

Implementado por:



Good Financial Governance Partnership Programme (GFG) 3

Context

Since the political transition towards multi-party democracy in the 1990s, Mozambique is characterized by a multi-level governance system in which municipalities play a key and increasing role. Since the first municipal elections in 33 local governments in 1998, the number of municipalities has gradually increased to 65 by 2023. Municipalities are responsible for the provision of effective and efficient basic services and to contribute to participatory and citizen-centered governance. More generally, the decentralization process, i.e. the gradual transfer of functions, functionaries, and funds to decentralized levels of government, aims at strengthening peace and locally driven development.

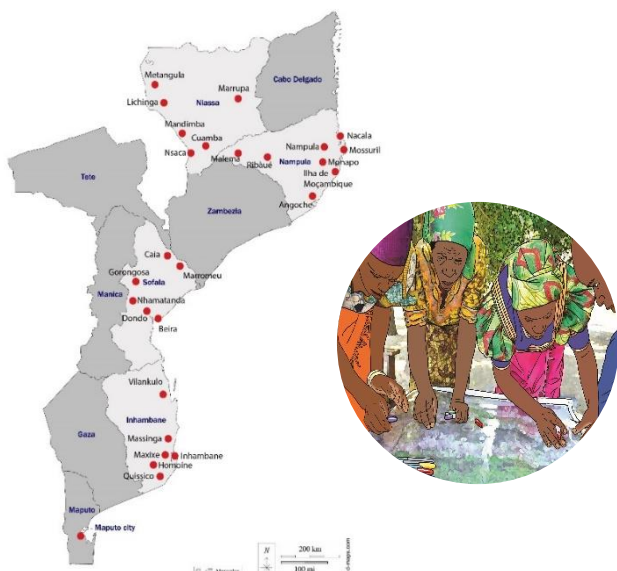
While significant improvements have taken place since the creation of the first municipalities, municipal governments continue to face challenges in responding adequately to the needs of their citizens. The legal, policy and organizational framework conditions for municipal governance need to be further improved. Transfers of resources from the central level to municipalities are still limited, and there is room for greater exploitation of own revenue sources by municipalities. The framework of oversight, monitoring and technical assistance to municipalities needs to be clarified and strengthened. The capacities of municipal leaders and administrative staff to fulfill their responsibilities are still limited. Meanwhile, there continues to be a need to strengthen local administrative management capacities, human resources and the application of internal and external control mechanisms that help to ensure local governance based on the principles of efficiency, sustainability, participation and transparency. Last but not least, the external control mechanisms to oversee the effective and efficient use of public funds at decentralized levels via the Supreme Audit Institution needs to be further strengthened.

Title	Good Financial Governance Partnership Programme 3
Country	Mozambique
Objective	Local governance is improved in terms of citizen-centred service delivery, financial sustainability and accountability.
Financing	€ 21 million
Duration	10/2023 to 09/2026

Approach

BGF 3 is a technical cooperation partnership programme, with implementation at central, provincial and municipal level, focusing on the provinces of Inhambane, Sofala, Niassa and Nampula. The programme is implemented in cooperation with the Ministry of State Administration and Civil Service (MAEFP), the Mozambican Supreme Audit Institution (TA), the Ministry of Economy and Finance (MEF), the Ministry of Land and Environment (MTA), the National Association of Municipalities (ANAMM), the Training Institutes for Public and Municipal Administration (IFAPA), the State Representatives in the 4 provinces, and the respective 26 municipalities in a differentiated approach. BGF is a partnership, co-financed by German Development Cooperation, the Swiss Embassy in Mozambique and the European Union, and implemented by GIZ and its Mozambican counterparts. The programme is structured in five components:

- 1. Municipal capacities for financial sustainability and accountability:** With co-funding from the Swiss Embassy in Mozambique, the programme supports selected municipalities in the 4 provinces in strengthening institutional capacities to promote financial sustainability and accountability. This includes support on public finance management (revenue generation, planning and budgeting, and expenditure management); and administrative management (human resources and internal control).
- 2. Municipal capacities for providing municipal services and urban planning:** With co-funding from the Swiss Embassy in Mozambique, the programme supports selected municipalities in the 4 provinces in strengthening institutional capacities for the provision of services focused on citizens' demands, urban planning and basic services. This includes support on providing administrative services focused on the needs of groups in vulnerable situations, e.g. women, young people and internally displaced people; the creation of an innovation fund to improve basic services; and the



application of urban planning instruments with an emphasis on civic participation.

3. **Structural conditions for local governance:** In cooperation with MAEFP, MEF, MTA, and ANAMM, the programme provides technical assistance to improve the normative, legal, institutional and strategic framework for municipal governance. This includes support on municipal supervision mechanisms, technical assistance and monitoring; and the operationalisation of a Helpdesk by ANAMM to provide technical support to municipalities and promote inter-municipal exchange.
4. **Development of public service capacity in decentralised governance:** With co-funding from the European Union, the programme supports MAEFP, MEF and IFAPA in implementing the priority areas of a capacity development strategy in the context of the decentralization process. These include support for the development of induction and capacity building modules for decentralised governance, also in digital teaching and learning formats, the organisational development of the government schools IFAPA incl. the development of a business plan to respond to new demands, the conceptual strengthening of the national human resources management system with a focus on capacity building, and the design of a funding mechanism for capacity building in the public service. As a contribution to gender equality, the component supports a network of women leaders in decentralised governance.
5. **External control of public finances:** With co-funding from the European Union, the programme supports the institutional strengthening of the TA in line with international standards, particularly in improving the quality and scope of external control of public finances in strategic areas, including municipalities. The programme also advises on the creation of the Mozambican Court of Auditors); and strengthening the link between external and internal control mechanisms; it also supports the introduction of the electronic financial accountability system; as well as mechanisms to bring the TA closer to citizens. Support also extends to expanding the scope of audits and judgements in strategic areas; and in human resources management, as well as the creation of a skills development centre (School of Public Accounts).

Results

BGF 3 builds on the results of previous phases, with its first and second phases (BGF 1 and BGF 2) starting in 2015 and 2019 respectively. Since 2019, the programme has grown significantly, expanding its network of partners, its thematic coverage and tripling its budget. During this period, the programme has contributed to the following results:

- 53 municipalities implemented the concept of Municipal Internal Control to improve accountability and the provision of public services;
- Until October 2023, 1,600 managers/technicians from decentralised governments and members of provincial and municipal assemblies graduated from IFAPA, 35% of whom are women;
- Approved integrated municipal treasury management system and contracting plans developed with the support of BGF;
- Own revenue collection doubled in the 17 partner municipalities despite the economic slowdown caused by the Covid-19 pandemic;
- Number of TA audits and judgements doubled in strategic sectors;
- The first public works auditing laboratory in Africa established in TA;
- Decree 40/2023 approved and released, regulating the criteria for allocating and managing the percentage of revenue earmarked for the development of provinces, districts and local communities where mining and oil exploration projects are implemented;
- Budget allocations for the 17 SDGs have been included in the General State Budget for the first time;
- 9 modules have been published, including for distance learning, with IFAPA on the themes of public finance and municipal management, to be used for the professional development of civil servants.



Publicado por Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
Bonn & Eschborn | Germany
Good Financial Governance
Rua Pereira Marinho, nº 280
Maputo - Moçambique
T +258 21485153/5
M +258 843983833
lana.weiler@giz.de | anne.doose@giz.de

Data: November, 2023

Editado por: GIZ-BGF

This publication was produced with the financial support of the Federal Ministry for Economic Cooperation and Development (BMZ), the Swiss Embassy in Mozambique (CH) and the European Union (EU). Its contents are the sole responsibility of GIZ and do not necessarily reflect the position of BMZ, CH or the EU.