



Impact of Decentralization on Improving the Quality of Life of Residents in the City of Chimoio (2008–2017)

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Abstract

Since the late 1980s and early 1990s, amid structural reforms and the constitutional review process, the Government of Mozambique has recognized decentralization as a central strategy to promote grassroots development. This research aims to analyze the impact of decentralization on improving the quality of life of residents in Mozambique. To achieve this objective, a mixed case study approach was used. Data were collected through bibliographic and documentary research, supported by interviews and questionnaire surveys. The results indicate that the poverty alleviation strategies adopted by the Municipality of Chimoio to improve the quality of life include promoting youth entrepreneurship and financing income-generating projects. The municipal administration has encouraged resident participation in local management. The fiscal decentralization process has shown satisfactory results. During the 4 years and 5 months of governance, the municipality's performance was positive, with 96.5% of targets being met, with 417 of the 435 planned activities having been carried out. It is concluded that decentralization has a significant impact on improving the quality of life of residents. It is recommended that the functional competences derived from fiscal decentralization be maximized, with a focus on improving the collection and management of municipal revenues, to face the challenges that this process imposes.

Keywords: *Democracy, Development, Decentralization and Quality of Life*

1. Introduction

This study addresses the relevance of decentralization for local authorities in Mozambique, focusing on its influence on the quality of life of residents of the City of Chimoio during the period 2008

to 2017. The year 2008 marks the beginning of a two-term local government and the implementation of the Municipal Finance Law, granting financial autonomy to municipalities through fiscal decentralization.

In 2017, the municipality recorded a notable increase in tax revenues, indicating a possible positive impact of decentralization on tax collection capacity. The choice of Chimoio as the object of study is justified by its constant growth in population and infrastructure, being strategically positioned and presenting potential to optimize local resources in favor of improving quality of life.

This study aims to enrich the science of Public Administration and development by deepening the understanding of the decentralization process. It seeks to provide a significant contribution to local and central decision-makers, basing their choices on the interests of the population. The analysis of the practical and theoretical aspects of fiscal decentralization can stimulate constructive debates and new knowledge, especially regarding effective strategies for revenue collection by Municipal Councils.

Socially, the study is relevant in supporting improvements in the provision of services and in the quality of life of residents, potentially boosting local development. In addition to contributing academically, the study has significant practical implications for the well-being of society. The personal relevance lies in the interest aroused by the current context of decentralization in Mozambique, where the process seeks to bring public administration closer to residents, facilitating access to essential services.

The research seeks to understand how this process allows the active participation of residents in local government, promoting participatory governance strategies and strengthening local democracy. Personal interest in the research is motivated by the perception of the importance of this dynamic for strengthening local democracy and promoting an administration that is more responsive to the needs of communities.

In contemporary times, amid globalization, there is a global concern to decentralize state functions to different regions of a country. In Mozambique, after independence, the centralized structure persisted, generating regional disparities. The adverse economic situation and state inefficiency partially drove decentralization.

The Local Government Reform Program (PROL), initiated in 1998, introduced the first local elections in 33 municipalities, expanding to 43 in 2008, and 10 more in 2014, increasing to 53. This historical context is essential to understanding research on decentralization in Mozambique, framed within the bases established by the 1990 Constitution and strengthened by the Local Government Law of 1997 (Law No. 2/97, of 18 February).

The problematization of the impact of fiscal decentralization on improving the quality of life of residents, focusing on the case of the Municipality of Chimoio (2008-2017), opens space for a critical reflection on the effectiveness and challenges associated with this approach. The transition from a centralized model to decentralization is contextualized in the post-independence history of Mozambique, marked by a colonial legacy that was reflected in a hierarchical administration and the centralization of power.

The central question lies in the capacity of fiscal decentralization to address the sharp regional differences and promote more equitable development in Chimoio. Furthermore, the analysis considers the productive capacity of each municipality as a determining factor for revenue collection, raising the critical question of how fiscal autonomy is managed in a context of limited financial resources. Thus, the following starting question arises: To what extent does fiscal decentralization have an impact on improving the quality of life of the residents of Chimoio City?

The general objective of the study is to analyze the impact of decentralization on improving the quality of life of residents in Mozambique. To achieve this, the poverty-alleviation strategies adopted by the Chimoio Municipal Council with a view to enhancing residents' well-being will first be identified, second, the mechanisms for the participation of residents and other actors in the management of the Municipality of the City of Chimoio will be interpreted, and third, the contribution of tax revenues to improving local living conditions will be assessed.

The guiding research hypothesis is that “the process of fiscal decentralization can have a positive impact on the quality of life of residents of the City of Chimoio, insofar as it strengthens local financial capacity, promotes resident participation, and brings public action closer to the concrete needs of the community”.

2. Literature Review

This section examines key concepts such as democracy, development, decentralization and fiscal decentralization, connecting them to the Mozambican context. In Mozambique, decentralization, introduced with the 1997 Local Government Law, is seen as a driver of local development, although it faces challenges due to the technical and financial capacity of local governments.

2.1. Conceptual Framework

This section provides a critical and in-depth analysis of the fundamental concepts for this study, namely democracy, development, decentralization and fiscal decentralization, and establishes a connection between these elements and the specific context of Mozambique.

According to Robert Dahl (1998), democracy is a political system that promotes resident participation, the protection of fundamental rights and the accountability of rulers to the people. In the context of Mozambique, where multiparty politics was introduced in 1992, the definition of democracy encompasses not only the holding of elections, but also the equitable distribution of power and resources between different levels of government, with a view to achieving more inclusive and participatory governance.

From Sen (1999) perspective, development should be understood as a process of expanding people's substantive freedoms, which implies improvements in areas such as health, education, and living standards. In Mozambique, development is closely linked to public policies and the state's ability to provide better living conditions for local populations, particularly through decentralizing reforms.

Decentralization is seen as a process of transferring powers and responsibilities from the central government to local administrations. For Rondinelli (1981), decentralization can be administrative, political and fiscal, each of which contributes in a different way to strengthening local authorities and local development. In Mozambique, decentralization began formally with the approval of the Local Authorities Law in 1997, and has been seen as a way to improve government efficiency and promote sustainable local development.

Finally, fiscal decentralization refers to the process of transferring power and responsibility from the central government to local governments with regard to the management and distribution of financial resources. This process includes the ability of local governments to generate their own revenues (through taxes, fees and other mechanisms) as well as the autonomy to plan and execute their own budget, with the aim of meeting the specific needs of the local population.

Rondinelli (1981) defines fiscal decentralization as the decentralization of financial functions, allowing local governments to have more control over revenue collection and expenditure allocation. In Mozambique, fiscal decentralization is part of the broader process of administrative and political decentralization that began with the approval of Law No. 2/1997 of 18 February, known as the Local Authorities Law.

2.2. Democracy and Development: Theoretical Perspectives

Democracy, as a political system, is often associated with the promotion of socio-economic development, as it creates conditions for the active participation of residents in decisions that affect their lives. Schumpeter (1942), in a minimalist sense, defines democracy as the institutional method by which residents choose, in free and fair elections, their representatives. However, other theorists such as Dahl (1998) and Held (2006) expand this definition to include elements such as political plurality, the protection of civil liberties and the existence of institutions that ensure transparency and accountability.

In African contexts, the link between democracy and development has been the subject of debate. Bayart (1993) argues that in many African countries, the implementation of liberal democracy has been superficial and often disconnected from economic development. However, authors such as Mkandawire (2001) argue that democracy, when accompanied by good public policies, can boost development by promoting greater social equity and a better distribution of resources.

2.2.1. Theories on the Impact of Democracy on Socio-economic Development

There are several theoretical schools of thought that explore the impact of democracy on socio-economic development. One of them is the “modernization” theory, promoted by Lipset (1959), which argues that democracy flourishes in countries with high levels of economic development, which favors education, urbanization and the creation of a middle class that defends democracy. Other authors, such as Przeworski *et al.* (2000), suggest that economic development not only fosters democracy, but also stabilizes it, as more prosperous societies tend to maintain democratic systems.

In the context of Mozambique, the analysis of the impact of democracy on local development is often linked to the process of decentralization. In this sense, authors such as Boone (2003) and Crook (2003) argue that decentralization, as a component of democratization, can be a catalyst for local development by ensuring that decisions on resource allocation are made closer to the needs and interests of the local population.

2.2.2. Democratic Development Models in African Contexts

On the African continent, democratic development has taken different forms, depending on the historical, political and economic structures of each country. One of the most discussed models is that of “electoral democracy”, which, according to Diamond (1999), is based on the holding of regular elections, but does not always ensure the institutional depth necessary for true democratic governance. In Mozambique, this model has been applied since 1994, with multiparty elections, but facing challenges related to institutional consolidation and de facto decentralization.

Authors such as Mamdani (1996) also discuss the model of “decentralized democracy”, in which local authorities play a crucial role in the development process. This model is particularly relevant to the study in question, since decentralization in Mozambique was implemented as a way to strengthen democratic governance and improve the provision of services to the population.

2.3. Decentralization as a Governance Strategy

Decentralization refers to the process of transferring powers, responsibilities, and resources from the central government to subnational levels such as provinces, districts, and municipalities. This concept can be categorized into three main types:

- **Administrative Decentralization:** This involves the transfer of management functions and the provision of public services from the central government to local authorities. Rondinelli (1981) defines this type of decentralization as the reorganization of government structures in order to allow greater administrative autonomy to local units, facilitating a faster response to the needs of the population.
- **Political decentralization:** This involves the transfer of political decision-making power to subnational levels, allowing local residents to directly choose their representatives. Crook and Manor (1998) highlight that political decentralization strengthens local democracy by promoting the active participation of residents in decision-making and control of public administration.
- **Fiscal Decentralization:** Already discussed previously, it refers to the transfer of financial resources and revenue collection responsibilities to local governments, allowing them greater financial autonomy to plan and implement public policies (Rondinelli, 1981; Oates, 1999).

Decentralization has often been associated with strengthening democracy, as it brings government closer to residents. According to Smoke (2003), decentralization can democratize governance by allowing local communities to actively participate in the formulation and implementation of public policies, increasing transparency and accountability. The introduction of local authorities in 1997 in Mozambique, as provided for by Law No. 2/1997 of 18 February, was seen as a crucial step towards strengthening democracy and improving governance, allowing greater resident involvement in decision-making processes.

In Mozambique, decentralization was formally introduced with the 1990 Constitution, which established the need for local authorities, and was consolidated by Law No. 2/97, of February 18, which regulates the creation of municipalities with administrative, financial and patrimonial autonomy. The 2004 Constitution reinforced this commitment by guaranteeing the existence of local authorities as part of the country's political and administrative organization. Subsequent legislation, such as the Local Finance Law (Law No. 1/2008, of January 16), sought to improve the financial autonomy of local authorities, creating mechanisms for fiscal transfers and encouraging the collection of their own revenues.

2.4. Decentralization and Local Development in Mozambique

Decentralization in Mozambique has been seen as a potential driver for local development. According to Siteo (2005), by bringing government closer to local communities, decentralization allows municipal authorities to better understand residents' needs, promoting more efficient allocation of resources and improving the delivery of public services. However, authors such as Weimer (2012) suggest that the impact of decentralization on socio-economic development is still limited due to excessive dependence on transfers from the central government and the weak technical and financial capacity of local authorities.

Case studies conducted in cities such as Maputo, Beira and Nampula highlight the challenges and opportunities associated with decentralization in Mozambique. In Maputo, for example, Braathen's (2003) study shows that decentralization contributed to significant improvements in urban management, but faced challenges related to institutional capacity and local revenue mobilization. In Nampula, Massuanganhe (2014) notes that decentralization brought some progress in the delivery of basic services,

but also highlighted the need for greater resident involvement in public management to strengthen accountability mechanisms.

Decentralization has the potential to improve the delivery of essential services, such as infrastructure, health, education and basic services, by allowing local governments to have greater control over their resources and priorities. For Smoke (2003), when well implemented, decentralization facilitates the efficient allocation of resources to priority sectors, such as road construction, water supply and health care provision. In Mozambique, Siteo (2005) points out that, despite implementation difficulties, decentralization has already brought improvements in the management of some services, especially in urban areas, but the disparity between municipalities remains a challenge to be overcome.

Therefore, these studies highlight that, although decentralization has the potential to promote socio-economic development, success depends on the ability of local authorities to effectively manage resources and on the continued support of central government to ensure effective implementation of decentralization policies.

2.5. Decentralization and Quality of Life

Quality of life indicators encompass several dimensions, such as access to basic services, housing, employment, education and health, which are crucial for assessing the well-being of populations. According to the World Health Organization (WHO), quality of life refers to an individual's perception of his or her position in life, in the context of the culture and value system in which he or she lives, and in relation to his or her goals, expectations, standards and concerns (WHOQOL, 1997). In studies on local development, authors such as Nussbaum and Sen (1993) advocate the capabilities approach, which focuses on providing people with real opportunities to achieve well-being and improve their quality of life, prioritizing access to essential goods and services.

In Mozambique, the Human Development Index (HDI), which includes indicators of life expectancy, education level and income, has been used to measure progress in terms of quality of life. Decentralization policies, when effectively implemented, can positively impact these indicators by allowing local governments to tailor services to the specific needs of communities.

Decentralization can directly influence quality of life by improving the distribution of resources and the provision of public services. According to Smoke (2003), decentralization creates the opportunity for local governments to respond more effectively to the needs of their populations, adapting public policies in order to promote local development. However, authors such as Weimer (2012) and Massuanganhe (2014) point out that the capacity to implement policies varies considerably between municipalities, which affects the way resources are distributed and the results obtained in terms of quality of life.

In Chimoio, during the period 2008-2017, decentralization policies were accompanied by improvements in sectors such as education and basic sanitation, but significant challenges remain with regard to job creation and adequate housing. Reports from the National Institute of Statistics indicate that, although there has been an increase in access to basic services in Chimoio, inequality in the distribution of resources and limited collection of own revenues still compromise the full effectiveness of decentralization in improving the population's quality of life (INE, 2017).

Reports from the United Nations Development Programme (UNDP), such as the Mozambique Human Development Report (2018), and studies by the World Bank have indicated that despite progress in local development, many Mozambican municipalities, including Chimoio, face significant challenges in achieving sustained improvements in quality of life. These challenges include the lack of technical and

financial capacity of local governments, in addition to dependence on transfers from the central government.

Comparative case studies, such as that of Braathen (2003) on decentralization in Maputo, show that the results in terms of improving quality of life depend heavily on the institutional capacity of local authorities, as well as on the involvement of residents in the processes of planning and implementing public policies.

3. Research Methodology

For the purposes of this work, a scientifically standardized methodology was applied that allowed the materialization of the study objectives. This research is of an applied nature, as defined by Gerhardt and Silveira (2009). Its purpose is to generate knowledge for practical application, focusing on the solution of specific problems related to decentralization and improving the quality of life of the residents of the city of Chimoio.

Regarding its objectives, the research is classified as descriptive and explanatory. The descriptive approach aims to describe the characteristics of the population living in the city of Chimoio after decentralization. On the other hand, the explanatory approach seeks to identify the factors that determine the decentralization process and its impact on the quality of life of the residents. Regarding the approach to the problem, the research is mixed. The qualitative approach is used to interpret phenomena and assign meanings, while the quantitative approach is used to classify, order and measure variables, using the SPSS Spreadsheet for statistical analysis.

As for technical procedures, the research is based on bibliographic and documentary research. Bibliographic research uses previously prepared material, such as books and scientific articles, to understand what has already been studied about decentralization and local governance. Documentary research uses primary sources, such as laws, decrees and official reports, to obtain unprepared information that is relevant to the research.

As for the methods, we worked with the approach and procedural methods: the chosen approach method is the hypothetical-deductive one. This method, proposed by Karl Popper, begins with the formulation of a problem, followed by the elaboration of hypotheses and tests that seek empirical evidence to confirm or refute the hypotheses.

The procedural methods include historical, monographic, statistical and observational. The historical method is used to understand the trajectory of decentralization and the influence of past events on the current scenario in Chimoio. The monographic method is applied for an in-depth and exhaustive study of decentralization in Chimoio, seeking representativeness for other municipalities. The statistical method quantifies data on different variables, using statistical analysis to investigate relationships. The observational method, particularly the participant type, is essential to obtain information about municipal management in Chimoio and its influence on the quality of life of its residents.

Regarding research techniques, we worked with semi-structured interviews (Mazucato, 2018, p. 70). It was possible to conduct interviews directed at the subjects researched in relation to the topic under analysis and in the development of the research, which allowed the emergence of other questions that were fundamental to the study. And a questionnaire with closed questions (*Ibid.*, p. 71), which allowed obtaining data that were analyzed quantitatively through SPSS.

The research involved 384 randomly selected residents of the city of Chimoio, with 1 interviewee (the Councilor for Finance) and 383 respondents. The inclusion criteria covered residents of both genders,

without distinction of race, color, religion, origin and aged between 18 and 70 years, in addition to CMC employees. Informed consent was obtained, explaining the objectives, risks, benefits and procedures of the research. Ethical considerations were followed, with participation being voluntary, anonymity guaranteed by codes and no remuneration for participants.

3.1. Research Limitations

Limitations of this study include the restricted nature of the sample, which focused exclusively on residents of the city of Chimoio, and may not fully represent the diversity of perspectives in different urban contexts. Another limitation to be considered is the reliance on the cooperation and sincerity of participants during the interviews, which may influence the quality and validity of the responses obtained.

4. Analysis and Discussion of Results

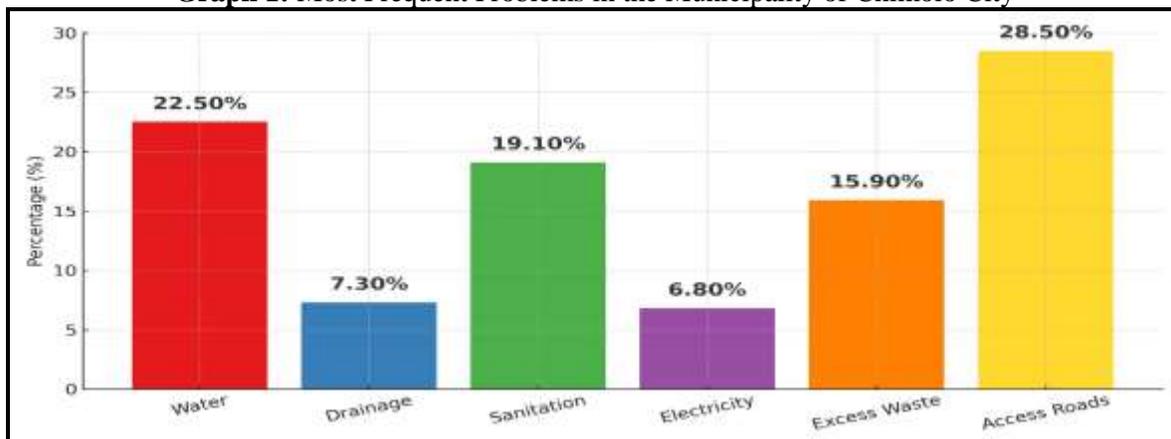
The results of this research are limited to the materialization of the three specific objectives, which constitute the subtitles of this section. The discussions were based on the results obtained through the analysis and interpretation of research data.

4.1. Poverty Alleviation Strategies of the Chimoio Municipal Council

To better understand the issue of combating urban poverty, we sought to learn about the main problems presented by the residents. According to the CMC Finance Councilor, Gueze (2019¹), the residents of the city of Chimoio have several problems that disturb their daily way of life, however the CMC has taken note with concern to resolve the issue of sanitation, public lighting in some neighborhoods that still do not have drinking water in all 33 neighborhoods of the city, and street paving and road rehabilitation.

These problems represent major challenges for the municipality, and together with the Central Government and partners, efforts have been made to resolve these problems. However, we sought to find out about the same issue from the residents who were administered the surveys, where each resident indicated the problem that most affects them in their daily lives, as shown in the data presented in graph 1.

Graph 1: Most Frequent Problems in the Municipality of Chimoio City



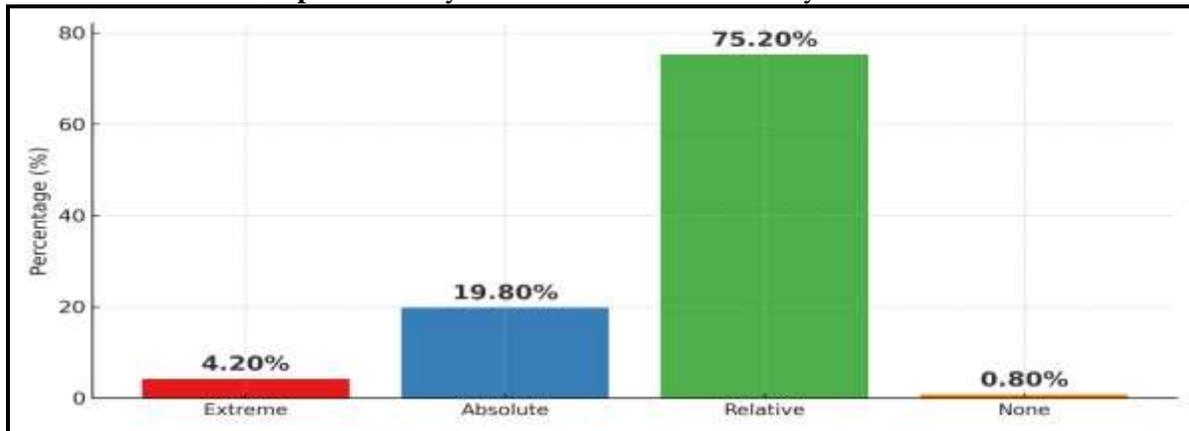
Source: Research data obtained from MCC (2019).

¹ GUEZE, Julião Zacarias (2019), *Councilor for Planning and Finance of the Municipal Council of Chimoio*. Interviewed on January 10, 2019. City of Chimoio.

From the data presented in graph 1, it was found that the majority of the residents surveyed (109), corresponding to 28.50%, indicated access roads as the main or most frequent problem. In turn, the smallest proportion of the residents surveyed (26), corresponding to 6.80%, indicated the lack of electricity in the neighborhoods as a problem, which to a certain extent prevents the normal movement of people and goods at night. Other residents indicated Water (86), corresponding to 22.50% of the research sample, Sanitation (73), corresponding to 19.10% of the research sample, Drainage (28), corresponding to 7.30% of the research sample, and excess garbage (61), corresponding to 15.90% of the sample.

To understand the level of poverty in the city of Chimoio, we sought to find out from residents through a survey about their opinion on poverty levels, among several alternatives presented, in graph 2, the results obtained are found.

Graph 2: Poverty Level of Residents of the City of Chimoio



Source: Research data obtained from MCC (2019).

From this data, it can be seen that the majority of the residents surveyed (288), which corresponds to 75.20% of the research sample, stated that the level of poverty in the city of Chimoio is relative, as most of the residents have developed some type of activity to generate income. However, another part of the residents surveyed (76), which corresponds to 19.80% of the research sample, stated that the level of poverty in the city of Chimoio is absolute, as many residents are losing their purchasing power due to the crisis that took hold in Mozambique in 2015, which leads a large number of residents to absolute poverty. Finally, another part of the sample (16), which corresponds to 4.20%, stated that the level of poverty is extreme, since a greater number of children in the city have nutritional problems, because their relatives are unable to support them.

However, Capucha (2004) states that, as poverty is a multidimensional phenomenon, its causes result from the combined action of certain factors, of which the employment market stands out, due to its structuring effects, and the systems of redistribution of income and material resources. In fact, the consequences of poverty are related to school dropout and failure, which inevitably leads to job insecurity or, in the worst-case scenario, the inability to enter the job market. Housing degradation is another consequence of poverty, as is poor health. In short, poverty leads to a cumulative process of factors that lead to social disintegration (MSSS, 1997-2006).

Within the framework of the Strategic Plan for Urban Poverty Reduction (PERPU), we sought to learn about the poverty-fighting strategies adopted by the CMC to improve the quality of life of its residents. Gueze (2019) stated that the Municipality adopted the strategy of promoting youth entrepreneurship to reduce poverty, having established as a goal “to increase from 0 to 100 successful young entrepreneurs”, and established as an indicator “young entrepreneurs for poverty reduction with the capacity to develop their activities”.

This strategy was established to cover the period from 2014 to 2018. The results are satisfactory, as shown in the data presented below. The finance councilor also stated that the strategy aims to ensure the acquisition of skills through professional courses, in order to support the training of young people in Carpentry, Hotel Management, Construction, Electricity and IT courses (*Idem.*).

In this context, the CMC, through PERPU, has created conditions for the development of income-generating projects, in order to lift residents out of extreme, absolute and relative poverty, so that each resident can achieve well-being. Table 1 shows the number of PERPU beneficiary borrowers, including associations, men, women, adults and young people. The data refer to the period from 2011 to 2017.

Table 1: Number of Beneficiary Borrowers in Chimoio City

Year	ASSOCIATION		ADULTS		YOUNG PEOPLE		TOTALS
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	
2011	-	11	277	160	15	157	620
2012	-	7	291	158	10	128	594
2013	-	11	243	149	5	151	559
2014	35	15	122	195	55	97	519
2015	-	-	174	121	8	15	318
2016	-	113	56	27	59	49	304
2017	3	2	95	81	Incl.	Incl.	181
Subtotal	38	159	1.258	891	152	597	3.095
TOTAL	0	0	2.149		749		
% Per Gender			59	41	20	79.71	

Source: CMC (2019), extracted from the special report on the end of the local authority mandate (2014-2018).

In terms of beneficiaries, adult women represent 41% of the total in the same age group, while among young people, men represent 20%. Since 2011, the CMC has benefited from the Fund for the purpose of financing projects in the scope of the reduction of urban poverty, in which it has received the accumulated amount of 83,039,250.00MT, counting from that date until 31/12/2017.

In terms of financing, the Municipality has already disbursed 90,774,660.28 MT, including the reimbursement amount. During the period under analysis, PERPU directly benefited 3,095 and indirectly 12,530 Municipalities respectively. During the 1st Quarter of 2018, the CMC registered a reimbursement of 80,016.00 MT, totaling a cumulative 12,365,116.02 MT, which represents a 14.8% return. Table 2 below illustrates the degree of reimbursement in the same period.

Table 2: PERPU Reimbursement in Chimoio City

Year	PEOPLE COLLECTIVES (Mt)	SINGULAR (Mt)				TOTALS (Mt)
	ASSOCIATIONS	ADULTS		YOUNG PEOPLE		
		MEN	WOMEN	MEN	WOMEN	
2011	227 603,14	500 563,71	838 260,60	48 400,00	72 600,00	1 687 427,45
2012	455 206,30	828 751,62	445 895,00	73 120,00	109 680,00	1 912 652,92
2013	341 404,71	414 375,81	419 130,00	77 080,00	115 620,00	1 367 610,52
2014	312 000,00	215 687,00	233 287,00	256 000,00	457 756,76	1 474 730,76
2015	215 615,00	327 890,00	425 870,00	648 644,63	203 750,00	1 821 769,63
2016	72 582,50	1 240 750,00	2 572 256,46	0,00	0,00	3 885 588,96
2017	0,00	237 342,00	608 285,13	0,00	0,00	845 627,13
Sub-total	1 624 411,65	3 765 360,14	5 542 984,19	981 724,63	777 126,76	12 995 407,37
Total		9 308 344,33		1 758 851,39		
% per Gender		40,45	59,55	55,82	44,18	

Source: CMC (2019), extracted from the special report on the end of the local authority mandate (2014-2018).

In terms of repayment, adult women repay more than men. This is in contrast to young people, where men are the ones who repay the most amounts. In fact, the fundamental basis for applying these funds was for food production and job creation, with the aim of increasing the income of local communities and improving living conditions.

Overall, the population benefiting from PERPU in the city of Chimoio not only does not return, but it also does not effectively resolve the problem of urban poverty. As it is a program that was assigned to the municipalities, it is susceptible to political and structural interference (at the level of management and those responsible for implementing the project).

Thus, the reasons for the low repayment have to do with the cash flow generated by the projects and, on the other hand, with the control mechanisms in place, such as the pressure on borrowers to repay the amount. As regards the pressure on borrowers to recover the loan amount, the municipality is taking action to ensure that beneficiaries can repay the amounts. The issue of monitoring and evaluation is fundamental to the success of this policy that aims to reduce urban poverty.

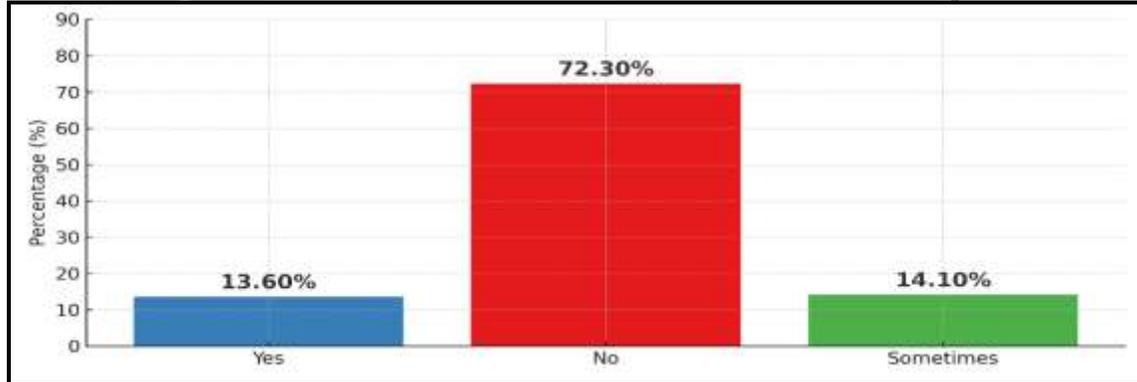
4.2. Mechanisms for the Participation of Residents and Stakeholders

Nguenha 's perspective (2009:15) , “governors who share information about decisions taken unilaterally with their communities using different means (media or meetings) can be considered participatory; so can those who consult residents before taking a decision (or having taken one there are uncertainties about its reasonableness and therefore do not make it public beforehand); similarly, governments that adopt mechanisms for sharing decision-making power over activities and resources through participatory planning and participatory budgeting are considered participatory”.

Thus, we sought to find out from the municipal authorities about the mechanisms for the participation of residents and other actors in the management of the MCC. In response, Gueze (2019) stated that there are several mechanisms for the participation of residents in the government agenda, as it is the objective of the municipal government to promote the participation of residents in activities, coordinating efforts for a developed city of Chimoio. In fact, the mechanisms adopted by the Municipality are: community consultation mechanism; participatory planning practices mechanism; participatory budget mechanism and community mobilization mechanism; open presidencies and services without hearings (Gueze, 2019). The interviewee stated that the mechanisms adopted are effective and meet the needs of the local municipality.

This fact is substantiated by article 4 of the CMC's internal regulations (Principle of Good Administration and Respect for the Legitimate Interests of Residents), which establishes in paragraph 1 that the CMC “guarantees the active participation of residents, encourages local initiative in solving community problems, applying, in particular, the resources available to it”. In this line of thought, we sought to find out from residents whether the municipal authorities have invited residents to participate in a public debate on local development; the responses are highlighted in graph 3.

Graph 3: Invitation to Residents for a Public Debate on Local Development



Source: Research data obtained from MCC (2019).

The graph above shows that the majority of the residents surveyed (277), which corresponds to 72.30% of the research sample, stated that the CMC has not issued an invitation to residents to debate local development in public. For this group of residents, there has been no openness on the part of the city council to discuss the issues.

On the other hand, it was found that the smallest part of the residents surveyed (52), which corresponds to 13.60% of the research sample, stated that the CMC has issued an invitation to the residents, in order to discuss the local development process, because according to the municipality, the participation of the residents is fundamental for local development.

It was also found that another part of the study sample stated that the invitation is sometimes made, which means that the participation of the resident is not always requested. From the information presented, it is clear that everything is a question of access to information, as the CMC has created conditions to establish a cordial relationship with the residents and ask for their collaboration in the discussion of local policies. The research carried out showed that the authorities have requested the participation of residents, partners and other actors such as civil society in the debate around the local government agenda.

Still within the scope of the mechanisms for participation of residents and other actors in municipal management, it was found that within the scope of participatory and open governance, the President of the MCC, Raul Conde Marques Adriano (2008-2018) had resumed public hearings in the neighborhoods of Chimoio, after a stop for which due justification was not obtained.

From the data presented in this section, it can be stated that the participation mechanisms adopted by the CMC in the process of defining, choosing alternatives, implementing, monitoring and evaluating are visible in the city of Chimoio. However, information needs to be intensified in order to include several residents who do not have information and who are not aware of the existence of these mechanisms. Overall, the mechanisms adopted are efficient, effective and dynamic in promoting democracy and the development of the city of Chimoio.

4.3. Tax Revenues and Quality of Life in Chimoio

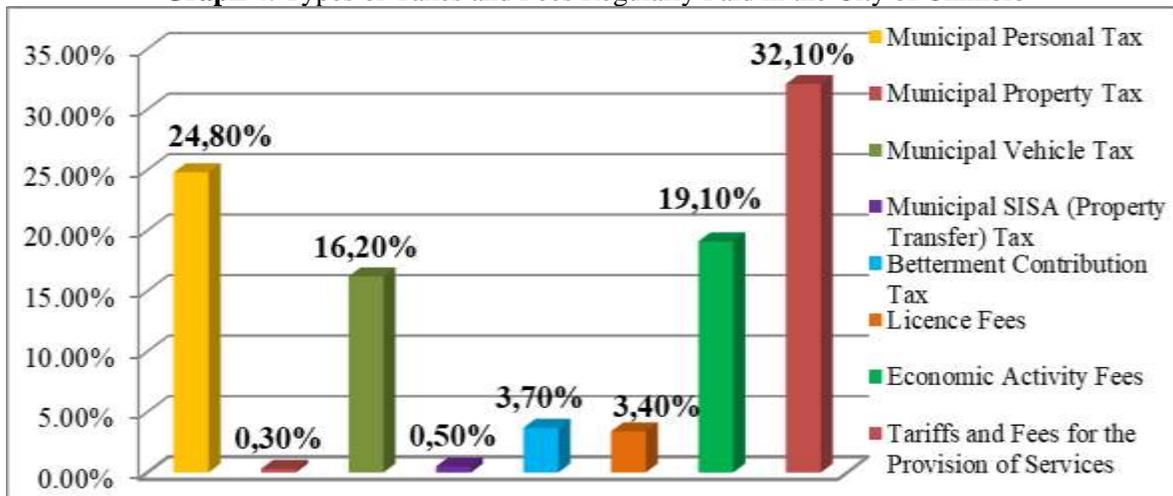
This section sought to find out from the municipal authorities of the city of Chimoio about the degree of financial, administrative and patrimonial autonomy. Gueze (2019) stated that the CMC does not yet have full control over tax revenues, and these are not sufficient to guarantee the municipality's fiscal autonomy, since the CMC is still dependent on transfers from the Central Government and partners

through donations. As for administrative and patrimonial autonomy, it can be considered a reality, which means that for these two areas, the municipality has full autonomy.

According to the CMC's Councilor for Planning and Finance (Gueze , 2019), there are several factors that contribute to the municipality having financial autonomy, including the municipality's lack of revenue-raising capacity, the weak productive capacity of its residents (most residents are involved in agricultural activities and informal sector activities, which means their income is minimal), and the lack of total control over the revenue generated in the city, as there are taxes that are under the control of the Tax Authority. However, fiscal decentralization is still a gradual process.

In turn, Law No. 1/2008, of 16 January, establishes in its article 3 (financial and patrimonial autonomy), no. 1, that local authorities enjoy administrative, financial and patrimonial autonomy, having their own finances and assets managed automatically by their respective bodies. Accordingly, it is clear that, although the law provides for financial autonomy, this is not realized in practice. However, the local authorities enjoy full administrative and patrimonial autonomy, in agreement with the opinion of the councilor for planning and finance at the CMC. During the study, we sought to find out about the types of taxes and fees paid regularly in the city of Chimoio, as shown in the data presented in the following graph.

Graph 4: Types of Taxes and Fees Regularly Paid in the City of Chimoio



Source: Research data obtained from MCC (2019).

From the research carried out, it was found through graph 4 that the majority of residents of the city of Chimoio (123), which corresponds to 32.10% of the research sample, pay tariffs and fees for the provision of services more regularly. This fact is due to the fact that there is a greater number of residents developing informal trade activities (charging fees for the sale of products in markets and fairs), other taxes are levied on the purchase of electricity (garbage tax).

On the other hand, it was found that another part of the residents surveyed (95), which corresponds to 24.80% of the survey sample, pays Personal Municipal Tax. According to Gueze (2019), this tax is the one paid least by residents. It is charged when a service is provided. Until 2018, it was 3.50% of the total revenue collected by the municipality, within the framework of all taxes collected by the municipality.

It was also found that another part of the research sample (73), which corresponds to 19.10%, indicates that the rate paid regularly is that which is levied on economic activities, as it is noted that there are many activities carried out by the municipality, whether informal or formal. From these rates, the municipality is able to obtain revenue to finance its activities, however, it is not sufficient to meet its

needs. However, we sought to find out from the municipality about achievements in terms of municipal revenues in the periods from 2013 (2017 is considered the base year) to 2017. The data are presented in table 3.

Table 3: Municipal Revenues realized in the MCC during the periods 2013-2017

Description	Base Year	Total Revenue			
	2013	2014	2015	2016	2017
Current Revenues	84.977.451,02	104.855.100,13	120.098.905,05	134.932.385,10	143.263.776,15
Tax Revenues	7.334.307,67	8.847.759,85	14.732.943,83	20.860.089,91	19.987.796,88
Non-Tax Revenues	20.533.476,38	25.425.625,15	34.451.901,22	36.938.097,48	40.219.441,27
Capital Income	49.622.136,48	57.122.069,26	60.279.949,98	71.648.989,29	72.422.082,98
TOTAL	162.467.371,55	196.250.554,49	229.563.700,08	264.379.561,78	275.893.097,28
		1.128.554.285,08			
Annual Growth Rate		20,79	16,97	15,17	4,35
		Average Growth Rate for the Period			
					14,32

Source: CMC (2019), extracted from the special report on the end of the local authority mandate (2014-2018).

During the term of office, 1,128,554,285.08 Mt were executed, with an average growth of 14.32%. The annual growth rate for 2017 was 4.35%. This represents a decrease in relation to previous years (15.17% for 2016; 16.97% for 2015; and 20.79% for 2014. With 2014 registering the highest growth). For 2018, 229,602,596.54 Mt were executed, which corresponds to a growth of 5.1%, when compared to 218,220,751.16 Mt for the same period in 2017. On the other hand, we sought to find out from the municipality the amount that the CMC receives from the municipal compensation fund and other transfers, such as donations, the local initiative investment fund and the Urban Poverty Reduction Fund. The amounts are expressed in terms of execution in table 4, which shows the period from 2014 to the 1st quarter of 2018.

Table 4: State Transfers and Donations to the MCC

Description	Execution				
	2014	2015	2016	2017	I Quarter 2018
Municipal Compensation Fund (FCA)	67 365 810.05	70 401 740.00	76 889 797.11	82 801 670.00	19 989 391.60
Local Initiative Investment Fund (FIIL)	29 392 540.00	30 717 150.00	33 547 967.32	36 127 390.00	10 845 890.00
Urban Poverty Reduction Fund (PERPU)	11 862 750.00	11 862 750.00	11 862 750.00	11 862 750.00	-
Donations	7 647 070.90	16 320 000.00	23 039 020.00	14 163 165.22	-
TOTAL	116 270 184.95	129 303 655.00	145 341 550.43	144 956 992.22	30 835 281.60
		566 707 664.20			

Source: CMC (2019), extracted from the special report on the end of the local authority mandate (2014-2018).

Of the amounts transferred to the MCC, it was found that the largest share comes from the FCA, which is gradually transferred to the municipality, and the amount transferred tends to grow each year, for example, in 2017 the municipality received an amount of 82,801,670.00Mts while in 2016 it received 76,889,797.11Mts. For 2018, the data is presented in Table 5.

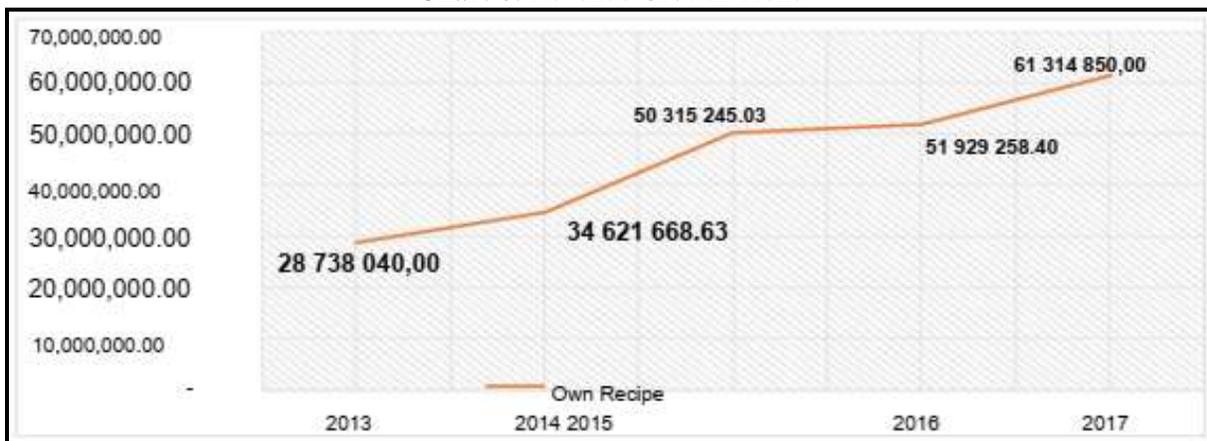
Table 5: Execution of State Transfers and Donations for 2018

Description	Flat	Real %	-	Grow %
FCA	99,430,640.00	99,430,640.00	100	10
FIA	43,383,560.00	43,383,560.00	100	-
PERPU	11,862,750.00	-	-	-
Road Fund	9,000,000.00	12,226,600.00	133	33

Source: CMC (2019), extracted from the special report on the end of the local authority mandate (2014-2018).

The FCA transferred in 2018 represents an increase of 16,628,970.00Mts compared to the same period in 2017. Overall, this fund has increased year after year. The execution for 2018 was 100%. For 2019, the FCA values are estimated at 109 million meticaiss, representing an increase of 9,569,360.00 Mts. While the Local Initiative Fund (FIL) is estimated for 2019 at a value of 43 million meticaiss, equal to the value of 2018 (Gueze, 2019). In terms of own revenue, it is noted that there is considerable growth in the MCC, as shown in the data presented in graph 6.

Chart 6: Revenue Growth Trend



Source: CMC (2019), extracted from the special report on the end of the local authority mandate (2014-2018).

The growth in question resulted, among other reasons, from the intensification of control measures aimed at reducing tax evasion, the introduction of electronic mechanisms for the payment of municipal taxes and fees, within the scope of a memorandum signed to this effect with some banking institutions operating in the city, as well as direct payment into the city council's bank account. The reasons for the increase in the municipality's own revenues in the largest urban centre in the province of Manica also include the introduction of "internet banking²" for the payment of taxes and fees by potential taxpayers, the training of activists for tax education and home delivery of collection notices, as a way of bringing tax services closer to the resident (Gueze, 2019).

For the year 2018, Own Revenue was 61,908,596.56 Mt. During the period under analysis, within the scope of own revenue, 198,181,022.06 Mt were collected. This revenue corresponds to 113.4.1% of

²It is an internet banking service provided by commercial banks to facilitate their customers' commercial transactions. With this type of service, customers can make payments via the internet.

the growth rate, when compared to the base year and in annual terms the indexes were: From 2013 to 2014, the annual growth rate was 20.47%; From 2014 to 2015, the annual growth rate was 45.33%; From 2015 to 2016, the annual growth rate was 3.21%; From 2016 to 2017, the growth rate was 18.07%.

Despite this growth, own revenue was relatively low in relation to the Municipal tax potential, due to the following reasons: Drought that negatively affected the level of agricultural production, a source of food security and income, in the context of surplus marketing; The national currency (MT) is depreciating against the main exchange currencies (USD, EU and RAND); The reduction in external support, which is affecting the availability of resources to finance some activities; Price increase of around 26.77%.

Given these factors, it was noted that, of all the CMC's sources of revenue in terms of meeting needs in relation to its capacities, the municipality is achieving 38% (value obtained from revenue) of the total revenue intended, with an excessive deficit of 62% (value required to meet expenses). This time, the revenue collected by the CMC has contributed to improving the quality of life of the residents of the city of Chimoio, as several activities were carried out by the municipality to improve the living conditions of residents, in the areas of education, health, sanitation, water and electricity supply, rehabilitation and construction of roads and bridges, thus seeking to facilitate the flow of goods, services and people to areas that were not passable.

Therefore, fully meeting the needs of the residents is still a challenge for the municipality, due to the 62% deficit in expenditure in all areas related to the CMC. The level of satisfaction of the residents regarding the municipal governance is reasonable, since some of the government's campaign promises from 2013 to 2018 were not fully fulfilled.

5. Final Considerations

The results of this work revealed that the Chimoio Municipal Council implements strategies to combat poverty, with a particular focus on fostering youth entrepreneurship through PERPU. This program provides funds to finance income-generating projects in urban areas, aiming to reduce urban poverty rates. However, it highlights the need for transparent management and effective accountability to ensure sustainability and equitable distribution of resources.

The analysis of participation mechanisms revealed that the Chimoio Municipal Council adopts an open approach to resident participation in municipal management. Mechanisms such as community consultation, participatory planning and open presidency were identified. Active participation of residents, supported by community leaders and local advisory councils, strengthens the municipal administration. The study highlights the importance of these mechanisms in promoting collaboration between the municipality and the community for local development.

The results also indicate that the fiscal decentralization process has a positive impact on municipal finances. The Chimoio Municipal Council, with powers to create taxes, fees and tariffs, has obtained revenues that contribute to improving the tax base. However, the study warns that fiscal decentralization alone is not enough to catalyze economic development and reduce urban poverty. Greater government commitment, efficient allocation of resources and high financial execution are necessary to ensure that fiscal decentralization results in significant improvements in the quality of life of residents.

The hypothesis test, based on Karl Popper's hypothetical-deductive method, validates the statement that the "fiscal decentralization process can have a positive impact on the quality of life of Chimoio residents". Therefore, the study concluded that decentralization has an impact on improving the quality of life of residents in Mozambique, and particularly in MCC, since the fiscal decentralization process brings

benefits to public spending, as locally elected residents have the decision-making power for the management of local resources.

The MCC should prioritize staff training in tax education to strengthen resident's awareness of civic duties, create flexible and accessible channels for public participation in local governance, and sustain investment in road and bridge construction and rehabilitation to ease trade across bairros. It should also improve solid-waste systems end-to-end. Residents, for their part, must cooperate in proper waste disposal, pay due taxes consistently, and make active use of local development funds by joining income-generating initiatives.

Future research on fiscal decentralization should examine the criteria for allocating funds to local authorities, addressing unequal distribution, and investigate financing rules for local income-generation projects across specific programs. It should also assess municipal financial autonomy in practice, identifying weaknesses, opportunities, and challenges in revenue mobilization and management, with the practical objective of improving local financial governance and service delivery.

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