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Optimising Fiscal Decentralisation for Improved Local Government Service Financing in Zimbabwe: Assessing the Hurdles and Prospects

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Abstract

This study examines the challenges and prospects of implementing fiscal decentralisation as a model for financing local government service delivery in Zimbabwe. The paper argues that a local authority's ability to provide effective services depends on sufficient financial resources that are often mobilised through the fiscal decentralisation model. For effective service delivery, local governments should manage their revenues and expenditures without undue interference from their central or national governments, which is achieved through the fiscal decentralisation model. Through a review of secondary data, this study reveals that the main obstacles to implementing fiscal decentralisation in Zimbabwe are the absence of political commitment, corruption, existing political conflicts, polarisation, and the central government's excessive involvement in local government finance management. To overcome these challenges, this study suggests granting local authorities continuous operational autonomy to establish their revenue base and make independent expenditure decisions.

Keywords: *Fiscal decentralisation, local government financing, financial management, revenue rates, revenue base.*

1 Introduction

Local governments play a pivotal role in providing essential services to their communities, and their ability to do so hinges on robust funding mechanisms. The main revenue sources for local authorities include property and land rates, service fees (e.g., water supply, waste collection, and sewer systems), and various other sources like hall rentals, market space, bus terminal fees, parking charges, and licensing fees (Gumede, Uwizeyimana and Chilunjika, 2023; Sun, Gao and Razzaq, 2023; Chilunjika and Chilunjika, 2021; Zhou and Chilunjika, 2013). These funds, along with penalties and income from revenue-generating projects, constitute the financial backbone for local governments.

However, despite these revenue sources, Zimbabwean local authorities continue to grapple with persistent financial shortfalls, leading to subpar service delivery. Poor road maintenance, frequent water disruptions, clogged sewage systems, erratic garbage collection, and delayed responses to citizen service requests are regrettably common issues (Marumahoko et al., 2020).

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While specific challenges may vary, financial constraints are consistently cited as the primary barrier to delivering timely services (Gumede, Uwizeyimana and Chilunjika, 2023; Chilunjika, Mutema and Dube, 2020; Murimoga and Musingafi, 2014). This is puzzling, given the array of revenue mobilisation avenues available to local authorities through governing and empowering legislations like the Urban Councils Act [Chapter 29:15] and the Rural District Councils Act [Chapter 29:13].

While fiscal decentralisation, a financial management model for local governments, was introduced in Zimbabwe as part of the post-independence decentralisation policy in 1980 (Munyede, Chikwawawa, and Mazambani, 2021), local governments in Zimbabwe continue to struggle with revenue deficits. Fiscal decentralisation was aimed to reduce central government control over local affairs, emphasising the autonomy of local authorities in managing their finances, yet central government continue to dictate the financial management activities of local governments, and this has become a dent to service delivery efforts pursued by local authorities. The 2013 National Constitution of Zimbabwe [Amendment Number 20, 2013] reinforced this objective, offering hope for local authorities to increase financial autonomy aligned with local needs (Section 276, 2b). However, persistent financial constraints and the central government's continued role in reviewing council charges hinder the successful execution of this fiscal decentralisation model.

This study aims to explore the challenges and opportunities in implementing fiscal decentralisation for local government financing in Zimbabwe. While previous research has mainly focused on political and administrative decentralisation, this study fills the gap by examining fiscal decentralisation, investigating obstacles, and proposing strategies for enhancing its success in Zimbabwe's local government system. The objectives of the research include analysing impediments to fiscal decentralization, assessing the potential benefits, and offering recommendations to bolster this financial model.

2 Literature Review

Fiscal decentralization is a contemporary model of public finance management, in which taxing and spending powers and responsibilities are devolved from the central government to the local government (Mose, 2022; Fjeldstad, 2003). This process shifts authority over revenue, expenditure, and related obligations from the national to the subnational government level (Mose, 2022). Fiscal decentralisation also involves transferring expenditure and revenue responsibilities from the national or central government to lower levels of government (Ahmad and Satrovic, 2023). The decentralisation of financial management powers is a strategic reform measure that emerges from dissatisfaction with centralised public financial management, which often leads to redundancy and disconnection between financial needs and local realities (Gumede *et al*., 2023; Gumede, Byamukama, and Dakora, 2019). There are different models of implementing fiscal decentralisation, but as noted by Sofilda (2023), the initial step in constructing a robust fiscal decentralisation system is assigning expenditure responsibility from the central government to the lower levels of a governance system. Lino, de Azevedo, de Aquino, and Steccolini, (2022) also suggested that there are two ways to transfer financial management responsibilities from central government to local government in a fiscal decentralisation model and these are the "revenue-led" and the "expenditure-led" approaches. In a revenue-led approach, public revenue resources are initially divided among government levels, while an expenditure-led approach helps reduce issues of duplication and overlapping functions between government levels (Darshini and Gayithri, 2023).

The capacity to decide how money is collected and where it is allocated is a key element of fiscal decentralisation, as this demonstrates some degree of fiscal autonomy (Marumahoko, 2010). Fiscal autonomy is reflected by the lack of statutory and administrative frameworks that restrict local government expenditures (Janoušková and Sobotovičová, 2019). Nevertheless, central governments in many countries around the world have implemented a range of controls that limit the freedom of local governments to manage their spending, which represents the central government's reluctance to relinquish financial management powers to local authorities (Alfada, 2019). These measures include the utilisation of conditional funds, post-budget limitations, audits, and the central government's endorsement of municipal expenditure plans and programs. Siburian (2022) argues that in some cases, these limits on local government spending counteract the benefits of fiscal decentralisation.

Intergovernmental fiscal transfers, which are grants from the central government, also form a part of the fiscal decentralisation model (Meny, 2023). Intergovernmental grants can be divided into two categories which are, conditional and non-conditional grants (McGarvey, 2002). Conditional grants are the sums of money provided by the central government to fund a specific project within a local authority with tight regulations that specify both the content and outcomes of the project (Aritenang, 2020). Post the use of the conditional grant, the responsible central government ministry that allocates funds must also verify that the grant was utilised according to predetermined guidelines. On the other hand, when a local authority is granted an unconditional grant, it is not obligated to use the funds in a particular manner but must utilise the grant to meet its priority financial needs (McGarvey, 2002).

The other component of fiscal decentralisation is subnational borrowing, which gives subnational governments the power to borrow money to cover assigned expenditures if their revenue inflows are insufficient (Malicka, 2023). Subnational borrowing is a widely used and highly effective way to compensate for the difference between expenditure and revenue. When effective fiscal decentralisation is implemented, a local government that has been granted considerable budgetary power must exercise its borrowing power with minimal interference from the central government (Mose, 2022). For fiscal decentralisation to be successfully implemented, local governments should be granted authority to decide who to borrow from and negotiate loan terms without any pre-set conditions from the central government (Janoušková and Sobotovičová, 2019). Nevertheless, in practice, the capacity to borrow is sometimes limited by the regulations issued by the central government. In Zimbabwe, for example, such limitations apply through Section 290(1) of the Urban Councils Act [Chapter 29:15] which prohibits local authorities from borrowing for regular expenses. While this provision might have seemed like central government interference, it was reasonable to restrict the borrowing power of local governments in some circumstances, as some levels of excessive borrowing could lead to the accumulation of unmanageable deficits.

The Zimbabwean scenario is consonant with the argument that the ability of a local authority to borrow from external sources is regulated by national legislation, and the borrowing restrictions for local authorities differ from country to country (Li and Du, 2020). In most cases, borrowing power is restricted by the purpose for which the loan is sought. Generally, urban governments are allowed to borrow funds with the stipulation that money is only used for capital expenditure and not to cover ongoing deficits, debt servicing or recurrent expenditure. In countries such as India and Nigeria, local authorities borrow money as directed by central or state governments, whereas, in South Africa, local authorities are constitutionally safeguarded from borrowing restrictions (Krah and Mertens, 2020). In most developing countries, the central government prohibits local governments from borrowing for private purposes. In Nigeria, for example, borrowing is only permitted for projects that will assist urban councils in developing their economies and infrastructure (Hammayo, Shittu and Abdullahi, 2020). Thus, until local governments receive borrowing authority from the national government, they will not be able to secure funds for capital projects from financial institutions. This implies that, whenever local authorities intend to borrow money, they must first get authorisation from the federal government, and this limits the effectiveness of the fiscal decentralisation model.

Globally, several countries have successfully implemented a fiscal decentralisation model of local government financing. For example, in 1999, Indonesia shifted to a decentralised government system because of financial and economic difficulties (Bianchi, Giorcelli, and Martino, 2023). At that time, regional governments were granted authority to oversee governmental and public services, except for religion, Défense, and monetary policy (Suprianik, 2023). Before decentralisation, all provincial and municipal spending was allocated and overseen by ministries' offices at the provincial and local government levels which created some delays in service delivery due to the red tape in expenditure authorisation (Siburian, 2022). The two main sources of funding were the Presidential Instruction Fund, which was allocated for development projects, and the Subsidy for Autonomous Regions, which was primarily designated for workers' salaries and operational costs (Kis-Katos and Sjahrir 2014). A systematic analysis of Indonesia's fiscal decentralisation system in 2023 shows that it now allows provinces and municipalities to impose local taxes and set local tax rates in line with their budgetary requirements (Sofilda, 2023). Furthermore, Indonesia has established a fiscal network between the subnational and federal governments to guarantee a reasonable budgetary balance among all provinces and this has reduced service delivery delays (Bianchi *et al*., 2023). These transfers help ensure equitable distribution of state funds and reduce vertical and interstate budgetary disparities (Kis-Katos and Sjahrir, 2014). Since Indonesia adopted fiscal decentralisation, social welfare, public service delivery, and a variety of development indices have seen significant improvements, and this demonstrates one of the success stories of fiscal decentralisation in the world (Sofilda, 2023).

2.1 Fiscal Decentralization Models Operational in Selected African Countries

Fiscal decentralisation is becoming a more prominent issue in many Global South countries and is viewed as a means of eradicating economic inequalities inherited from the colonial era that have long characterised local communities. This section provides a synoptic discussion of the fiscal decentralization models adopted in South Africa and Kenya.

2.1.1 South Africa's Fiscal Decentralization Model

Fiscal decentralisation in South Africa has been a gradual and ongoing process since the country's 1994 democratic transition. After the end of Apartheid, the government introduced a system of 'cooperative governance,' in which the three levels of government - national, provincial, and local - collaborate and share responsibilities. The Constitution of South Africa provides a legal framework for fiscal decentralisation, and the Intergovernmental Fiscal Relations (IFR) system is the primary framework governing fiscal decentralisation in South Africa (Mosikari and Stungwa, 2023; Momoniat, 2002). This system was largely influenced by apartheid and aimed to address inequalities that existed in the Apartheid era. Currently, fiscal decentralisation in South Africa has five fundamental features which are a Constitutional framework, revenue-raising powers, provincial and local fiscal commissions, equitable shares, and conditional grants (Bahl and Smoke, 2003).

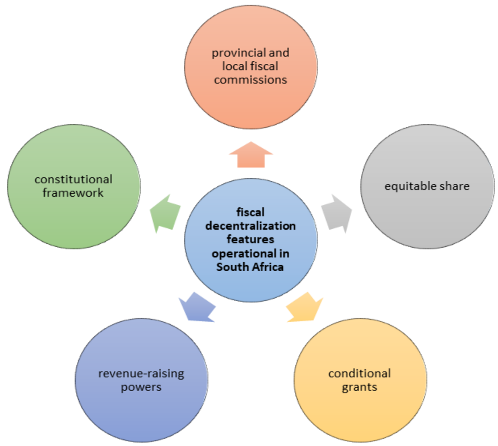

Figure 1: Fiscal Decentralisation Features Operational in South Africa
Source: Authors' Construction.

The post-Apartheid South African Constitution adopted in 1996 outlines three spheres of government: national, provincial, and local (Gumede *et al.*, 2023; Hanif, Wallace, and Gago-de-Santos, 2020). Each tier of government has its own responsibilities and taxing powers. The equitable share formula is used to allocate funds from the national government to provinces and municipalities to address historical imbalances and promote equalization. Conditional grants are transfers from the national government to provinces and municipalities for specific purposes, such as education, healthcare, and housing, and come with conditions attached to ensure they are used for their intended purposes. Provinces and municipalities have limited revenue-raising power, primarily through property rates, service charges, and user fees. South Africa has established commissions to monitor and make recommendations on fiscal matters at provincial and local levels (Bahl and Smoke, 2003). The fiscal decentralisation strategies and outcomes of South Africa and Zimbabwe are significantly influenced by their economic, political, and historical conditions. Like Zimbabwe, South Africa is still struggling with fiscal disparities, and governance issues that hinder the effective implementation of fiscal decentralisation. Therefore, the implementation of fiscal decentralisation in South Africa can be considered a work in progress, and the development points to a positive result soon.

2.2.2 Kenya's Fiscal Decentralisation Model

Kenya has implemented fiscal decentralisation reforms to enhance local governance and service delivery, but its model differs from that of South Africa in several ways. First, Kenya established 47 county governments with their governors, assemblies, and executives, following the adoption of the 2010 National Constitution (Mose, 2022). These countries have fiscal autonomy in areas such as health, agriculture, and education. Second, the Commission on Revenue Allocation (CRA) is responsible for determining a fair allocation of revenue between national and county governments. Third, county governments in Kenya have greater revenue-raising powers than those in South African provinces and municipalities, such as levying taxes, and fees within their jurisdictions. Fourth, an Equalization Fund was established in Kenya to address historical marginalization and inequalities by providing additional resources to less-developed counties. Finally, intergovernmental relations in Kenya are coordinated through the Intergovernmental Budget and Economic Council (IBEC). Zimbabwe policymakers may draw important insights and lessons from Kenya's fiscal decentralisation model because of its considerable success thus far.

2.3 Theoretical Framework

The resource dependency theory developed by Pfeffer and Salancik (1979) serves as an overarching theoretical framework for this study. This theory seeks to explain organisational and inter-organizational behaviour by looking at the essential resources that an organisation needs to sustain and operate. The theory suggests that an organisation's behaviour is shaped by how it manages its reliance on external resources as well as the expectations placed on it by those who control those resources (Nandi, Sarkis, Hervani, and Helms, 2021). Resource dependency theory is premised on the idea that organisations face difficulties in obtaining resources because of complacency and the belief that support will always be provided by external actors, although these external actors then leverage their control and exert their influence on the operations of the recipients of the resources (Celtekligil, 2020; Cuervo-Cazurra, Mudambi, and Pedersen, 2019) The more an organisation relies on external resources, the more powerful are the demands of certain individuals who manage these resources.

In this study, the resource dependency theory is useful in analysing how the lack of fiscal authority of local authorities in Zimbabwe causes over-dependence on the central government, regardless of the fiscal decentralisation model. The theory enables an understanding of how local governments' persistent budgetary deficits, and the resulting substandard public services are due to their lack of financial autonomy and their reliance on the central government to address local government financing through regular grants. As a result, a dependence syndrome has been created in which local authorities cannot sustain themselves outside the support of the central government, leading the central government to exercise exclusive control over the fiscal decisions of local authorities. From the lens of this theory, it can be noted that the central government in Zimbabwe has become the main source of funding for local government activities, regardless of the fiscal decentralisation framework. Inevitably, the central government exercises its power arbitrarily, hindering the local government's ability to manage and offer services to the local population effectively and efficiently. This leads to excessive interference from the central government and the subsequent erosion of fiscal autonomy, as the central government has a substantial influence on the pace and trajectory of local development (Siburian, 2022).

3 Methodology

This study employed the desktop research method characterised by the purposeful selection of secondary data sources tailored to the research objectives. The utilisation of secondary data is pivotal in substantiating claims within the domain of interest (Disemadi, 2022; Zimano and Chilunjika, 2019). For this study, the use of secondary data afforded access to a diverse array of data collected from various reputable databases, including Scopus, SAGE, the Directory of Open Access Journals (DOAJ), and Google Scholar. In addition, an array of sources, including news bulletins and online sources was reviewed to underpin the research with solid scientific evidence. The collected data were analysed using the qualitative content analysis which allowed for an in-depth exploration of the principal challenges and prospects of implementing the fiscal decentralisation model.

4 Results and Discussion

Like many other developing countries, Zimbabwe is grappling with the implementation of a fiscal decentralisation model to avoid budgetary deficits in local authorities. The ensuing discussion centres on some of the pillars of fiscal decentralisation, as well as the obstacles encountered in implementing this model of local government financing in the context of Zimbabwe.

4.1 Features of Fiscal Decentralisation in Zimbabwe

In line with Zimbabwe's Devolution and Decentralisation Policy (2020), fiscal decentralisation refers to the process of transferring the responsibilities for revenue collection and expenditure execution from the central government to lower tiers of government, such as Provincial Councils, Urban Councils, rural district councils, municipalities and town boards, which are broadly known as local authorities. In the fiscal decentralisation model, the tasks and duties allocated to each level of government are known as expenditure assignments (Meny, 2023).

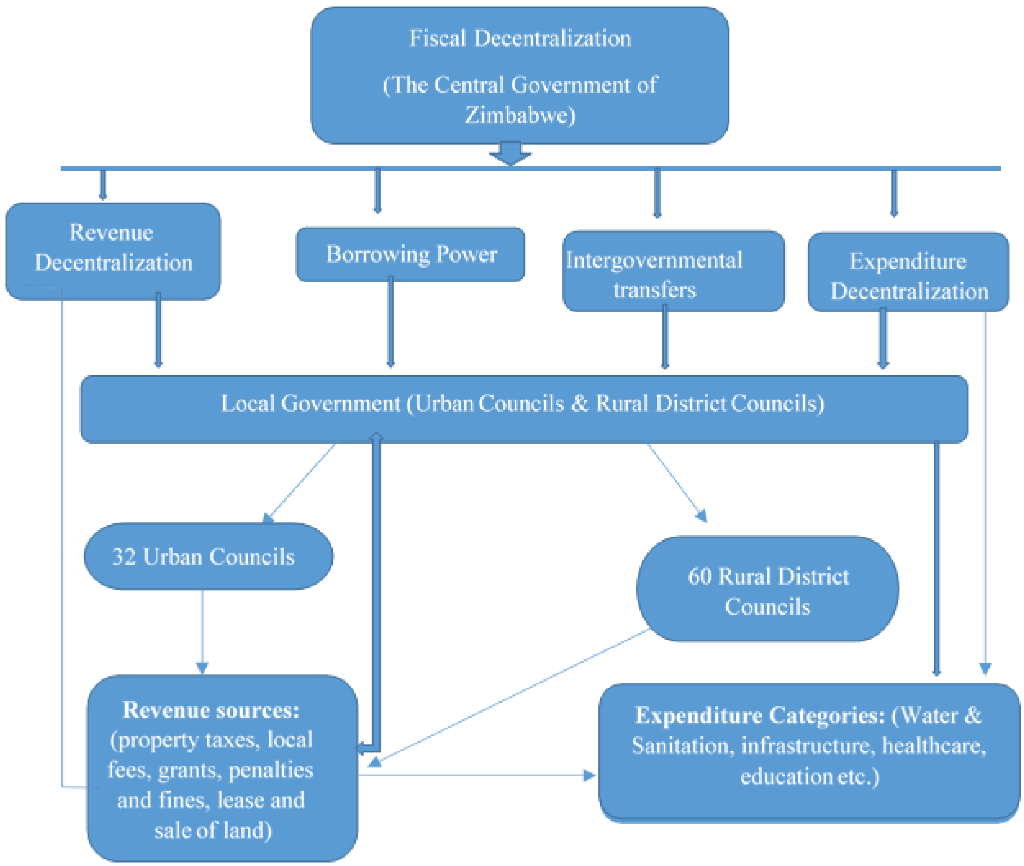

Figure 2: The Fiscal Decentralisation Model for Zimbabwe.
Source: Authors' Construction.

In Zimbabwe, each of the lower levels of government has unique expenditures and revenue assignments. For example, local governments in Zimbabwe are responsible for and have the authority to finance services locally. Consequently, these local authorities mobilize revenue locally through several instruments, such as fees charged for service delivery, licencing, parking charges, penalties, and fines to violators of council regulations (Coutinho, 2010). Furthermore, fiscal decentralisation enables local authorities to grant operational licenses to the owners of these businesses and collect revenue from them through the issuance of new licences and termly renewals. This is supported by Section 16(5) of the Public Finance Management Act

[Chapter 22:19], which gives local authorities the power to collect revenue from leasing a residential or commercial site on small-scale commercial land. While the fiscal decentralisation model has been launched in Zimbabwe, with legislative and policy foundations, its implementation is marred by a cocktail of challenges, some of which are primarily a contextual reflection of the lack of political commitment to implement the self-financing model, as discussed in the ensuing section.

4.2 Main Challenges to Fiscal Decentralisation Implementation in Zimbabwe

The implementation of fiscal decentralisation in Zimbabwean local authorities has been marred by several operational and contextual obstacles, and the main obstacles are discussed below.

Figure 3: The Main Challenges to Fiscal Decentralisation Implementation in Zimbabwe.
Source: Authors' Construction.

4.2.1 Lack of Political will to Implement Fiscal Decentralisation

The major obstacle to the implementation of a fiscal decentralisation model of local government financing in Zimbabwe is the absence of political commitment to operationalize the provisions of the National Constitution and other relevant legislations for fiscal decentralisation, such as the Devolution and Decentralisation Policy enacted in 2020. This anomaly is not new, as it can be noted that in 2003, there was a large discrepancy between the promises of fiscal decentralisation policies and their actual implementation (Zhou and Chilunjika, 2013). This is particularly evident in the reluctance of the central government to fully relinquish financial management powers to local authorities. Despite the presence of fiscal decentralisation provisions in the Constitution since 1984, and recently, in 2020, with the adoption of the Devolution and Decentralisation Policy, there has been a lack of genuine political commitment towards the successful implementation of this local government finance management model. The continued involvement of the Minister of Local Government in local government finance administration illustrates the lack of political commitment to execute constitutional and legislative mandates to foster complete fiscal decentralisation and address local government finance deficits that culminate into poor service delivery (Musekiwa, 2020; Chilunjika *et al*., 2020; Zhou and Chilunjika, 2013). The lack of political commitment hinders a country's local government structure from becoming more financially decentralised. Despite the central government's attempts to bring existing laws into line with the new Constitution, fiscal decentralisation has yet to be achieved because of the absence of political will.

4.2.2 Political Polarisation in Local Authorities

The persistent polarisation between the ruling party, the Zimbabwe African National Union-Patriotic Front (ZANU PF), which governs the central government, and the opposition Citizens Coalition for Change (CCC), which governs most urban councils in Zimbabwe, has been a major impediment to the realization of the fiscal decentralisation vision. The acrimonious politics between the ruling party and the opposition creates incentives for the Minister of Local Government, from ZANU-PF to censor and rescind financial management decisions made by the opposition councillors, which jeopardises the full implementation of the fiscal decentralization model in the country. The Musekiwa (2020) revealed that the central government has not met its constitutional obligation to transfer power from the central government to the local level in terms of devolving financial administration functions and responsibilities. It has been demonstrated that local government oversight has become a potent instrument for the ZANU PF-led national government to gain political leverage over the opposition-run urban councils (Jonga, 2014). As such, giving financial administration powers to local authorities, which are mainly run by opposition councillors, will be self-defeating on the part of the ruling party ZANU-PF. Sadly, Zimbabwe's parliament has been reluctant to pass laws that would create suitable systems and processes to facilitate collaboration between the central and local governments for the effective implementation of decentralization.

Intense political intolerance has posed difficulties in implementing fiscal decentralisation in Zimbabwe, and the national government's use of supervisory powers has often been contentious (Chilunjika *et al*., 2023; Chilunjika and Chilunjika, 2021; Chigwata and De Visser, 2017; Zhou and Chilunjika, 2013). The Minister of the Local Government has persistently and arbitrarily suspended or even removed mayors in the name of protecting public interests, which makes it difficult for mayors and other top public officials in councils to exercise their autonomy in making financial administration decisions. Chigwata and De Visser (2017) further argued that the removal and suspension of mayors appeared to be intentional rather than coincidental, as most of the mayors who were dismissed or suspended were associated with opposition political parties. Subsequently, some mayors are therefore hesitant to make independent financial management decisions for their council because of the fear of being victimized by the local government minister. To support this, Nyikadzino & Vyas-Doorgapersad (2022) argue that the lack of operational independence in Zimbabwean local authorities has had a direct effect on the deterioration of the delivery of public services to communities in a democratic manner. To support this, it can be argued that the main problem with decentralized local governance in developing countries is the apprehension of national leaders that the transfer of power is a zero-sum game in which local leaders (who may also be members of a different political party) gain power and resources to the detriment of national leaders. This has been the case in Zimbabwe, where the highly individualised nature of politics has created opportunities for opposition political parties to become more powerful in major cities, particularly in capital cities. This challenge impedes the successful implementation of fiscal decentralisation in Zimbabwe.

4.2.3 Excessive Involvement of the Central Government in Local Government Affairs

The perpetuation of a centralised system of local government management has caused cities such as Harare to have an unfavourable reputation for a toxic political culture between the Minister and local councils, particularly the mayor, which has negatively impacted the implementation of fiscal decentralisation. The centralised government system is bureaucratic and creates a bottleneck, making it difficult for financial resources to reach local communities in time. In major cities, such as Harare, Bulawayo, and Gweru, for example, regardless of the efforts to mobilise revenue locally, the utilization of financial resources still requires central government approval, which has created unnecessary delays in service delivery (Chilunjika and Chilunjika, 2021). As a result, these cities have lost their charm due to inadequate water, sanitation, and garbage collection services, emanating from delays in financial decision-making because of the centralized system. The unfortunate outcomes in some cities such as Harare, have fallen victim to water-borne diseases such as cholera and typhoid owing to this retrogression in the expected service delivery standards. This is emphasised by Mwonzora (2022), who argues that excessive central control over local governments' financial decisions hinders the efficient and effective delivery of services, as expected by residents. In cities such as Harare for example, service delivery challenges such as housing shortages have worsened as the servicing of residential stands has been outpaced by the growing urban population which increases urban housing demand (Poshai & Vyas-Doorgapersad, 2023). The central government's heavy involvement in the financial activities of local authorities has extinguished any hope of lower tiers of government having control over their budgets and subsequent financial expenditures, which is a dent in the implementation of fiscal decentralisation and the delivery of services to residents.

Furthermore, the central government, through the Ministry of Local Government, is taking back the powers and duties delegated to local governments, particularly in raising revenue for the delivery of public services within municipalities. Put another way, the "the Minister shall' concept, which is stipulated in the Urban Councils Act [Chapter 29:15], remains a major obstacle to fiscal decentralisation initiatives in Zimbabwe. The Minister of Local Government's involvement implies the persistence of centralized fiscal activities such as revenue mobilisation and local budgeting processes. It is recommended that the Minister of Local Government honour the autonomy of local authorities, as outlined in section 276 of the National Constitution of Zimbabwe [Amendment Number 20 of 2013]. History has demonstrated that the Minister of the Local Government's interference is more about gaining political advantage than protecting the interests of the people (Madzimure, 2021). In addition, the implementation of fiscal decentralisation in Zimbabwe is also hindered by the restrictive provisions in existing legislation, such as the Urban Council Act [Chapter 29:15] and the Rural Council Act [Chapter 29:13], which both grant the local government the authority to approve the budgets of the local authorities and to authorize borrowing by them.

4.2.4 Corruption in Local Authorities

Rampant corruption by council officials responsible for finance administration in local authorities is one of the major barriers to the successful implementation of fiscal decentralisation in Zimbabwe. Urban councils in Zimbabwe seem to have weak mechanisms to curb the scourge of corruption, which makes it difficult to achieve transparency and accountable behaviour in the use of public revenue mobilised at the local level. For example, the Harare City Council has been the source of numerous corruption cases involving top council officials, such as the mayor, and housing directors raising questions about the ability of local governments to manage revenue locally in a transparent and accountable manner. These high-ranking officials have been accused of receiving exorbitant salaries and embezzling public funds, which limits the delivery of services in the city. Chilunjika and Chilunjika (2021) noted that corruption by Harare City Council officials is one of the causes of ongoing poor service delivery, particularly in terms of water supply, which has been one of the most severe issues facing Harare and its inhabitants for years. From 2003 to 2022, public sector corruption and economic mismanagement at both the local and central government levels have exacerbated the neglect of basic service delivery (Chilunjika *et al.*, 2022; Chilunjika, 2021; Chilunjika and Gumede, 2021). In addition, some local authorities have misused their power over financial resources, particularly in the sale and distribution of residential stands. For example, in July 2020, the anti-corruption unit in President Emerson Mnangagwa's office accused the then-mayor of Harare, Hebert Gomba, and other senior city council officials on charges of corruption and misuse of power in connection with irregularities in the sale of land and changes to plans (Mwonzora, 2022). This is believed to have prompted the central government's reluctance to entrust most of its financial power to the local government through fiscal decentralisation.

4.2.5 Loopholes for Implementing Fiscal Decentralisation in the Current Legal Framework

Inconsistencies in the existing legal framework governing fiscal decentralisation have been a major obstacle to Zimbabwe's implementation of this model of local government financing. The legislative provisions that give local authorities the power to collect revenue in their areas of jurisdiction are contrary to the provisions of ministerial powers to control the management of budgets, borrowing powers and bad debt. For example, section 276 of the Constitution of Zimbabwe does not clearly state the boundaries of central government involvement in local government administration, particularly in financial management processes. In the same vein, the provisions of the Devolution and Decentralization Policy are not clear on the principles that local authorities should follow in implementing fiscal decentralisation. Legislative regulations have the consequence that local governments remain offshoots of the central government in terms of financial administration. Some of the legislation, such as the Urban Councils Act [Chapter 29:15] and the Rural District Councils Act [Chapter 29:13], also gives the minister of local government the authority to rescind the financial management decisions made by local authorities if deemed necessary. Due to such powers, the central government has a history of writing debts for residents owing to council money. A notable example is the post-2013 elections decree by the then, Minister of Local Government, wherein councils were instructed by residents to cancel all domestic household debt owed to local authorities. This resulted in substantive declines in local authorities' revenues since the primary source of revenue for local authorities to provide services is the money collected from local citizens in the form of bill payments. At that time, the Minister of Local Government issued a directive to reduce the bills in a rate amnesty, in a move that further depleted the already limited financial resources of all local authorities, resulting in a financial shortfall.

The minister's authority to manage the budgets and borrowing powers of local authorities weakens the effectiveness of these authorities' public service delivery. This contrasts with the National Constitution provisions, particularly section 276, which ensures the right of a local authority to independently manage the local affairs of the people in the area for which it was created. The National Constitution of Zimbabwe also mandates the transfer of authority, responsibility, and resources to local governments to attain a range of objectives related to peace, democracy, and development, which involve the transfer of financial administrative responsibilities. The National Constitution also allows local governments to manage their territories without interference from central governments. This is contrary to the actual situation, as the constitutional powers of local governments are regularly undermined by the powers given to central government authorities through extra legislation, which directly contradicts the stipulations laid out in the national constitution.

4.2.6 Skills and Capacity Dearth in Local Authorities

The lack of expertise and capacity to manage finances effectively in local areas is another obstacle preventing the full adoption of fiscal decentralisation in local governments in Zimbabwe. The successful implementation of fiscal decentralisation requires council employees in the accounting department to have financial literacy skills and knowledge of accounting principles and procedures. While the central government has been criticised for its unwillingness to decentralise fiscal powers to local authorities, it is undeniable that most local government authorities, especially rural district councils, still lack skilled and capable personnel to handle the demands of fiscal decentralisation. Nevertheless, as Munyede *et al*., (2021) highlight, the central government must develop an administrative manual to guide local authorities in implementing fiscal decentralisation if it is to be successful.

4.3 The Prospects of Fiscal Decentralisation in Zimbabwe's Local Authorities

If the above-mentioned challenges are addressed, several benefits can accrue from a fiscally decentralized local government system. First, fiscal decentralisation is pertinent in the contemporary public management process, as it can stimulate increased accountability, which is a fundamental principle of public financial management. The successful implementation of fiscal decentralisation can enable government officials to use public expenditure to improve the level of service delivery. Kariuki and Muchelule (2023) argue that fiscal decentralisation increases government officials' accountability by making them answerable to the residents who voted them into office, as they must provide tangible results. It is anticipated that the full implementation of fiscal decentralisation in Zimbabwe's local governments will restore the essential role of local authorities as jurisdictions responsible for the provision of tangible evidence of how citizens' funds are utilised. As social accountability becomes more widespread and rights-based governance is being implemented, citizens have a democratic right to ensure that public funds are properly monitored. In this context, Chigwata and De Visser (2017) contend that decentralisation can lead to increased civic engagement and better oversight of public officials' actions, as residents, who are ratepayers, have a vested interest in holding local authorities accountable and can keep a close eye on them.

Furthermore, fiscal decentralisation can address the lack of creativity associated with Zimbabwean local governments. The lack of adequate financial autonomy has contributed to the stagnation of innovation in the local government sector. Nevertheless, as Oates (2006) notes, fiscal decentralisation can encourage innovation by allowing local governments to introduce and evaluate policies that enhance the service delivery system. More importantly, Rodríguez-Pose and Muštra (2022) state that fiscal decentralization is a means of enhancing policy responsiveness to local needs and involving the public in democratic governance processes. In the case of Zimbabwe, fiscal decentralisation can enable local governments to try new concepts such as implementing smart city initiatives which are in tandem with global development trends, something that would be impossible in a centralised system. Oates (2006) supports this by noting that experimentation and innovation are possible because each local authority has the liberty to adopt new policy approaches (such as taxation policies), thus providing a useful laboratory for fiscal experiments that can be later adopted and implemented on a larger scale. This suggests that fiscal decentralisation is essential, as it enhances local governments' capacity to be creative, which generates good returns for both local governments and the national government, leading to national growth.

In addition, fiscal decentralisation leads to better management of local governments in Zimbabwe, which in turn leads to improved quality of service delivery. For many years, the lack of resources has been a major impediment to providing effective and efficient services in Zimbabwe's local jurisdictions. Chilunjika and Chilunjika (2021) further noted that citizens of Zimbabwe's many local authorities have had to contend with a range of problems, including uncollected garbage, broken sewers, irregular water supplies, and roads full of potholes that have become a driving hazard. Conversely, delivering services that satisfy consumers' needs and expectations is an effective way to provide services. This concept is based on the notion that people who need government services should be treated in the same way as customers of private businesses (Madzimure, 2021). Fiscal decentralisation encourages policymakers to be more responsive to the expectations of citizens, creating a closer connection between public policy and popular preferences by bringing the government closer to the people (Madzimure, 2021). Local governments benefit from their proximity to their constituents, giving them an informational edge that allows them to understand their needs and desires better. Owing to their greater access to information, local governments are better able to allocate resources in a manner that satisfies citizens' needs than the central government.

Moreover, local governments' proximity to the people they serve – the direct recipients of public services – encourages them to use fiscal resources efficiently. The effective functioning of local public service delivery encourages government accountability through the direct election of local representatives by the residents, which also gives voters control over their public authority and organisations. The performance of neighbouring localities also gives local voters a benchmark to compare the abilities and efficiency of their local politicians as well as spur competition among local governments to deliver effective public services. Fiscal decentralisation provides local government authorities with financial resources to carry out developmental projects and complete them on time, thus enhancing service delivery in local areas. Both urban and rural local authorities in Zimbabwe expressed dissatisfaction with the Ministry of Finance and Economic Development for failing to provide a definite timeline for the release of funds to them. In many cases, the money was deposited in the bank accounts of local councils without prior notification of responsible finance officers in the respective local governments (Munyede *et al.*, 2021).

5 Conclusion and Recommendations

Fiscal decentralisation holds the key to achieving sustainable development in Zimbabwe. However, despite 43 years of independence, Zimbabwe still grapples with the crucial aspect of fiscal decentralisation, essential for improving local government financing and fostering development. The study highlighted the main hurdles to fiscal decentralisation in Zimbabwe's local government authorities. As such, addressing these challenges holds immense promise, as fiscal decentralisation not only injects creativity into local governance but also nurtures a culture of greater responsibility, a cornerstone of sound public financial management. Moreover, fiscal decentralisation can substantially enhance the efficiency of local government management, leading to improved service delivery. By and large, in dealing the aforementioned challenges the study proposes the following recommendations to improve the implementation of fiscal decentralization:

- The authority to determine the tax base and rate should be delegated to local government institutions to enhance their capacity to generate revenue. This approach enables local governments to establish taxation systems that are better suited to their unique circumstances and needs.
- The National Constitution should delineate inter-governmental fiscal transfers and borrowing to make fiscal decentralisation effective.
- Local authorities need to advocate the transfer of budgetary powers from the central government to them so that they can function autonomously.
- Strict anti-corruption measures must be implemented to reduce the risk of the wealthy elite siphoning off most of the revenues collected and to ensure that citizens reap the rewards of their rate payments.
- Policies governing the decentralisation of taxation authority to sub-national governments and the sharing of tax bases must be regularly evaluated to address the vertical fiscal gap and disparities. As such, the central government should implement a revenue-sharing policy and provide local governments with formula-based unconditional grants.

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