. The efforts of decentralization resulting of the actions of the Poverty Observatory (OP) at provincial and local levels are part of an effort to boost the presence and interlocution of civil society with local governments.¹⁰⁸

Usually, however, the dialogue between the Mozambican civil society and the policies of tackling poverty has occurred almost exclusively at the level of the central government, within the yearly debates of the Observatory in which one discusses the implementation of the PARPA. Some intensification of the process of decentralization of the actions of the civil society, reaching the municipal level, would allow a higher consistence to the municipal policies of combat to absolute poverty.

The existence of elected local governments is seen as a positive element in the sense of contributing to the strengthening of the local civil society. According to the evaluation by a technician from Instituto Cruzeiro do Sul, one of the main institutions that dynamize the G20, "the fact of the decisions being able to be taken at local level strengthens civil society, there is more interest to participate in decisions, there is a real empowerment of the population"¹⁰⁹ From the point of view of civil society, the creation of a culture of monitoring of public policies is generating some learning, as well as the making of networks of institutions in several

¹⁰⁷ Interview with Jerônimo Albino Cessito, Pastor of Baptist Church, Dondo.

¹⁰⁸ For a more detailed analysis of the dynamics of the Observatórios see Francisco and Matter, 2007.

¹⁰⁹ Interview with Dipak Jaiantilal, Instituto Cruzeiro of the Sul, Maputo.

thematic areas such as gender, environment and land. These networks are about to grow also at local level, strengthening the participation of civil society.

5.6.3 Expectations by donors

Few donors, such as the Swiss Agency for Development and Cooperation (SDC), DANIDA and a limited number of others, focus their work on urban issues (see Box). Even those organisations that do have an urban agenda when interviewed report difficulties concerning project implementation. And yet, donors can potentially play an important role in relation to municipalities, by making investments available through mechanisms of decentralized cooperation (e.g. Manhiça, Manica, Ilha), as well as by providing the staff of municipal governments with technical support and training (e.g. Dondo). But such a role, usually positive, may become a factor that limits more autonomous actions of municipal governments¹¹⁰. International institutions often bring their own issues, procedures and methodologies, and try to impose them on municipalities. The making of small qualifications, specific projects, seminars and discussions prevails over the financial support and a cooperation more based on demands and interests of local governments.

Box 4

SDC's work in Ilha de Moçambique

The Swiss Agency for Development and Cooperation (SDC) has had a relatively long history in urban development projects in Mozambique by local standards, especially in regards to decentralisation. In an interview with two staff members of SDC they stressed the importance of taking urban issues seriously, but also frustration at the way some of their projects had turned out. They gave us an example of a project they implemented in Ilha de Moçambique in conjunction with a local civil society group. The city was seriously overcrowded after the end of the civil war with very low living conditions, especially for young unmarried women. Their goal was to try and relocate 500 families to the mainland side. There were serious delays and problems with costing as well as capacity problems with the civil society organisation. They had also not understood some of the cultural and familial reasons that impelled people to stay in the city. By the time the project actually began many of the target population had married or re-married and overall the project can essentially be judged a failure, although there were bright spots such as the construction of a functioning bakery and latrines. Overall SDC felt one of the major problems is that the government lacks an overall vision or coordinated plan for urban development, so even the projects that happen are often small-scale and piecemeal.

Interviewed mayors point out that such imposition of themes and of processes does not contribute to the improvement of the public management. The ideal scenario would be of a cooperation that might more clearly resemble a partnership, “the municipalities know what they want, what they need... we have spent too much in seminars with subjects that are repeated rather than in concrete actions”¹¹¹. According to the interviewed, this view by donors does not contribute to strengthen local institutions, as the protagonism of the process is more likely to be in the hands of donors than municipalities. The demand of the mayors is that the donors act with the municipalities and not above them.

¹¹⁰ For a more detailed analysis of the role of the international cooperation and its relation with the process of democratisation and decentralization see Macamo, Elísio, 2006, *Political Governance in Mozambique*. Final Report. DFID and Hanlon, Joseph & De Renzio, Paolo. *Contested Sovereignty in Mozambique: The Dilemmas of Aid Dependency*. GEG Workpaper, 2007.

¹¹¹ Interview with Francisco Mabjaia ANAMM, Matola.

In any event, the role of international donors as regards municipalities is usually positive, as that means a step ahead in terms of the process of democratization and decentralization in Mozambique. One aspect that stands out is the role that such new political structures may play in the sense of establishing a new standard of political dialogue in the country. Municipal Assemblies are, beside the national Parliament, the only structures in which a multiparty relationship is set in the public management. As highlighted by a technician of the German Cooperation in the province of Sofala, “municipalities are spaces in which one can establish a peaceful cohabitation between parties, avoiding a policy of permanent confrontation”.¹¹²

5.6.4 *Manifestations of the private sector*

From the point of view of the private partners the municipalities are, on one side, valuable partners. Being more linked to the local reality, the municipality is a more accessible interlocutor than the other levels of government, especially for small businesses. But even for the bigger enterprises the dialogue with the local authorities may be fruitful. In Dondo the manager of Luselite, an industry of construction supplies that built a health facility in a partnership with the municipality highlighted that with this initiative the enterprise “answers the municipality’s appeal to fight poverty and improve the living standards of the workers”¹¹³

In Maxixe, the president of the Association of Hotels and Tourism of the Inhambane Province, mentioned the educational efforts of the municipality. In his point of view that was the main task of the local government, decisive to train the workforce. His association, in the provincial level, has more than 160 members and established a partnership with the provincial and the local government to prepare young people to work in the hotels and tourist facilities.

5.6.5 *Expectations by the urban poor*

For the urban poor, as we could see from interviews and in focus groups, municipal governments usually mean some improvement in relation to the previous situation. On the one hand, the expansion of public services can be noticed, especially in terms of the improvement of roads, increase of the school and health networks, besides the urbanization process, which hit a significant number of the dwellers of the cities. All this, despite the limits imposed by the lack of resources that makes that many amid the poor are not reached by such initiatives, brings visibility to a an effective impact of the local governments in terms of poverty reduction.

Even in irregular settlements where focus group participants complain about lack of coverage of basic services, this perception was marked by the identification that “the other”, for residents in the “cement city” or those with good political relations with the government were having their demands fulfilled. That indicates there is some effective visibility of the impacts of the actions of municipalities. Peri-urban settlement participants in our focus group discussions in Dondo saw municipal devolution as a positive thing, but felt that the benefits were focused on urban areas.

More than that, local government elections make authorities and their role as government officials more visible. In the focus groups, even in areas said to be unattended, the references to the commitments taken during elections were significant. Many of the participants refer to the campaign promises along the electoral process. That allows us to say that, although the limits in terms of participation, of organization of the civil society and of the exercise of

¹¹² Interview with Francisco Alarcón, Provincial Team Leader (Sofala), GTZ Decentralization Programme (PPFD), Beira.

¹¹³ *O Bangwe*, Number 30, January 2008, p 2.

citizenship by the dwellers of the municipalities are quite perceptible, democratically elected local governments make authorities more visible, and potentially more subject to political accountability.

From our interviews, be these in the field, markets or neighbourhoods, with civil society institutions and even with government officials, the general perception is that that elected politicians have become more accessible to citizens. In the visited neighbourhoods the citizens said they knew the presidents and councilmen, and many said now they knew who they should address their complaints and demands to. They are aware that the authorities that were not efficient in responding to such demands may be replaced in the following election. This perception is important as it creates conditions so that one can consolidate the concept of the manager public, of the political leader as somebody who must serve the citizens, instead of commanding them.

The process of municipal devolution has contributed to increase awareness about citizenship and citizen rights, still quite limited in the country. Greater accountability and more access to politicians, efforts towards more participatory governing practices, expanding access to public services have been noticed by the population, even if their perception of poverty might suggest the situation has not changed much. This limitation, resulting partly from the eschewed pattern of economic development described earlier in this report, does not obscure the fact that local governments can play an important role in poverty reduction in Mozambique.

6.0. Conclusions and Recommendations

This report's main conclusions and recommendations emerge from a critical examination of the degree to which municipalities in Mozambique are currently able of impacting on poverty. The recommendations further try to gauge where municipalities could and/or should bear the most effective and achievable input vis-à-vis poverty reduction within their current mandate and the jurisdictional and competency framework in which they are called to operate. In the context of an impending deepening of decentralisation in Mozambique whereby the number of municipalities benefiting from a certain degree of autonomy is set to increase substantially, the report seeks to highlight possible mismatches between delivery expectations of municipalities (be this by the central State, donors, or local population including businesses) and the reality identified in the course of this short-term study.

As stated in the terms of reference, the main aim of the present study was to examine the profile of urban and peri-urban poverty and to assess whether the poor have benefited from the unprecedented rates of economic growth recorded in the country in recent years. While acknowledging the serious data limitations encountered in our fieldwork in Mozambique, particularly for a study of this kind seeking to document change below the sub-national scale, we argued in our proposal that this needed to be seen not merely as an exercise seeking to identify and map urban poverty but also in terms of the capacity of municipal economies to create shared wealth and sustain livelihoods for all their citizens, particularly the poor. In this sense, this exercise was guided by the principle of 'shared growth', therein automatically posing questions of distribution of the country's growth over the past 10 years across the country, between and within provinces and urban centres. Accordingly, we sought to identify the existing and potential role that municipal governments could and do play given their current mandate. We did this by building on existing relevant research and archival information, and by gathering primary data through interviews with people at different scales of government, as well as with entrepreneurs and ordinary citizens, whilst probing perceptions (through focus group discussions) of an array of poor men and women, girls and boys in a number of municipalities in the three distinct regions that make up Mozambique.

Based on our research in Mozambique and elsewhere, we subscribe to the view that local government can indeed play a constructive role in a society as an agent of change and development, insofar as it is able to represent more closely the interests of a particular locality and its people than more distant instances of government. We do acknowledge, however, that this may also involve the risk of a disproportionate representation of some specific interests over others within that locality. A decentralised system is no guarantee for the automatic delivery of gains for the poor, particularly when it takes place against the backdrop of ongoing, pressing urbanisation involving the rapid movement of people in and out of municipalities, the net effect of which is a continued and, for the foreseeable future, irreversible process of rapid urbanisation. Thus, national and local governments are faced with two major processes which are unprecedented in the country's history and, as such, are akin to entering uncharted territory. Yet we argue that, on balance, and based on similar country experiences, a process of devolution such as that launched in Mozambique is positive, and one that is currently able to offer a distinct range of benefits to at least some of the urban and, to a lesser extent, the peri-urban poor.

The continuation and deepening of this dual process and a strengthening of municipal capacity to absorb a growing population, sustain economic growth and support poverty reduction efforts poses enormous challenges to all scales of government, civil society, ANAMM and donors (whose actions have been notoriously timid in this respect). It also requires concerted efforts from the research community to document and understand more deeply the nature of the process and trends documented in this report. Given the empirical evidence that poverty is most likely to be reduced in the medium term in the context of a structural shift of people and production towards a more urban-based type of economy, we argue that these are urgent challenges that all key actors should be prepared to take up.

We hold the view that the transition to good governance and poverty reduction efforts can work hand-in-hand, provided the pivotal role is held by a responsive, accountable and effective local government equipped with the necessary understanding of the dual processes mentioned above, as well as devolved powers and responsibilities, relevant capacity and resources, and social legitimacy gained through processes of consultation and ideally also popular participation in local development. The predominant orthodoxy on 'good governance' driving much international aid tends to originate from multilateral and/or bilateral donor agencies rather than at the national or local scale. As a result, reforms are often found to lack ownership and political commitment to translated them into sustainable policy. This study finds that Mozambique is no exception.

In terms of the **conclusions** reached by the consultant team, these range from the more general and overarching ones to more specific ones. These may be summarized as follows:

- i. The reality of municipal development in Mozambique is still 'work in progress' and should be considered accordingly. Eleven years constitute, nonetheless, a substantial enough period for taking stock of challenges, gains and lessons learnt so far to feed into and improve policy and delivery on the ground, as well as an inadequate period to reach definitive conclusions. The Government of Mozambique appears to 'walk its talk' and sustain its commitment to promote decentralisation by further increasing the current number of municipalities across the country. Nevertheless, this occurs at the same time as the GoM directs the large majority of its resources at the districts under a 'rural poles of growth' spirit, therein bypassing the municipalities and/or pitting the latter against the former in every political, economic and administratively efficient sense. This would appear to be more pronounced in municipalities led by the opposition party, Renamo.
- ii. As a general rule, municipal governments have still some way to go towards building both their own capacity and political awareness, as well as position themselves in a more enlightened and innovative manner in local governance arrangements vis-à-vis and in alliance with their citizenry and other local actors. The consultant team established varying, yet overall sufficient, levels of commitment to and enactment of their mandate by the municipalities visited that could be further supported by additional or ongoing capacity building efforts (though we are aware that there is certain reluctance on the part of officials, including ANAMM, for yet more training). It is important here to stress a piece of common knowledge that is often cited yet rarely adopted or adhered to: decentralisation and municipal development do not and cannot occur overnight or automatically; they are long-term processes that require long-term, sustained efforts and political commitment across both the national and the municipal levels.

- iii. The current dominant 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 cease or diminish and urban poverty levels will fare better. As raised at different points in this report, there are several reasons – both methodological and evidence-based – calling for this view to be revisited, instead promoting an alternative interpretation of the rural-urban development nexus in policy. In Mozambique, urbanisation is already happening, presenting policymakers with an inevitable and irreversible process. The evidence shows that those people that do move from rural areas do so because historically urban areas have been highly efficient in absorbing surplus rural labour and increasing real household incomes. Evidence from the two IAF surveys bear this out. Moreover, and although there is no quantitative assessment, remittances from urban households are a major source of income for many communities and individual household members remaining in rural areas. Similarly, members of extended families living in urban areas benefit from produce brought from *machambas* by household members engaged in agriculture for at least part of the year. There is a recognized close link between urbanisation and rural development: well managed towns in rural regions act as centres for agriculture-related industry and service hubs which are crucial in rural development, providing infrastructure connections, business and administrative services and markets. Finally, urban areas generate a disproportionately high percentage both of GDP and of central government revenues, part of which are used to fund rural development programmes. Thriving and dynamic urban areas are therefore a precondition for effective rural development programmes. Municipal officials (and budgets) are ill prepared to understand and face rapid urbanisation 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.
- iv. The phenomenon of urban and peri-urban poverty across and within Mozambican municipalities is not and may not be regarded as static, uniform or homogeneous. It is wide-ranging, diverse and highly complex, given the on-going movements of people and goods, varied natural/locational endowments, (party) political alliances and the differential development/growth paths followed by different urban centres across the different regional zones (North, Centre, South) in the country. Apart from differences in the ratio and intensity of poverty and inequality across and within the six studied municipalities, the profile, spatial location and nature of poverty presents rich variations when moving from the cemented core of the city (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 rule provisions; a variable urban design/form character; and, a different economic structure, where livelihood strategies range from subsistence agriculture to public servants or a melange of formal and informal economic activity carrying distinct gender disaggregation characteristics. Against this backdrop, when trying to locate urban poverty in space, once again a mixed landscape emerges, both in terms of its spatial distribution and, more importantly, its particular nature in the sense of the characteristics it assumes; the avenues and manner through which it is manifested; the particular variables and processes at play underpinning its emergence; and, the particular issues highlighted therein. In conclusion, since admittedly the urban form

across Mozambican municipalities is still evolving, similarly one cannot speak of one, homogeneously conceived, perceived and lived poverty, but rather of a concentration in space of variant degrees and types of deprivations bearing different characteristics. This conjures up a notion of a 'chameleon urban poverty', assuming a different character according to and reflecting back the particular locality from which it emerged. The IAF figures show that, although poverty has by and large been reduced in non-agricultural occupations (and by extension in much of urban areas), there is evidence that income inequality has increased, though more significantly in the south than in the north. Nonetheless, it is important to stress that, in people's perceptions – both laypersons' and civil servants and other key informants – inequality has been rising in recent years, which does not augur well for political stability in urban areas (as the February 2008 riots in Maputo and other cities of the south demonstrated).

- v. Following up the preceding point, poverty-reduction policies and programmes, such as a PRSP, conceived at the national scale, are not easily operationalised on the ground in urban centres, particularly when the urban context is so diverse and much more complex than the rural one, not permitting the automatic and linear replicability of blanket public action addressing poverty. In this spirit, one may not assume the mechanical application of the focus and efforts embraced by PARPA in contemporary 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. When faced with multiple faces of poverty across different loci, a context-specific strategy is required to address it effectively, once that has to be negotiated in the locality itself *by* and *for* the actors directly concerned, including poor urban and peri-urban households.

- vi. Considering what strategies any human development plan is to be supported by, the critical consideration of the presently documented co-existence of formality and informality enters the discussion. By its nature, informality is extremely difficult – if not impossible – to capture in hard data; in this sense, any questions over identifying the precise nature of that co-existence, and assessing the links or the ruptures running through it is an impossible task to undertake within the scope and time allocated to this study. As a result, there are not enough data to sustain any sort of argument over this issue. Much existing research offers only a somewhat reductionist quantification of its possible incidence, but no real understanding of what it involves in terms of the livelihoods of the urban and peri-urban poor residents and workers. The official discourse at the municipal level rejects informal activities partly because they are associated with 'disorder', but partly because they mean reduced revenues for the municipality for which market fees represent a substantial source of income. And yet this view fails to acknowledge the linkages with the formal sector for which informal traders and businesses offer cheap and efficient outlets for their products or sources of services. We concur with CMI's conclusion that the environment in which the informal sector operates must be improved, but differ from their view that it should be formalised. This would not only be unrealistic but would probably 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 labour force.

Specific **recommendations** emerging out of the study and targeting fundamental measures towards securing an effective and progressively evolving pro-poor municipal governance in Mozambique may be grouped under the following categories. 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 (to a lesser extent) municipalities.

POLICY RECOMMENDATIONS AT THE NATIONAL LEVEL

- **National economic and human development policies in Mozambique need to firmly place urbanisation and urban affairs on their agendas; accordingly, the rural-urban development nexus needs to be reviewed in the light of an inter-reliant relationship.** There is a clear recognized link between urbanisation and rural development: well managed towns in rural regions act as centres for agriculture-related industry and service hubs which are crucial in rural development, providing infrastructure connections, business and administrative services and markets. Equally, urban areas generate a disproportionately high percentage both of GDP and of central government revenues, part of which are used to fund rural development programmes. Thriving and dynamic urban areas are therefore a precondition for effective rural development programmes. As a result, urban development efforts need to carry equal weighting in policy commitment, formulation and delivery as rural development.
- 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, instead of reinforcing the existence of two parallel, competing systems that inevitably vie with each other over jurisdiction, political power and limited financial resources, the central government needs to review its 'rural poles of growth' strategy and consider carefully the role, place and future of municipal development therein. Essentially, these two policy frameworks should not and cannot be conceived as separate or in competition with each other, but rather as parts of a bigger scheme of governance, carrying equivalent difference and aiming for the same overarching goal.
- Poverty-reduction policies, such as the future successors to PARPA I and II, should aim at capturing more accurately the particular nature of poverty encountered in the country, more so in the case of urban and peri-urban poverty, given that the urban form across Mozambican municipalities is still evolving and one is faced with a concentration in space of variant degrees and types of deprivations bearing different characteristics. Coupled with the established and acknowledged 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 of essence. Such framework should crucially aim to address both phenomena of growing urban poverty and inequality by adopting a policy harmonisation approach, therein utilising the complementary synergies of policies..**
- Further to the operationalisation of future PRSP attempts at the local level, if the intention on the ground is truly for municipalities to lead poverty and inequality reduction efforts, it is essential to locate this discussion in the context of **an improved urban governance**. If, admittedly, the local level potentially possesses several comparative advantages in identifying, locating and tackling poverty and inequality with an immediacy unparalleled at another scale of governance, the question is *how* best to utilise the 'local level' (including in this notion not simply the municipal representatives and authorities, but the local citizenry

and the private sector, too). It is important to note that this pursuit is set against the absence of any overarching, local development plan guiding action and facilitating multi-stakeholder synergies other than the electoral manifesto of each party accessing power during any administrative period and PARPA II, itself conceived at a different governance scale. In some of the municipalities visited by the team, several interesting local initiatives were observed, whether originating from the municipal leadership or the grassroots level of community-based organisations. However, these appear to be ad-hoc and to rely on the leadership of particular individuals in either sphere of actors. ***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 best at the municipal level, hence contemplate issues of participatory governance,*** utilising tools of participatory budgeting; combatting corruption and clientelism (see box on the *Padrinho* phenomenon) since this is certainly something that the majority of respondents were quite vociferous about with respect to access to employment and education; and, finally, exploring how to overcome risks posed to this process by political rivalries across different governance levels (central-district- local). Reviewing similar international experiences carried on by Cities Alliance (e.g. in the context of the City Development Strategies) featuring multi-stakeholder development participatory planning is a useful starting point that could prove useful in the case of Mozambique.

In terms of institutional and organisational development recommendations, the following are proposed:

INSTITUTIONAL AND ORGANISATIONAL DEVELOPMENT RECOMMENDATIONS

- ***Provision of sustained and effective enablement and support of decentralised development at the municipal level:*** Reduction of urban poverty at the municipal level means helping create those conditions that favour the delivery and management of sustained human development by municipal governments working in synergy with agents at other governance levels. This recommendation embraces a number of actions detailed below, addressing the GoM, as well as the municipalities and international donors. The potential for conflict embodied in current efforts at supporting rural development poles was highlighted earlier. Such strategy would need to be rethought to include an urban and peri-urban dimension whereby urban development is seen as complementing and supporting rural development rather than opposing it. Many municipal governments are engaged in poverty reduction activities (and enhancing the spaces for local democracy to prosper). There is no doubt that local government officials are enthusiastic about endorsing central government mandates to do so, and yet the financial and technical resources they have to do so are pitifully small in relation to the scale of the problem.
- ***Provision of technical support to municipalities:*** Very few donors seem to have recognised the urgency and importance of supporting municipal governments as a way of tackling poverty and generating economic growth. We have briefly documented some of these efforts, which include support in building or upgrading infrastructure, preserving architectural heritage, strengthening governance and building capacity by agencies such as SDC, DANIDA, Austrian cooperation, GTZ, UNDP, among others. Such efforts should be more systematically shared and documented. These are small interventions that, if located within a broader strategy for urban development, may go a long way towards improving municipal management and, by extension, improving livelihoods and living conditions among the poor. One such effort involved French cooperation's support to street numbering and cartography in a handful of cities (of which Nampula is one). Although appearing modest, this is a very important step in helping municipalities manage the territory under their control,

as well as placing the *bairros* of the poor literally 'on the map', a crucial step towards recognising their existence and their daily realities.

- **Promotion of an updated and more diverse information base:** Echoing similar calls in other study reports, there is a pressing need for compiling disaggregated, relevant, timely and reliable information and knowledge to help guide more effectively policies and their effective operationalisation at the municipal level. Excessive reliance on a very limited set of data (mainly IAF) which only offer quantitative 'snapshot' views of some aspects of social development disregards more complex processes of social interaction and pictures of the livelihoods of the urban and peri-urban poor. No studies on municipal economies are available that recognise municipalities' growing potential to generate jobs and wealth in the context of urbanisation and decentralisation. Local chambers of commerce and trade associations (wherever they exist) should be enlisted in an effort to monitor changes in the municipal economy and engage in a constructive, open dialogue with local and central government officials as well as civil society representatives, to thus seek common urban development policies and plans to maximise their potential for growth and sustaining livelihoods.
- **Awareness, knowledge and information generation:** The generation and monitoring of new knowledge requires not only capacity building in terms of technical skills and relevant technical support but, equally significantly, political awareness amongst public actors over the vital role of local knowledge and information production, use and dissemination that is required for the emergence of a relevant diagnosis and solution formulation. ANAMM, the municipalities, MAE, INE and donors are the targeted audience for this recommendation. At the national level, there is the need for disaggregated, municipal information that should underpin the knowledge base of primarily municipal, as well as national policymakers and civil servants and help place urban issues and processes in space (e.g. GIS mapping, cadastre creation, upgrading of irregular settlements, mapping of poverty), and one that recognises the specificities of urban and peri-urban areas. Secondly (and linking to the relevant policy recommendation expounded earlier in this section), there is an acute need for more studies providing a better understanding on rural-urban linkages, of critical importance to urban planning and development policy, given that the country is projected to continue urbanising while a substantial proportion of the population will inevitably continue to live off agriculture.

A number of action proposals arise from the above:

ACTION PROPOSALS AT THE NATIONAL LEVEL

- **Awareness, knowledge and information generation:** The recommendation cited above also entails encouragement for immediate action on the part of national agencies involved in the generation of disaggregated, municipal data and information that should underpin the policymakers' knowledge base on the country's dynamically evolving urban affairs. Equally, more studies need to be commissioned so as to provide a better understanding of rural-urban linkages in the country.
- An important provision in promoting good governance concerns **the mainstreamed use of local dialects** in the relationship between the State and the diverse population groups across the country. Language crucially determines the nature and effectiveness of communication and the possibility of constructive dialogue between citizens and the various state agencies at different governance levels, as well as the promotion of accountability, transparency and an empowered citizenry. The experience of GTZ in Chimoio province,

translating a simplified version of the laws and citizens rights to local languages, is relevant and highly significant. Such action would secure a greater impact if driven primarily at the national level and devolved at the district and local levels of government.

- **Reinforcing and utilising linkages:** In terms of investment of resources, there needs to be an increased focus on and persevering continuation of 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 on both sides. Equally, better knowledge of the role (domestic and international) that remittances play in urban development would be desirable. Learning from experience in other countries (e.g. Mexico), ways can be found of channelling these in a way that further welfare gains at the level of municipalities.
- A further dimension worth exploring further 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 to a clearly identified gender/unskilled labour 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 relevant evidence of this constituting a widespread practice across all municipalities visited, including Maputo. A first step in that direction would be undertaking specific studies that highlight the gender dimensions of subsistence and commercial urban and peri-urban agriculture; this should help highlight the potential for poverty reduction among women engaged in agriculture, who studies have shown to be among the poorest group.
- Given the high labour 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 centres. As the case of chicken farming in Nampula shows, this has the potential not only to create direct sources of income for employees, 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. This would necessarily need to be thought in tandem with strengthening local skills among the labour force, as currently there would appear to be an alarming lack of agro-industrial skills especially away from Maputo province. Again, given how disproportionately poverty affects women engaged in agriculture, introducing a gender perspective in such a measure, so as to promote increases of female skilled labour in productive agriculture would be particularly desirable.

ACTION PROPOSALS AT THE LOCAL LEVEL

- **Awareness, knowledge and information generation:** The action proposal that derives from this recommendation and concerns the local level aims at promoting greater awareness among municipal employees and elected officials of the processes and conclusions described not only in this report, but in other parallel reports in the larger study. Cognisant of the opportunity costs for municipalities and reactions (for example from ANAMM) of what is perceived as 'too much classroom training' and 'not enough practical action', we are cautious about suggesting wholesale capacity building efforts without taking

into account specific municipal realities. In fact, ANAMM is already involved in training efforts that should be supported. But we do feel that, given the urgency and challenge of the twin processes of devolution and rapid urbanisation currently upon Mozambique, an effort is required to improve the skills of local government officials and non-elected staff so that they may be able to engage with urban growth and its increasing demands by being capable of discerning its positive aspects, its 'added value', its potential to create viable alternatives to subsistence agriculture and to help create jobs and reduce urban and peri-urban poverty.

- ***Municipalities can have an important role in articulating local social capital in development processes.*** Development based on mega-projects does not seem to be working for poor women and men. Based on international experiences, alternatives involving small- and medium-sized enterprises at the local level could lead to more positive results. Programmes granting support to local entrepreneurs could be implemented in association with the national government at the local level by the municipalities. The latter 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.

Appendix: Socio-economic profile of sampled municipalities
(See separate file)

ANNEXES

ANNEX A: References

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ANNEX B: List of interviewees

Local authorities/Government officials

Nr	Name	Position	Institution	Municipality
1	Francisco Mabjaia	President	National Association of Municipalities of Mozambique (ANAMM)	
2	Joaquim Casimiro Macumbe	Director	Ministry of State Administration (MAE), National Direction of Autarchic Development	
3	José Manoel Elijah Guambe		Ministry for the Coordination of Environmental Affairs (MICOA)	
4	Carlos Sitão	Manager, Territorial Budget	Ministry of Finance	
5	Dr.Roberto Salomão		Ministry of Planning and Development	
6	Velasco Mbazima		Ministry of Planning and Development	
7	Eusébio Manhiça	Vereador (Councillor), responsible for urbanization and environment portfolio	AM Manhiça	Manhiça
8	Paulo Tiago	Engineer, in charge of Constructions and Public Works	AM Maxixe	Maxixe
9	Ricardo Bernardo Fungate	Vereador, (Councillor) responsible for portfolios of Trade, Infrastructure, Water and Energy	AM Maxixe	Maxixe
10	Olímpia Sumburane	Vereadora (Councillor), responsible for portfolio	AM Maxixe	Maxixe
11	Moguene Candieiro	President (Mayor)	AM Maxixe	Maxixe
12	Gulamo Mamudo	Presidente (Mayor)	AM Ilha de Moçambique	Ilha de Moçambique
13	Amur Abdurraman	Vereador (Councillor)	AM Ilha de Moçambique	Ilha de Moçambique
14	Amindo Marcelo Gove	Secretario Permanente	Nampula District	Nampula
15	Pelagia Focas	Vereadora (Councillor)	AM Nampula	Nampula
16	Carlos Alberto	Vereador (Councillor)	AM Nampula	Nampula
17	Abdul Cafum Buanal	Vereador (Councillor)	AM Nampula	Nampula
18	Gilberta Banze	Vereador (Councillor)	AM Nampula	Nampula
19	Dra Zutina	Vereador Councillor)	AM Nampula	Nampula
20	Lino Gideon	Vereador (Councillor), responsible for Public Works and Urban Planning portfolios	AM Manica	Manica
21	Rosa Ernesto	Vereadora (Councillor), responsible for Social Affairs and Gender portfolios	AM Dondo	Dondo
22	Inácio Custódio	Vereador (Councillor),	AM Dondo	Dondo

	Rosário	responsible for Local Economic Development portfolio		
23	Abdul Gafare	Vereador (Councillor), responsible for Urbanization and Public Works portfolios	AM Dondo	Dondo
24	João Boane	Vereador (Councillor), responsible for Environment and Urban Services portfolios	AM Dondo	Dondo
25	Anselmo Martins Figueira	Vereador (Councillor), responsible for Finance portfolio	AM Dondo	Dondo

Neighbourhood/community leaders

26	Lourenço Agostinho João	Neighbourhood leader	Pecém/Akitima	Maxixe
27	Zacarias José Dash	Neighbourhood leader	Maciana	Manhiça
28	Mandrane Suleimane Ajape	Neighbourhood leader, central region		Dondo
29	Carlos Mucapera	Advisor/Regulo	Nampula District	Nampula
30	André Novidade dos Reis Manhiça	Régulo	Manhiça	Manhiça

Civil society and community members

31	Salomão Muchenga	Spokesman	Youth Parliament	Maputo
32	Ernesto Oitimane	President	Fishermen Association of Maxixe Norte/ Chicuque	Maxixe
33	Ana Farias	Urban dweller		Maxixe
34	Joseph Jakes	President	Associação de Hotelaria e Turismo da Provincia da Inhambane (Association of Hotels and Tourism of the Inhambane Province)	Maxixe
35	Antonio Zacarias	Advisor	Sindicato Nacional de Trabalhadores em Construção Civil, member of G20 in Inhambane Province	Maxixe
36	Orlando Homwena	Artisan		Maputo
37	Isabel Casimiro		Women's Forum	Maputo
38	Marta Cumbe		Community Development Foundation (FDC)	Maputo
39	Ana Lo Forte	Researcher	Antropology Department, Eduardo Mondlane University	Maputo
40	Margarida Paulo	Researcher	Eduardo Mondlane University	Maputo

41	Deepak Jaiantilal		Cruzeiro do Sul Institute	Maputo
42	Jeronimo Albino Cessito	Pastor	Baptist Church	Dondo
43	Anastácia Magaia	Small-size entrepreneur		Dondo
44	Matias Tarquinio	Retired industrial worker		Dondo
45	Sofia Sadik	Entrepreneur		Dondo
46	Luis Mileques	Entrepreneur		Dondo
47	Mouzinho Rafael	Editor	Bangwe Newspaper	Dondo
48	Pascal Pale	Representative	Akilizethu (Association for sustainable development)	Nampula
49	Members		Associação Agrícola 'Ascalena'	Nampula
50	Mohamed Yunuss Adbul Gafar	Businessman		Nampula
51	Gary O'Connor & Tanja Skytte	Farmers		Nampula
52	Emílio Oscar Rodrigues	Agricultural Technician		Nampula
53	Afis Abdul Jamu	Representative	NGO	Ilha de Moçambique
54	Sra. Fernanda	Hotel Manager		Ilha de Moçambique
55	Sr. Kakú	Businessman		Ilha de Moçambique
56	Srta. Maria del Carmen	Small foreign investor		Ilha de Moçambique
57	Sr. Dinho	Manager		Ilha de Moçambique
58	Jim La Fleur	Economic Advisor	Confederação das Associações Económicas de Moçambique (CTA)	Maputo

International donors

59	Dr. Rui Benfica	Poverty Economist	World Bank mission in Mozambique	Maputo
60	Daniel Owen	Senior Social Development Specialist	World Bank, HQ	Maputo
61	Malcolm Ehrenpreis	Gender Specialist	World Bank, HQ	Maputo
62	Pedro Paulino	Provincial Team Leader (Manica)	GTZ Decentralisation Programme (PPFD)	Chimoio
63	Francisco Alarcón	Provincial Team Leader (Sofala)	GTZ Decentralisation Programme (PPFD)	Beira
64	Jaime Comiche	Programme Manager	UN-HABITAT	Maputo
65	Jacob Israel Massuanganhe	Programme Officer	UNDP Mission in Mozambique	Maputo
66	Jan Riemer	Counsellor	DANIDA Mission in Mozambique	Maputo
67	Celisa Quelhas		Swiss Agency for Development and	Maputo

			Cooperation (SDC) Mission in Mozambique	
68	Nobre Canhanga		Swiss Agency for Development and Cooperation (SDC) Mission in Mozambique	Maputo

ANNEX C: Terms of reference of the study

Background

Urbanization is a broad trend across the African continent and around the globe. Mozambique is not exempted from the challenges and opportunities of urbanization. Despite the recent creation of urban municipalities in 1997 and new ones planned for 2008, and the growing demographic and economic weights of urban centers in the country, there is no comprehensive study of the urban landscape in Mozambique. Furthermore, with the 10 year anniversary of the creation of the municipalities approaching in 2007, there is a need to document and analyze the situation in Mozambique's municipalities, their experiences during these first ten years, and the trends associated with urbanization and their implications for policy makers, mayors and citizens. This study will fill existing gaps in our knowledge of urban centers themselves, their interaction with rural areas, and their role in poverty alleviation and economic growth. The analysis will identify the key challenges and opportunities presented by urbanization, and will draw lessons from the relevant experiences in the municipal and urban areas to date in Mozambique, including those with partner support. The study will also develop guidelines for action that would inform the preparation of a future national municipal development program.

Objective of Overall Study

The overall 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 as the basis for an effective and integrated program of action. It will also assist the development partners in determining how best to support municipal service delivery to support growth and reduce poverty in Mozambique. Specifically, the study will seek to:

- (i) Document and analyze the situation of Mozambique's municipalities and trends associated with urbanization from a cross-sectoral perspective.
- (ii) Draw lessons from past and ongoing interventions in the municipal and urban sectors.
- (iii) Identify challenges and strategic options for policy-making aimed at ensuring the sustainability of urban areas.
- (iv) Identify specific opportunities for municipal authorities to improve institutional development, municipal finance and service delivery.

The overall Study will be divided into the following chapters (titles not yet final) and financing agencies:

1. Introduction and urban trends (World Bank in-house)
2. Lessons learned from first 10 years of municipal development (GTZ)
3. Legal, Institutional and Policy context (SDC)
4. Local Governance and Planning (DANIDA)
5. Municipal Finance (World Bank in-house)
6. Poverty and Rural-Urban Linkages (World Bank)
7. Land and Housing (Austrian Development Corporation)
8. Water and Sanitation (Austrian Development Corporation)
9. Solid Waste Management (UN-Habitat)
10. Conclusions and Guidelines for Action (World Bank/other)

Specific Objective of this Consultancy:

The main objective of this consultancy is to examine the profile of poverty in terms of assets and felt needs in the urban areas of Mozambique and to assess whether or not the urban poor are benefiting from the economic growth the country has seen in recent years, and if not why. The study seeks to understand some of the drivers of urban poverty and growth with a view to identifying how urban development could better facilitate more shared growth within urban areas. This understanding will provide basis for

recommendations to municipalities for a local economic agenda to address poverty challenges, taking into consideration their limited capacities and constraints.

Technical aspects

The study will focus on understanding the drivers of poverty in urban areas and how these have exacerbated exclusion of the poor from economic opportunity in a context of significant national economic growth. The specific technical aspects of the study are yet to be determined. Because data is scarce and unreliable, it is expected that this study will conduct in-depth primary research in a representative sample of urban areas.

To the extent possible the analysis will profile not only causes of urban poverty but the determinants of growth in a number of urban centers, and will investigate the extent and the mechanisms through which the poor benefit, or not, from changes in growth. More specifically, the analysis will analyze, amongst other things: (i) the structure of the urban economy, including the natural endowments, major economic activities and comparative advantages of the urban centers; (ii) labor force and employment shares across sectors; (iii) the characteristics of the informal sector and its influence on the urban economy; (iv) the key concerns for the poor and their main constraints in the access to services; (v) the barriers to employment opportunities and investment as perceived by the poor, (vi) and the impact of the quality of urban management and governance in the growth of the economy and the reduction of poverty.

Scope of Work

• Urban Poverty section

- (i) To “*give a human face*” to urban poverty and make visible the ways poverty impacts “the poor” primarily in terms of age groups, gender, ethnic origin, or religion. The understanding of the various edges of poverty is a key issue to be addressed.
- (ii) To map the *assets* of the poor, in terms of both tangible and intangible assets such as cultural values, social capital or unused skills. The work should identify if these assets are growing or tends to erode and disappear. The reasons behind the growing or loosing of their assets should be highlighted.
- (iii) To identify how the poor are making their *livelihoods*, and what are the key components of their *survival strategies*.
- (iv) To identify what are the perceived and immediate perceived *basic* needs from the poor.
- (v) To analyze available statistical data from IAF and other relevant studies, households survey, income statistics, basic needs surveys at national and city levels in order to complement the qualitative analysis. The work will compare, whenever possible, the gap between urban and rural areas at the local level in terms of access to services and infrastructure. To the extent that data permits these comparisons should also be made over time, and by the size of different urban centers.
- (vi) To identify and assess the constraints and needs that Local Governments face in addressing poverty through policies and programs.
- (vii) To identify good practices and policies from Mozambique and other similar countries that could be considered possible sources of references for urban pro poor actions.

- (viii) To present and discuss an agenda for a pro-poor local economic development, taking into account the potential and constraints of the municipalities. This local agenda will address
- (a) the removal of the constraints the poor are encountering to make their livelihoods,
 - (b) to develop their assets,
 - (c) access goods and services and
 - (d) get their share of the existing economic growth.

After all the fieldwork is completed and analyzed, and after the meetings have been conducted, the study will present a number of recommendations on:

- (a) the specific role the local governments could play and
- (b) what are the measures to be put into place in order to allow the local governments to actively increase their pro-poor and local economic development strategies.

Rural Urban Linkages Section

(i) To analyze, on a limited number of cases, the nature and the intensity of three types of flows that link urban and rural areas :

- (a) flow of people, and especially the poor, differentiated by age and gender
- (b) Flow of money (origin of resources, savings, loan practices, added value chain)
- (c) Flow of products and commodities, primarily those that might benefit the poor in terms of income and job generation.
- (d) Flow of information and communication, assessing the impact of new technologies (for instance cell phones, and digital phones pictures) on the rural –urban links (for instance for fixing up agricultural prices).

(ii) To identify which “supply chains “ (*filières de production*) of goods and services have been benefiting the economic situation of the poor and what have been the key reasons. An analysis of key informal sectors and small scale entrepreneurs, “*petits métiers urbains*” will be carried out, putting into light the connections between formal and informal sectors work and how they could be improved, for a better economic growth in the benefit of the poor. One of the key issues to be addressed in the urban /rural linkages study is how rural economy benefit or could benefit primarily from the urban demand on food and other commodities (building materials for instance).

(iii) To identify the specific issues and trends that give rise both to problems and opportunities for poor **peri-urban** dwellers and producers in selected cities. This will involve:

- a. An examination of demographic changes affecting peri-urban areas, identifying broad trends by socio-economic groupings whenever possible
- b. Identifying the specific range of sources of livelihood of the peri-urban poor and how these have changed in the past decade or so, noting particularly the effects of growing commercial activities (such as mining, construction, leisure) on the price and availability of land (and other natural resources such as forests and water streams) used by the poor, as well as potentially lucrative sources of income for the poor arising from these activities
- c. Assessing the potential of urban and peri-urban agriculture both in complementing the nutritional needs of the poor and in providing additional sources of income (through for example horticulture)
- d. Using a small sub-sample of cases, identifying the possible effects that improvements in basic infrastructure (e.g. roads, telecommunications, water and sanitation) might have on enhancing the livelihoods of the peri-urban poor.

(iv) To identify good practices and policies from Mozambique and other similar countries that could be considered possible sources of references for urban pro poor actions.

(v) To present and discuss an agenda for improving urban rural linkages in the perspective of a pro-poor local economic development, taking into account the potential and constraints of the municipalities. This local agenda will address

(a) The removal of the constraints *within* each of the flows of people, money and goods and *between* them,

(b) The removal of the constraints *within* each of the “filières” and between them,

(c) The identification of the contribution that improved rural/urban linkages could make to pro-poor local economic development.

(d) Produce an institutional map for selected peri-urban areas, identifying in particular the effect present arrangements have on the problems and opportunities for the peri-urban poor identified earlier.

After all the fieldwork is completed and analyzed, and after the meetings have been conducted, the study will present a number of recommendations on

(a) The specific role the local governments could play, within the limitations they face, on the removal of constraints for local economic development, and

(b) What are the measures to be put into place in order to allow the local governments to actively increase their pro-poor and local economic development strategies (institutional and legal reforms, capacity building, resource mobilization, local policies, opening of channels and areas of participation, etc).

Tasks for both urban poverty and rural/urban linkages studies.

(i) Design the field work survey (sampling of cities, selection of tools and qualitative methods)

(ii) Literature Review of existing studies and reports, relevant statistics and policies.

(iii) Field survey by the local team and interviewers

(iv) Interviews with:

a. Key decision makers from relevant agencies from the public sector, the informal and private sectors, community based organizations, producers and retailers organizations and representatives of local communities

b. Key partner project coordinators, or potential partners from international agencies or NGOs if located locally.

c. Identification (based on above interviews) and interviews with key stakeholders from municipalities, provinces, national ministries and civil society (such as non-government organizations, professional associations, farmers associations, chambers of commerce).

(v) Field visits to Maputo and the other municipalities of the sample to be selected in consultation with the World Bank and relevant stakeholders and partners.

(vi) Collect and organize data for accessible electronic use

(vii) Analysis and discussion of preliminary findings with coordinators

(viii) Preparation of draft report and power point presentation

(ix) Workshop on draft report

(x) Presentation of final report

Approach and Deliverables

Each consultancy should include a participatory approach including the following:

- Facilitation of contact with various mayors and city officials through ANAMM

- At least one seminar (to be coordinated by the World Bank Office in Maputo) at a time(s) to be determined by the consultant and study coordinators

- The final report will be iterative in nature and require each consultancy to provide relevant data to others once it becomes available

Each consultancy should produce the following elements:

- (i) Work plan
- (ii) Survey method for poverty and rural/linkages analysis.
- (iii) Data/diagnostic report (for use by other chapter authors)
- (iv) Analysis of the findings (seminar/discussion with coordinators)
- (v) Draft report and power point summary of Guidelines for Action including:
 - a. Legal and policy recommendations
 - b. Institutional and organizational development recommendations including capacity building strategies
 - c. Action proposals for national program (if any)
 - d. Action proposals at local level
- (vi) Workshop to discuss all of the above
- (vii) Final report

Outputs

Data organized in accessible electronic format for use by other Chapters
3 electronic copies and 3 hard copies of Final Report

Timing

Work plan and design of field work (1st week)
Field visits and survey (2nd to 6th weeks in field by the local consultant)
Field visit by international consultants and diagnostic (7th and 8th weeks)
Analysis of findings and discussion with coordinators (9th week)
Draft Final Report and Summary Slides (11th week)
Workshop
Final report (end of 14th week)

Reporting

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ANNEX D: Report on focus group discussions

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I. Background and methodology

As part of a World Bank-funded project on “Urbanization and Municipal Development in Mozambique”, under the chapter on “Urban poverty and rural-urban linkages”, a series of focus group discussions (FGs) was held in three municipalities in Mozambique.

The aim of the FGs was to gather data using qualitative research methods that will contribute “to examine the profile of poverty in terms of assets and felt need in urban areas of Mozambique and assess whether or not the urban poor are benefiting from economic growth the country has seen in recent years, and if not why”.

The municipalities covered were: Nampula, in the northern province of Nampula, Dondo, in central Sofala and, finally, Manhiça in the southern province of Maputo. This report is the result of 35 Focus Groups Discussions held in the three municipalities in Maputo, Sofala and Nampula provinces, South, Centre and North of Mozambique, respectively. It includes a summary of key findings and summaries of key findings in each discussion group and includes some analysis of our findings.

Focus group discussions have in recent years become a widespread method of obtaining information regarding numerous topics as a way of complementing information collected through other (qualitative and quantitative) means. Apart from providing an appropriate environment for people to engage in the decision making process and provide their input regarding the topic being discussed, focus groups can also provide insight into issues which cannot be covered on a survey.

A series of nine (9) focus groups in each municipality involving a range of poor/vulnerable groups were organised with participation of people drawn from local communities (see Table 1 for the timetable). In each of the three locations of each municipality, the aim was to engage in separate discussions with group of adult men, a group of adult women and a mixed group of young people. Although no category of human beings can be considered ‘homogeneous’, these three categories were chosen to represent views about the discussion topics from comparatively coherent groups so as to minimise tensions and wide divergences within the group.

The sessions were structured in such manner that allowed participants to discuss in depth the topic they felt was important within boundaries provided by the FG coordinators. In each municipality low-income groups of people were invited to share their thoughts, feeling, attitudes and ideas on issues related to the opportunities and constraints they face in sustaining their livelihoods and exploring what role local authorities play in them.

Participants were recruited from among the general population and were given an incentive of an equivalent of USD10 each for their cooperation. Discussions lasted approximately 90 minutes each. The discussions were preceded by a compilation of economic profile in each specific location to help the researchers who conducted the discussions to refine a set of questions and topics and better understand the background to the discussions.

The following issues were explored with participants:

- Participants' relation with the market, including the labour market;
- Culture and religious references;
- Civic culture and civil society;
- Politics and public policies.

In Sofala and Nampula provinces we could not scrutinise the participants beforehand nor choose the 'bairros' on the base of poverty profiles. Municipal officials indicated the 'bairros' and in most cases we selected participants from larger groups of people called on by the local authorities.

Also given the proximity of the 2008 municipal elections, in all municipalities where focus groups discussions were conducted, local authorities were suspicious and though we tried our best we could not be totally certain that among the participants there were no people with links to authority or leadership whose presence might intimidate or in some way influence other participants' views. However, despite these problems, we are satisfied with the results of the exercise and believe that the findings meet the objective of complementing the scarce quantitative and qualitative information available on these matters in Mozambique's municipal context.

Table 1: Focus group timetable and language

Location	Date	Language
Manhiça	Dec/Jan 2007/08	Ronga/Portuguese
Nampula	February 2008	Emakwa/Portuguese
Dondo	February 2008	Xisena/Portuguese

II. Findings

The key findings of the discussions can be summarised as follows:

- Although Mozambique has produced piles of legislation and policies that could impact on livelihoods in urban, periurban and rural contexts, most legislation and policies hardly find their way off the shelves of the central Government. For example, participants knew nothing about PARPA. When it comes to land either they totally ignore or are not aware of the existing land legislation, which prohibits land transactions in Mozambique.
- Culture and cultural institutions (e.g. the traditional feast of "Ukanhi"¹ in the south, rites of passage in the north) provide the ground for livelihood strategies to develop and operate within the wider social, economic and political environment of severe vulnerability that still characterise most of Mozambique at present.
- In all the three contexts covered in this exercise, urban, periurban and rural, although with some variations, people have adopted income-earning and consumption-modifying strategies. By involving each member of the household in income-earning activities according to age and sex, families are able to combine different sources of income. Keeping ties with rural members of the extended family and rural traditions

- (e.g. burials) or adapting to new global trends helps households modify and adapt their consumption and maximise their survival strategies.
- Labour is people's most important asset. However, high illiteracy, lack of skills and diseases such as malaria, cholera and HIV/AIDS, which impact on ability to work, have limited people's potential to develop, including their human capital. A major source of exclusion is perceived to be unemployment.
 - Generally, the poor in urban, periurban and rural contexts where the FGs discussions took place, do not possess assets that can be used as collateral to access micro-credit schemes or other forms of financial capital. However, they do engage in informal lending schemes at high interest rates, which rarely improve their access to physical capital.

2. Detailed findings

Following the terms of reference and the comments to an initial pilot focus group report the list of question was refined. This sought to involve participants in sharing their views with us on the following:

a. The relation with the market

On this issue we tried to get the participants to discuss whether they felt included or excluded of the market; did they have formal jobs (permanent wage labour); the relations of the family with the labour market; the importance of monetary relations in their everyday life.

b. Culture and religious references

Here we tried to find out the relations participants have with traditional culture and values, the weight of religion in their everyday life; how they live with the impact of the "modern" culture.

c. Civic culture and civil society

We sought participants' views on democracy and democratic institutions. Did they vote in the past elections? Are they part of any Civil Society Organisation? What is their experience of participation?

d. Politics and public policies

On this issue the aim was to get their perception of political authorities; how well they know the local, regional and national authorities; do they benefit from PARPA programmes and their opinion about these.

2.1. The three municipalities

Manhiça, Dondo and Nampula share one important aspect. They are all located along the so-called "corridors", routes that offer Mozambique's hinterland neighbours, such as Zambia, Zimbabwe, Malawi, Swaziland and parts of South Africa access to the Mozambican ports on the Indian Ocean.

As shown in more detail in the Appendix of this report, Manhiça, classified as municipality of category 'C' – generally this category refers to "vilas"(small Towns of between 10000 and 30000 inhabitants) – is located along the road and railway that links Maputo port to Zimbabwe, known as the Limpopo Corridor. Dondo, also of category found along the Beira Corridor, also a road and railway that gives Zimbabwe, Malawi and Zambia access to the Beira port in

central Mozambique. Nampula, a category 'B' municipality, in the north, is along the Nacala Corridor that serves mainly Malawi and Zambia.

Their location along those corridors gives them some common features. A common one is the impact of HIV/AIDS on the local population. Though Dondo and Manhiça are the most hit, we found that HIV/AIDS was a major problem in some of periurban and rural areas in Nampula. The HIV/AIDS prevalence decisively impacts on their human capital and labour, in particular, and livelihood strategies in general.

With exception of Manhiça, where there is a peasant association, in most cases participants often reported that associations mainly to assist members with funeral expenses existed. When it came to access to health services, participants either complained about the absence of services to assist with funerals or praised the authorities for having established those services.

Where those services existed people would say "...They solved one major problem that afflicted us, now there is a car and a morgue, people are dying but at least we bury them with some dignity." Where they did not exist people started the other way round "...people are dying and dying and to make things worse there is no car for funerals, no morgue. Sometimes we use wheelbarrows to carry the dead to the cemetery."

The other common feature relates to the municipal economy. With the partial exception of Nampula, which is a big city and has industries, economic life in these municipalities depends largely on the corridors. Buses and trains carrying thousands of passengers are good markets for petty traders. This not only links these municipalities to the wider regional market but also makes it easier for petty business to flourish. When the train or buses stop by people are able to sell cigarettes, canned or cooked food, bread, soft drinks, sandwiches, etc.

Many participants reported boarding trains back and forward to do business inside, others spent their time in bus terminals touting among potential customers in exchange for small sums of cash from bus owners.

Climate contributes to major differences among the three municipalities. We were surprised that in all the three municipalities no participant reported to practise mechanised agriculture or to have any sort of access to irrigation. All agriculture is rainfed, a situation that only adds to the existing vulnerability.

However, participants in Nampula with its microclimate seems better off than those in Manhiça and Dondo. The market of the rural bairro in Nampula had an impressive display of goods and some participants reported selling their farming surplus for cash. There was no mention of rain or drought in Nampula. Dondo is close to the city of Beira, which is six meters below sea level and has plenty of wetlands where participants reported to cultivate rice. But irregular rains did not allow them to produce much in the dry lands. Manhiça, in the south is the worst case as it is frequently hit either by droughts or floods and these two phenomena dominating participant's explanations of their situation.

2.2. Culture and religious references

In terms of religion there are all sort of churches operating in the "bairros". However, Islam and Christianity (Roman Catholic) predominate. Most churches or religious groups seem to

operate informally with no registration with the Ministry of Justice. For those who run them they are small informal business while for congregations they are spaces where people strengthen social ties, engage in solidarity networks and build identities.

In most cases the leaders of these churches are also part of local political elites and during electoral campaigns these churches are disputed by politicians who see them as best place to mobilise. Again this seems to be linked to the clientelist nature of the state so small-unfunded congregations have to be on the right side if they are to survive.

Most church-goers also practice or believe in traditional religion. There has been mention in the literature that the elderly poor living alone are suspected or accused of witchcraft leading to their isolation and exclusion from the economic life, though we found no mention of such cases.

Traditional ceremonies associated with local and traditional religions (rain or aimed to mitigate the occurrence of natural disasters ceremonies and rites of passage) are highly regarded and attended every year. With the exception of the FGs of "Bairro" Central in Nampula, the groups also reported to have some faith in traditional healers and believed in the power of witchcraft.

For example, in Namicopo, Nampula, the men's group told how some peasants in the area were resorting to the local Shees magic powers to protect their fields from evil people who at night transformed themselves into animals who prevented them to work in the fields.

2.3. Politics and public policies

From an administrative point of view, the smallest political unit is "quarteirão" which can comprise up to 300 families. Quarteirão has an elected leader who reports to the Secretário do Bairro. A bairro can have up to 12 quarteirões. The bairros are run by the "Secretariados dos Bairros" which are elected, but in some municipalities instead of a secretariat they are run by an elected "community leader"(e.g. Dondo). The "secretariados de bairros" are led by an elected "secretario" and respond to the municipal government.

In terms of participation, in all the discussion groups participants reported that they would meet the "Chefe de Quarteirão" first and if necessary follow the line up to the municipal government and decisions from the municipal governments would use the same line to get to the people. But the line is not rigid. The bairros' secretariats hold regular meetings with residents in which people are free to raise matters they never raised with the "Chefe de Quarteirão".

Except in urban settlements or among youth groups, people do not articulate their rights or obligations. No one explicitly said to know their rights and obligations or enumerate them. But these do not mean they do not know them. They evoke those rights to contest/claim or to comply with obligations.

The image of "Government" people have is that of central government led by the figure of the "President of the Republic" and see local governments as intermediaries of their daily interaction with the central government. In rural settlements, party and government are mostly seen as the same.

In most of the groups people said municipal governments were a good thing because of infrastructures and services that they had brought. This can be interpreted as an improvement in government's responsiveness and perhaps accountability, but this must be seen in a context where people also see generalised corruption in access to employment and places in schools (including through the figure of *padrinhos*).

The most mentioned services are education, health, roads and electricity. However, participants from urban contexts tended to talk more about the quality of those services, while participants from periurban and rural contexts talked of those services as new ones brought by municipalisation.

People did not seem to know or articulate public policies, such as PARPA and tended to take the promises made during the electoral campaign as the reference to judge whether things are happening or not.

Other trend that emerged during our focus group discussions is how participants perceived politics playing a role in their exclusion or inclusion. Periurban settlements were often associated with opposition while the urban and rural settlements were associated with the ruling party. In periurban settlements participants would say that municipalisation was a welcome development but the benefits "are there" referring to urban areas, and participants in urban and rural settlements when told that discussion groups were also held in a given in periurban settlement, they would refer to them as "problematic". In Namicopo, Nampula, for example, participants talked about collective punishment for being perceived as close to the opposition.

2.4. The relation with the market

People think of themselves as employed when they work for someone on regular basis and are paid every month or week. People may say "I am going to work", referring to casual work in agro industry, work in the informal sector or work in building industry, but then would consider these kind of jobs as part of what they often call "desenrascar" (doing whatever is needed for survival) meaning they are waiting for a day when they will get a 'proper job'.

When we were doing focus groups participants profiles, women and men, when asked about their source of income or how many people within the household earned income, those with what is regarded as proper jobs would answer imperatively "I work in..." or "my husband or son works in..." and those with what they regard as not having a 'proper job' would say "I can say that I work but..." and we needed a follow up question to get an answer like "I work in a farm, construction or barraca..."

Our understanding is that people differentiate what is employment – and from here whether there are employed or unemployed – according to the perceived level of vulnerability of their position in relation to that job or employment. We found that most jobs regarded as non proper were intensive, seasonal, casual, with verbal contracts.

In sum, it was difficult to obtain clear-cut information about employment or unemployment. Perceptions about employment and unemployment may also mislead us to think that those who regarded themselves as employed are better off than those who regard themselves as unemployed. Some people earn a lot more from "desenrascar" type of activities than public service employees, for example.

2.5. The “padrinho” system

Participants told us about two ways in which a “padrinho” might operate within the two most mentioned areas, namely, education and employment. In education, a padrinho takes advantage of shortage of places in schools. There are more kids than schools so generally they are overcrowded and parents who want their children to attend school become vulnerable to a padrinho’s operations. It consists in paying a certain amount in cash to someone within the school directly or through a middle man (the most usual) who ensures that children are included in the school list. This also happens when children are over the school age (the Government gives priority to younger children) or when certificates have to be issued in time for children to enter to the other levels of the system, for example, secondary level or university.

In Natiquire, participants gave the example of the local cemetery. According to them thanks to the work of the padrinho the workers there (cleaners, grave-diggers and guards) are all outsiders: they are either relatives of someone within the municipal authorities or paid to get the jobs. One woman said she had paid for her son to get a job as a tax collector in the municipal main market in town. In Namicopo, some of the participants in the women’s group were recruited with short notice to come to the bairro secretariat. When we were holding our group discussion and talking about employment some said they had rushed to the local because they were told someone was coming from the municipality to recruit people to clean the streets and added that they doubted that a recruitment for jobs could take place in the open but because they are desperate for a job they came.

According to our informants a “padrinho” is someone within the municipal authorities who has the privilege of knowing about job opportunities in advance, who usually knows all the requirements before they are made public, is well connected with the selection panel if there is one. He passes the information to potential job seekers and charges them. In some cases, they reported the “victim” offers a three months salary. This is usually through a middle man and does not happen only in public institutions. In Dondo, participants reported that padrinhos were rampant in the few local industries (see also Box 2 in the main body of text).

2.6. Access to land

With a high rate of unemployment, land has become a key asset and it dominates the transactions among people in the three municipalities. The more crowded the settlement is the more difficult is the access to land either to farm or build a house. Land legislation in Mozambique, in line with the National Constitution, states that all land belongs to the State and cannot be sold, but the reality is different. People sell and buy land. All participants in the 35 groups reported either to have sold some land (usually the originals of a place would cut a plot of their ancestors land and sell to immigrants) or to have bought. Leasing, especially for farming is also becoming popular.

However, the central importance of land lies in that having access to it allows people to diversify their income-earning and consumption-modifying strategies. In all the three municipalities most of the participants, including those with employment reported to at least one plot of land where other members of the household also generated additional income by selling surplus or eased the dependency of the consumption from market.

People with no access to land, generally widows or elderly people not native to their place of residence, sell their labour in the so called "xitokos" (tilling somebody's land in exchange for cash), but most of them preferred to take xitoko as a way of paying the owner of a leased plot. This is because having a piece of land gives them some room for manoeuvre in terms of diversification of income-raising and consumption/modifying strategies.

2.7. Migration

In terms of migration the trend is that, generally, people were forced to emigrate from rural areas by the civil war and, mostly, live in periurban settlements, which have the highest concentrations of poverty. Unemployment, lack of access to basic services, crime and prostitution were the mostly reported as being worse in periurban settlements than in the other two municipal locations.

Apparently, periurban areas are where the transition occurs. Rural immigrants spend their first years in the periurban settlements before they get a chance to settle in urban areas and those who do not succeed move back to rural areas mostly from periurban context.

Although the war ended in 1992, people are reluctant to go back to their original homes. Participants said were not going back to their original homes because their children are studying and refused to move to a place they do not know; they are already used to urban life; everything was destroyed and there was nothing to go back to; they did not want bad memories to hunt them.

2.8. Time line, aspirations and actions

The civil war is very much alive in people's memories, especially adults and this makes it difficult to draw a timeline that is not associated with before the war; during the war, after the war.

We experienced difficulties assessing participants' expectations and actions they thought were needed. People regard the government as responsible for everything. Participants would say "the government should solve this and that". The absence of CBOs, NGOs or other forms of association must play a part on this, but our assessment is that people who live under chronic vulnerability hardly express expectations and spend more time calculating the risks of actions than the actions themselves.

III. Maputo Province

3. Município da Manhiça

Manhiça was transformed from 'Vila'(Town) to municipality in 1998 when the pilot phase of institutionalising municipalities was initiated. Manhiça lies 79 km north of the capital, Maputo, and the so called Limpopo Corridor, a railway linking Maputo to Zimbabwe, and the national highway linking the south and the north of the country constitutes the core of its economy.

3.1. Bairro Kambeve (urban)

Kambeve is classified as part of central Manhiça, urban, though it displays some features of a rural settlement, sparse neighbourhoods surrounded by fields of maize and fruit trees such as mango and cashew nuts.

3.2. The relation with the market

Of the 8 women in the first group discussion none reported having a formal job, but two reported that their husbands had a formal job and three received remittances from their husbands working in South Africa. Four were heads of their households.

In the men's group, out of 9 only one reported to have formal employment in town, two received remittances from relatives working in South Africa (they send goods and money using the existing bank schemes) and the rest depended on subsistence farming and casual work like 'the xitoko' – tilling somebody's land in exchange of cash and reported to be heads of their households.

Within the youth group, of the nine only two had formal employment as teachers at local primary school, one received remittances from her brother in South Africa and the rest reported either to depend from parents or other relatives or casual work ('biscato'). Contrary to the adults the young men and girls did not talk of 'xitoko'. They referred to casual work as 'biscato' or 'desenrascar' and when asked to describe they mentioned a range of activities such as helping to unload cargo from trucks, luring passengers to the busses, temporary work with builders, repairing bicycles, cell phones, etc. while the girls mainly talked of selling mangos, cashew nuts and home made biscuits and cooked sweet potatoes in the national main road linking the south to the north of the country or in the local railway station.

In general all three groups reported unemployment as the main problem affecting the municipality. Lack of formal jobs was highlighted as the feature of people's exclusion. The groups reported that there was insufficient supply of healthcare – mainly lack of money to buy medicines - drinking water and education services and had a negative impact on locals as it marginalised people from participating in a lot of local initiatives therefore further exclusion occurred. Cash was needed for almost everything including land to farm or build a house.

3.3. Culture and religious references

There is a strong presence of different churches and all the three groups said to actively participate in religion. All three groups reported to participate in "Ukanhi feast" that takes place every year at the house of the supreme traditional leader André Nwatsseke Manhiça. All three groups believe ancestors' spirits are somehow associated with rain and natural disasters.

It was difficult to assess how important religion was for participant's everyday life, but it seems to be the key player for building solidarity networks, which seem to be very important for vulnerable people.

3.4. Civic culture and civil society

There are no civil society organisations known to the three groups and their participation in political life is through "Secretariados do Bairro" (local state authorities) and traditional leaders. Though the two groups of adults seemed to have difficulties articulating about democracy, they were well aware of the importance of elections and said they participated in the last three

general elections and two municipal elections. People in Kambeve articulate democracy in relation to things they feel could not do in past (e.g. Now I can live where I want, I choose who I want to govern, etc.)

3.5. Politics and public policies

Except the group of young males, most of the adults could hardly read and write in Portuguese, the official language in Mozambique) therefore has little knowledge of policies. The three groups said they had never heard about PARPA. The adults, men and women groups shared the view that whatever policies or programs that existed only benefit few with links to local authorities. However, the participants were aware of promises made during the electoral campaigns.

3.6. Bairro Maciana (rural)

Though Maciana is about 12 km from the town of Manhiça, its closeness with one of the country's biggest sugar company, MARAGRA makes this settlement resemble a mixture of periurban and rural settings. The houses are mostly built of conventional material in a well demarcated plots with green fields of fruit trees in the surroundings.

3.7. The relation with the market

Of the 25 participants only 7 reported to be peasants only and 6 of those were women. The others 18 apart from subsistence farming had other activities such as casual work, tilling other people's land in exchange of money, mainly women or crafting, working as builders, drivers, seasonal MARAGRA sugar company, etc. mainly men.

However, the so called "xitokos" (tilling somebody's land and earn money) seems to be the most common way of getting access to cash, especially for women who head households. For the women, other source of cash is selling fruits, especially mangos which are abundant in the area, to travellers along the national main road linking the south and the north.

Other source of income is remittances from relatives working in South Africa – we only took note of those who declared that they received help in form of cash or goods from their relatives in South Africa or elsewhere. We could not distinguish illegal emigrants and miners. Young girls and boys were usually thrown out of school because of age (because of shortage of schools priority is given to the youngest) and had to marry help the parents with farming and selling fruits or "desenrascar".

In all three groups the lack of formal jobs was highlighted as the feature of people's exclusion. Adults lamented that their children when they finish grade 10 find neither a job nor a place in the only secondary school to continue their studies.

3.8. Culture and religious references

There is a strong presence of different churches and all the three groups said to actively participate in religion. All the three groups reported to participate in "Ukanhi feast" that takes place every year at the house of the supreme traditional leader André Nwateke Manhiça. All three groups believe ancestors' spirits are somehow associated with rain and natural disasters.

As in Kambeve it was difficult to assess how important religion was important for participant's everyday life, but it seems to be the key player for building solidarity networks, which seem to be very important for vulnerable people.

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There are no civil society organisations known to the three groups and their participation in political life is through "Secretariados do Bairro" (local state authorities) and traditional leaders. Though the two groups of adults seemed to have difficulties articulating about democracy, they were well aware of the importance of elections and said they participated in the last three general elections and two municipal elections. People in Kambeve articulate democracy in relation to things they feel could not do in past (e.g. Now I can live where I want, I choose who I want to govern, etc.)

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IV. Sofala Province

4. Município de Dondo

Dondo is just 30 km from Beira, the second largest city in Mozambique. Dondo is the only municipality run by the ruling FRELIMO party in Sofala province which is largely dominated by the opposition RENAMO. The other two, Marromeu and Beira are run by RENAMO. The general perception is that Dondo's prosperity comes from certain political favouritism it enjoys from central government.

Sofala province has the highest HIV/AIDS prevalence and that is reflected in Dondo where we found many participants of our focus discussion groups reporting to have lost relatives in the last five years.

Apart from few industries Dondo's economic life is directly linked to the so called Beira Corridor, a railway and road that link the Beira Port to Zimbabwe, Zambia and Malawi.

4.1. Bairro Central Mesquita (urban)

Central Mesquita is classified as urban. It is a very crowded slum with little in the way of basic infrastructure services to be seen. Differently from other 'bairros' that are run the "Secretariados do Bairro (bairros secretariats)", Central Mesquita and other 'bairros' in Dondo are run by an elected community leader.

4.2. The relation with the market

In bairro central Mesquita we had to deal with a situation where a large number of people wanted to participate in the discussion group. In the women's group we had to accommodate 11 instead of nine. Out of these, five reported to have lost their husbands in recent years and none had a formal employment. Six reported to depend on subsistence farming (rice); four sold charcoal and other goods in the local market. Only one reported to depend on her husband's salary.

Of the nine men that participated in the second discussion group, only two had formal employment. The rest of participants in this group reported to make their living from "biscatos" (casual work) and farming. Men were less open about their lost wives, but some would say that have two houses. In one they live with their children and in another with their wives.

There are few industries in Dondo, namely, the Mozambique Railway Company (CFM), Dondo Cement Factory, Mafambise Sugar Factory and Lusalite (fibre plates). However, people complained about unemployment. They said the culture of "padrinho" (godfather) was common and people have to pay to get a job or have connections with powerful people.

4.3. Culture and religious references

The majority of participants in Mesquita Central are Christians, mostly catholic, but admitted practicing traditional religion. It was difficult to assess how important religion was for participant's everyday life, but it seems to be the key factor in building solidarity networks, which seem to be very important for vulnerable people. The dominant language is Xisena, but most participants spoke Portuguese.

4.4. Civic culture and civil society

There are no civil society organisations or associations in Mesquita. People perceive democracy in relation to things they feel could not do in the past (e.g. "now I can live where I want", "I choose who I want to govern", etc.) Though classified as urban, Mesquita Central is mostly constituted of poor slums with almost no services or infrastructure. Most participants saw municipalities as a welcome development but complained that the impact (development) could only be felt in some parts of Dondo.

4.5. Politics and public policies

The feeling of exclusion is very high in Mesquita Central. Some participants suggested the bairro is excluded from development because it is associated with the opposition.

4.6. Bairro Kunsito

Kunsito is a periurban settlement in Dondo though it resembles more rural characteristics. Houses are sparse and surrounded by fields of maize, mangoes and palm trees. As the chart shows, Kunsito has a significant number of widows and orphans. Sofala is one with the highest rate of HIV/AIDS prevalence in Mozambique.

Christianity is the dominant religion in Kunsito. Though most participants reported to be catholic, there are a significant number of other evangelical churches.

Most of the participants migrated to Kunsito from other districts to find jobs in the local industry, namely, the Mozambique Railway Company (CFM), Dondo Cement Factory, Mafambisse Sugar factory and Lusalite. Kunsito is a relatively wealthy settlement with most houses built of conventional material, cement, bricks and zinc.

4.7. The relation with the market

Criminality, especially theft, was highlighted as the main problem. Unemployment came second with participants saying they had been made redundant by the railway company as part of its restructuring policies.

There is a big project underway in Dondo, the construction of a 400 km long railway to link the Moatize coal mines to the Beira Port, but our participants complained that the Indian company building the railway refused to employ people above 35 years of age.

They also associated criminality with lack of employment, especially for the young who finish school. As was the case in periurban Namicopo and Naticuire, in Nampula, participants in Kunsito also complained that a culture of “padrinho” has developed to such extent that only people with good connections to the ruling elite find jobs easily. Those with no connections are asked to pay cash or in kind to get a job.

Out of nine women participants seven reported to be widows and only two had formal jobs. The other seven reported to make a living out of small business (informal) and farming, mainly rice, was their second source of income. Within the youth group seven out of nine were still attending school and two had finished grade 12 (pre-university) and were looking for employment.

4.8. Culture and religious references

The majority of participants in Kunsito are Christians, mostly catholic, but admitted practicing traditional religion. It was difficult to assess how important religion was for participant's everyday life, but it seems to be the key player in building solidarity networks, which seem to be very important for vulnerable people. The dominant language is Xisena, but most of participants spoke Portuguese.

4.9. Civic culture and civil society

There are no civil society organisations or associations in Kunsito. People perceive democracy in relation to things they feel they were not able to do in the past and in general saw municipalities as a welcome development and praised the local authorities for the improvement of the road network which have allowed public transport to reach all parts of Dondo.

4.9.1. Politics and public policies

In terms of services Kunsito is better when compared to Central Mesquita. It is close to the Dondo rural hospital, it has a primary and secondary schools, a market, drinking water, electricity, a multimedia centre, a community radio. People praised the local authorities for scrapping funeral fees.

4.9.2. Bairro Macharoti (rural)

Macharoti is a rural settlement in Dondo Municipality. Sparse houses surrounded by green fields of maize and fruit trees.

4.9.3. The relation with the market

Farming is the main activity in Macharoti. All participants reported to have between two and three fields of 1 ha each in which they produce rice for themselves and for sale. Other activities include cutting wood to sell to the builders in town, grow small animals like goats, pigs, chickens and ducks which they also sell, preferably in town.

Macharoti has good access to services such as education health care, but people are anxious to see electricity reach their 'bairro' as promised by the municipality during the last electoral campaign.

Contrary to the other two cases in Dondo, in Macharoti parents were able to send their children to continue with their studies in the larger cities and the only complaint they had was that even in the big cities it is hard for a child to get a place in school or university and this is expensive.

4.9.4. Culture and religious references

Like in Mesquita and Kunsito the majority of participants in Macharoti are Christians, mostly catholic, but admitted practising traditional religion. Similarly to other cases, it was difficult to assess how important religion was for participant's everyday life, but it seems to play a role in building solidarity networks, which seem very important to vulnerable people. The dominant language is Xisena, but most of participants spoke Portuguese.

4.9.5. Civic culture and civil society

There are no civil society organisations or associations in Macharoti though the participants in the men's groups said they were in the process of creating an association, mostly for mutual help in case of death. Like the other two bairros in Dondo, Macharoti also has a high rate of HIV/AIDS related deaths.

People perceive democracy in relation to things they could not do in the past and in general welcomed the creation of municipalities; they praised the local authorities improving the road network which have allowed public transport to reach all parts of Dondo.

Participation in local affairs is through regular meetings with the community leader they elected. His responsibility is to represent the municipal authorities in the bairro but also act as an intermediary between the peasants of Macharoti and the authorities.

4.9.6. Politics and public policies

Macharoti is a prosperous settlement surrounded by vast marshlands appropriate for rice cultivation.

V. Nampula Province

5. Município de Nampula

Nampula is the third largest city and one of the fastest growing cities in Mozambique.

5.1. Bairro Namicopo

Bairro Namicopo is a periurban location in the municipality of Nampula and can be described as a mix of slums and houses built in well demarcated areas and in conventional material (bricks cement and zinc). Its inhabitants are largely Muslim.

From the discussions groups (as elsewhere, we held three group discussions in each 'bairro' with men, women and young people, respectively), we found that the majority of Namicopo inhabitants migrated either from the interior or from the coastal regions of the province. Those from the interior reported subsistence farming, casual work (tilling somebody's field in exchange of cash), cutting and selling of firewood and slips as their main strategy for survival.

Those who migrated from the coastal regions do not farm and are involved in informal trade. They travel from the interior with goods such as peanuts, maize, rice, potatoes to sale in the coastal regions and from there they bring salt and fish to sale in the markets in Nampula city.

5.2. The relation with the market

In all three groups discussions held in Namicopo unemployment was highlighted as a key feature of exclusion. The few key industries that existed in Nampula city and provided employment for some of Namicopo's inhabitants have closed down, mainly as part of Government structural adjustments programmes.

Participants here also complained that a culture of "padrinho" has developed to such extent that only people with good connections to the ruling elite find jobs easily. Those with no connections are asked to pay cash or in kind to get a job.

Land is one of the key assets in two ways. People have to buy land to build a house or farming. Those who can not afford to buy straight away have to hire and pay every year in kind or cash. The price of land varies according to where it is located. The farther it is from basic services and infrastructures the cheaper it is.

Another asset that the participants mentioned as important is a bicycle, which allows people to carry their products to better markets in town, to transport sick relatives to hospital or travel to "untouched" forests to get good wood to sell to builders in town.

Animals were also mentioned but all participants said they were reluctant to keep even chicken for fear of being targeted by criminals, as animals are a sign of prosperity. Namicopo has only one primary school and most of the pupils who complete grade 10 can not afford to travel to areas where they could continue with secondary education. All the three discussion groups reported that criminality, which they ranked as the second main concern, was associated with unemployment among the young.

There were complaints of lack of services such as drinking water, electricity and roads to link the interior of the 'bairro' to the main road that cuts Namicopo down the middle. Participants complained that the municipality had failed to provide the 'bairro' with an appropriate market to sell their products.

Quite often people mentioned that the Namicopo was not serviced as the other 'bairros' because it is associated with the opposition, but we could not verify this claim.

5.3. Culture and religious references

The majority of Namicopo's inhabitants profess Islam but there are a few churches. Rites of initiation for young girls constitute an important cultural feature. Every year people travel to rural areas to participate in those rites.

The dominant language is Emakwa, but most of participants spoke Portuguese.

5.4. Civic culture and civil society

There are few civil society organisations in Namicopo. Three were mentioned, namely, "Irmãos Emakwa", "Amussimo" and Ashitiwana and their role is to help with funerals.

Participants mentioned that Namicopo was experiencing high death rates and there was no ambulance. It would appear that major causes of morbidity and mortality include Aids and Malaria.

5.5. Politics and public policies

People in Namicopo are satisfied with the creation of municipal government, to which they attribute building a tarmac main road that buses can use to reach the 'bairro'.

Except the group of young males, most of the adults could hardly read and write in Portuguese, so have little or no knowledge of government policies.

The three groups said they had never heard about PARPA. The adults, men and women groups shared the view that whatever policies or programmes that exist tend to benefit only the few with links to local authorities.

5.6. Bairro Natiquire

Natiquire is a rural settlement, approximately 20km from the main city. Houses are dispersed and surrounding fields mostly of maize and cashew nuts trees. The inhabitants of Natiquire are mostly peasants who farm in areas surrounding their houses and in neighbouring districts with abundant and fertile land.

People grow mapira, maize, beans, peanuts, sweet potatoes and cashew nuts for consumption and sale. We visited the local market and were a busy one with hundreds of peasants selling their surplus to buyers from town but also from other provinces, mainly Niassa and Cabo Delgado also in the North of the country.

In contrast to Namicopo, the majority of participants in group discussions reported to have been born in Naitiquire.

5.7. The relation with the market

Criminality, especially theft, was highlighted as the main problem. During the night criminals break into houses and threaten the owners with knives and rob them. According to them this situation is explained by lack of policing in the area and corruption within the police force in town. The participants reported that in many occasions they caught the robbers and took them to police stations in town, but hours later the criminal would return to the 'bairro' and threaten the people who handed them to the police.

The youth group, especially girls, mentioned cases where criminals ambushed students returning from local secondary school and robbed their mobile phones or raped them.

As was the case in periurban Namicopo, participants in Naitiquire also complained that a culture of "padrinho" has developed to such extent that only people with good connections to the ruling elite find jobs easily. Those with no connections are asked to pay cash or in kind to get a job.

In terms of services Naitiquire seems better than other settlements. It has a hospital, a primary and secondary school, a market, drinking water, and electricity coverage is expanding. The only complaint was that the hospital should have urgency services at night.

Land is one of the key assets in two ways. Though the participants said land for housing was available they said people have to buy land for farming in nearby districts. Those who cannot afford to buy straightaway have to hire and pay every year in kind or cash.

Comparing Namicopo and Naitiquire, it seems that access to land is more difficult in periurban areas. But we found that there are more in-migrants in periurban areas than in rural ones. In Namicopo, most of our participants had migrated and in Naitiquire most participants said they had been born there and the land they occupied had been inherited.

5.8. Culture and religious references

The majority of Naitiquire inhabitants profess Islam but there are a few churches. Rites of initiation for young girls constitute an important cultural feature of Naitiquire. The dominant language is Emakwa, but most of participants spoke Portuguese.

5.9. Civic culture and civil society

There are no civil society organisations or associations in Naitiquire. Like in Namicopo, for residents in Naitiquire democracy is expressed in relation to things they could not do in past and in general saw municipalities as a positive development; the local government is credited with building a tarmac main road that allows buses to reach the 'bairro'.

5.10. Politics and public policies

Participants in Natiquire did not seem keen to discuss politics, whether complaining about what they think the Government should be doing or congratulating it for what they think has done well. They had never heard of PARPA or similar programmes to mitigate poverty.

5.11. Bairro Central (urban)

Bairro Central is the central business district of Nampula city.

5.11.1. The relation with the market

In Bairro Central we were surprised by the level of sophistication of the groups we were presented with by one of the members of the municipal government. The reason for this is that in the urban area is difficult to gain access to people's dwellings without being invited, and even to find people at home so we could only assemble the groups with the help of the municipality.

However, when we started the discussion process we realised the majority of the proposed participants were civil servants working in different government departments and they seemed to already know about our list of questions.

For the first time we found a bairro that had participants reporting that everything was fine apart the presence of foreigners from the Great Lakes region and West and Central Africa was a matter of concern. Everyone had a formal job or a small business.

5.11.2 Culture and religious references

The majority of participants in Bairro Central reported to profess Islam but there were a few Catholics. All reported the rites of initiation for young girls to constitute an important cultural feature. The dominant language is Emakwa, but most participants spoke Portuguese, the national official language.

5.11.3. Civic culture and civil society

Few participants reported to be members of civil society organisations. In the group of women, five out of nine reported to be members of OWEHERERE, ASMAAI and HIV/AIDS Association, all associated with mutual help.

5.11.4. Politics and public policies

As mentioned earlier participants were carefully selected and articulated a familiar Government line quite competently.

ANNEX E: Methodological notes on small area poverty estimates

Detailed statistical information about living conditions in Mozambique comes largely from the National Household Survey of Living Conditions, also known as IAF (*Inquérito aos Agregados Familiares Sobre as Condições de Vida*). This survey, carried out by INE so far only in 1996/7 and 2002/3, collected data at individual, household and community levels.

The 2002/3 sample included 8,700 households, with 923 households covered by the survey which represents 10.6 per cent of the total sample. Information was collected on many topics, including household composition, housing conditions, employment, individual and household expenditures, education, and other characteristics (for more details see, INE 2003). This survey formed the basis for Mozambique's second national poverty assessment (MPF et al. 2004), and numerous other poverty related studies, including a poverty profile, inequality and the determinants of poverty in Mozambique (ibid.).

In 1997, INE conducted the population census, which was the second after the 1980 population census conducted after independence. Although some countries implement a basic census questionnaire for all households and a more extensive questionnaire for a subset of households, the 1997 Mozambique census used only one questionnaire. The census questionnaire collected information on demographics, education, housing conditions, and a small number of household assets (INE 1997).

Looking to the two data sets it is clear that both collected similar information. The application of poverty mapping methodology assumes that the information collected in census and survey are the same and the estimated parameters resulting from the survey can be applied for the census without any problem.

The methodology for using small-area estimation techniques in poverty analysis has been described in detail in many papers. Basically, the household survey data—in this instance, the 2002-03 data—are used to estimate the statistical relationship between the empirical variable used to measure welfare (consumption per capita, adjusted for spatial and temporal variation in prices) and a set of independent variables that are expected to be correlated with welfare. The set of variables considered for the right-hand side of the regression equation is limited to those variables that appear in both the household survey and the population census. The estimated regression coefficients are then applied to the census data to produce estimates of consumption per capita for each of the households in the census. The estimates of consumption per capita are used in turn to calculate summary measures of poverty, in this case, the Foster-Greer-Thorbecke (FGT).

More formally, the natural logarithm of per capita consumption is modelled as a function of a set of observable household characteristics. We estimate this relationship by a linear approximation of the form

$$\ln y_{ch} = X'_{ch}\beta + \eta_c + \varepsilon_{ch}, (1)$$

where y_{ch} is per capita consumption of household h residing in cluster c , X_{ch} are the observable characteristics of that household that are available in both the survey and census data sets, and β is a coefficient vector. The disturbance term has two components. The first component, η_c , applies to all households within a given cluster, while the second, ε_{ch} , is

specific to the household. These two components are uncorrelated with one another and independent of the regressors. This specification of the disturbance term accommodates the possibility of spatial autocorrelation, i.e., a location-specific effect common to all households within a cluster.

Equation (1) is estimated using generalized least squares (GLS), taking into account the heteroscedasticity of the household component of the disturbance term, ε_{ch} . The resulting parameter estimates are then applied to the census data. Estimates of consumption for the census households are generated by average of 100 simulations.

The above describe methodology is the basic for poverty mapping. For this case, it is necessary to adapt the methodology to reflect the current reality. One of the premise of the poverty mapping methodology is that the estimated parameters, β don't change over time, i.e. the relationship between dependent and independent variables in survey and census maintain the same. This assumption is no longer valid for this analysis as the survey was done in 2002-03 while census was done in 1997 (5 years apart). The relationship between the dependent and independent variable in survey cannot be the same as in census which require some caution in applying the poverty mapping methodology¹¹⁴.

Using the PovMap Software, which was developed by Qinghua Zhao from the World Bank it is possible to control for change in variables over time and avoiding the inclusion of variable that, shows significant changes in these two periods. This methodology analyses the distribution of variables from the data sets over the two periods. Variables that show significant changes are automatically excluded in the analysis. The analysis of the variables is based on descriptive statistics and graphics.

After the selection of those variables that didn't show change in the last five years, follows the estimation of β 's where the logarithm of per capita consumption is modelled as dependent variable and the household characteristics are the independent variables. After getting β follows the estimation of α . The process ends with the estimation of poverty and inequality at desired level (districts and bairros in this case). In the last stage of estimation it is necessary to indicate the poverty line (8604.392 MTs – Mozambique currency) and the variable that represents the household size.

In summary, STATA software was used for data manipulation and PovMap software for small areas poverty estimation to select the variables from the census (1997) and from the IAF (2003) that do not show significant variation between the two periods of time, and exclude those that show significant variation.

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¹¹⁴ The simple selection of the common variables and applying the poverty mapping methodology for poverty and inequality estimation can result in estimation of the indicators for 1997 and not for 2003 which was the goal.