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FACULTY OF SOCIAL SCIENCES

DEPARTMENT OF LOCAL GOVERNANCE STUDIES

**THE FISCAL DECENTRALISATION DEBATE IN ZIMBABWE: THE CONTEXT
AND DIMENSIONS**

BY

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(R143490F)

**THIS DISSERTATION IS SUBMITTED TO THE DEPARTMENT OF LOCAL GOVERNANCE
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DEDICATION

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ACRONYMS

GCC- GWERU CITY COUNCIL

LGS- LOCAL GOVERNANCE STUDIES

MLGRD- MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

UCA- URBAN COUNCILS ACT

RDT- RESOURCE DEPENDANCY THEORY

RDCA- RURAL DISTRICT COUNCILS ACT

ZINARA-ZIMBABWE NATIONAL ROADS AUTHORITY

ABSTRACT

The thrust of this research is to interrogate the contentious issues surrounding the lack of fiscal autonomy and to analyse the effectiveness of the legal provisions as they relate to the characteristics of local government financing, assessing the extent to which Zimbabwe has strengthened the fiscal capacity of local authorities and systems of sub-national government finances. Fiscal decentralisation is the transfer of taxing and spending powers from central government to local governments. Fiscal decentralisation has become the new development mantra being perceived as the panacea ameliorating a wide range of challenges associated with centralised provision of services. The study will also discuss the virtues and vices of fiscal decentralisation. The study analyses the Resource Dependency Theory (RDT) and its applicability in the Zimbabwean context. Empirical evidence will be drawn from South Africa, India and the Philippines. The research used an exploratory research design that is qualitative in nature. Purposive sampling was used and key informant interviews were conducted during data gathering. The research revealed that the legal framework does not provide for the formula for intergovernmental fiscal transfers and that vertical and horizontal fiscal imbalances keep on growing. For fiscal decentralisation to be practically applicable, there is a need to strike a balance between expanding local authorities' devolved fiscal autonomy and reducing central government's powers and control of local authorities. To strike this balance, the perceived benefits of fiscal decentralisation need to be carefully weighed against its potential risks. The legal, political and economic environment prevailing in Zimbabwe and most developing countries is not conducive for fiscal decentralisation to effectively take place. Fiscal performance in local authorities can be enhanced by making sure that expenditure mandates match financial resources. This will avoid the problem of unfunded mandates.

CHAPTER 1

1.0 Introduction

Service delivery in Zimbabwe particularly in urban centres has been on the decline for many years. The accelerated pace at which the process of urbanization has occurred coupled with systematic governance failure and economic destabilization have been chief cited among malignant factors that have compounded central government's ability to ensure quality service delivery for the urban populace. It is in the context of rapid degeneration as evidenced by failure to provide clean and safe drinkable water, poor refuse collection, depreciation of road standards to mention just a few, that screeches for decentralisation of power at all levels has intensified. The main argument from a pro-decentralisation point of view has been that, devolution of authority from the central government to democratically elected sub tiers of the government, could pave way for way for improvements in resource mobilization, public participation, accountability as well as efficiency of various tiers of central government hence improvements in service delivery. Unfortunately in all this agitation for decentralisation, observed at various levels including the academia, political scenery and the civil society, unconvincing attention has been given on the role of fiscal decentralization in particular in maximising effectiveness of local governments. It is the selective, partial and seemingly shifting tendencies in the application of fiscal decentralisation in Zimbabwe that this research broadly seeks to investigate. Specifically this research examines constraining, enabling factors and the utility of fiscal decentralization in fostering an enabling environment for improvement of service delivery in Zimbabwe

1.1 Background to the study

According to De Mello and Fukasaku (1999:9) fiscal decentralisation refers to the devolution of taxing and spending powers to lower levels of government. It is a process that involves the transfer of authority and responsibility for public finance management from central government to lower tiers of government. According to Tonhodzai (2014:10) like many developing countries, Zimbabwe is moving towards fiscal decentralization as a possible way of correcting vertical and horizontal fiscal imbalances. Fiscal decentralisation is therefore driven by three factors: that is, the need to improve efficiency in local governance, the need to move government closer to the people and the need to respect constitutional provisions. Section 264(1) of the Constitution provides for the devolution of power to local authorities

and Provincial and Metropolitan. Section 264(2) (e) outlines one of the objectives of decentralisation as to ensure the equitable sharing of local and national resources. Section 264(2) (f) states that another objective of transferring responsibility and resources from national governments to local level is to establish a sound financial base for each provincial and metropolitan council.

However the context and dimensions of fiscal autonomy enjoyed by local authorities in Zimbabwe is a matter of great debate. According to Marumahoko (2010) the current thinking in central government is that Zimbabwean local authorities already have at their disposal boundless fiscal powers and that they are in a strong position to mobilise resources for service delivery programmes. Other levels of government are assessed as lacking in their capacity to ensure equitable distribution of resources. On the other hand, there are those who are of the view that local governments in Zimbabwe lack fiscal autonomy (Marumahoko, 2010). They argue for the assignment of more fiscal autonomy to local governments. Blame is pointed to local authorities as failing to point to the failure of urban local to absorb and deal with the challenges resulting from a difficult economy.

The lack of fiscal autonomy has been cited as one of the major reasons behind the failure by local authorities in Zimbabwe to provide social goods and services to ratepayers. The overall degeneration is evidenced by poor roads, lack of clean water and lack of capacity to collect refuse (Marumahoko, 2010).

Tonhodzai (2014: 12) is of the view that since the nation is grappling with public debt which constitutes a very huge proportion of the national budget, central government is in a financial quagmire such that it is very difficult to finance local authority spending in the form of grants or for the local authority to borrow from central government. Tonhodzai (2014) is also of the view that there are perceived benefits likely to be realised from the practice of fiscal decentralisation. These benefits include among others improved economic efficiency, increased public participation, increased accountability and improved resource mobilisation. However, fiscal decentralisation is not without pitfalls. In situations where national budgets rarely reflect local preferences and the institutional capacity of local governments is very, low fiscal decentralisation may result in increased costs, decreased efficiency in service delivery, greater inequity and macroeconomic instability. Tonhodzai (2014) further argues that there arise two issues which need to be addressed in this instance. The challenge is how to strike a balance between the merits and demerits of fiscal decentralisation so that the practice

becomes feasible. The expected benefits of fiscal decentralisation need to be properly weighed against the risks involved in the devolution of taxing and spending powers to national governments.

Marumahoko (2010) argues that the role of political dynamics has also impacted to central government's failure to give more fiscal autonomy to local authorities, particularly urban local authorities. Political analysts suggest that the strategy used by the ruling Zimbabwe African National Union PF (ZANU PF), is to undermine the urban councils such that they are denied revenue streams to carry out service delivery and thus expose them as unviable alternatives to ZANU PF councils (Tonhodzai et al, 2015). According to Marumahoko (2010) the strategy also involves withholding fiscal autonomy so that MDC urban local governments have to negotiate with ZANU PF for the development and acceptance of new sources of revenue for all urban councils.

1.2 Statement of the Problem

The notion of fiscal decentralisation at local government level is more apparent than real. Local governments do not enjoy the fiscal autonomy that the law provides for because of central government involvement in financial matters of local authorities. Central government controls every aspect of fiscal management in local authorities and hence the latter feel increasingly powerless to perform their mandates. There also exist vertical and horizontal fiscal imbalances.

Therefore, as the foregoing suggests, there is no agreement regarding the level of fiscal autonomy enjoyed by local authorities in Zimbabwe. This lays the fundamental problem being investigated by this research. With also the need to determine the context and dimensions of the extent to which the devolution system in Zimbabwe entrenches the fiscal powers and financial autonomy of the local authorities in Zimbabwe, the study will attempt to answer the following questions:

1.3 Objectives of the Study

- I. To discuss the extent to which Zimbabwe strengthened the fiscal capacity of local authorities and systems of sub-national government finances.
- II. To analyse the effectiveness of the legal provisions as they relate to the characteristics of local government financing in Zimbabwe.

- III. To interrogate the utility of fiscal decentralization as a strategy of improving fiscal performance of local governments and service delivery in Zimbabwe
- IV. To highlight the need for the Zimbabwe government to prioritise the need for a better fiscal decentralisation framework which addresses the concerns of local authorities.
- V. To propose sustainable interventions of enhancing fiscal management in local governance

1.4 Research Questions

- I. How does local financial autonomy relate to the concurring economic and other objectives of a decentralised fiscal system?
- II. Can local authorities identify and develop new revenue streams independent of central government?
- III. Does the institutional arrangement of revenue raising powers between local government and central government reflect a good fiscal decentralisation policy?
- IV. How much freedom do local authorities have with respect to expenditure and borrowing?
- V. Is the legislative basis for intergovernmental fiscal transfers adequate?

1.5 Significance of the research

The study focuses on fiscal decentralisation in general and fiscal autonomy for Zimbabwean local authorities. The study may assist central and local governments in Zimbabwe in identifying contentious issues around the lack of fiscal autonomy. Fiscal performance management of local authorities in Zimbabwe is an important aspect that must be researched on since it has a direct bearing on the performance of local authorities in working to fulfil their mandates. Furthermore, considerable research has been done on the concept of decentralisation however the greater attention has been given to the political aspect with less focus given to the fiscal aspect. The study will build on the work that has been done by Marumahoko (2010) and Tonhodzai (2010) on the “Utility of fiscal decentralisation”. Hence the need to research on the context and dimensions of fiscal decentralisation debate in Zimbabwe in order to explore greater avenues in the topic and add to the existing body of literature pertaining fiscal decentralisation.

1.6 Limitations

- Acquiring data from the Ministry of Local Government or local authorities might be limited due to the Official Secrets Act. Some data might be viewed as Office Secret
- Research might open cans of corrupt cases and hence some officials might not be at liberty to release information
- Not much Literature has been written on the Concept of Fiscal Decentralisation in Zimbabwe
- The political environment might restrain the Ministries responsible for local government from releasing what they may deem as sensitive information.

1.7 Delimitations

The study focuses on the context and dimensions of fiscal decentralisation in Zimbabwe. Although some reference from the region and beyond will be made, much reference will be given to the Zimbabwean case. The study was done in Gweru and involved respondents in Gweru only.

1.8 Chapter summary

The above chapter is a snapshot of the study therefore it focused on the introduction of what the research will look into. It comprises of the introduction, statement of the problem, significance of the study, research objectives, research questions, delimitations and limitations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This purpose of this chapter is to proffer a critical review of other authorities' work establishing knowledge gaps pertaining to the concept of fiscal decentralisation. The main thrust of this topic is to discuss in greater detail the meaning of fiscal decentralisation, its indicators and its fundamental components. To achieve this, the meaning of fiscal decentralisation and its fundamental components are discussed. Fiscal decentralisation can be viewed either as a panacea or a plague, that is, it has both advantages and disadvantages. In this vein, the researcher will outline and analyse some of the perceived merits and demerits of fiscal decentralisation which are encompassed in what has come to be viewed as consequentialist-deontological debate of decentralization among some authorities. Other countries' experiences in implementing fiscal decentralisation will also be presented in the form of case studies. The neo-classical approach to fiscal decentralisation and the resource dependency theory (RDT) will be adopted as the guiding theoretical frameworks, in the last section of this chapter. The entailments of the theories and its application into the research are briefly elaborated on before the next chapter is introduced. Experiences from other countries will also be given reference to within this chapter.

2.1 Conceptual Framework

2.1.1 Defining Fiscal Decentralisation

According to Bawl and Martinez (2006), despite its prominent feature in contemporary debates on maximizing efficiency of local governments, fiscal decentralization remains an eclectically and diffusely defined concept. There seem to be no consensus regarding what the concept of fiscal decentralization is or at least the composition of its crucial elements. Tonhodzai and Nyikadzino (2016), have for instance defined fiscal decentralization as the transfer of authority the transfer of power and responsibility of public finance managerial duties from the central government to lower tiers of the government or the private sector. Marumahoko (2010), argues that fiscal decentralization entails devolution or delegation of taxing and spending powers to quasi-independent structures in the lower levels of the government. The UNDP's (2007), definition is perhaps more revealing as it situates fiscal decentralization in the context of expenditure systems reforms and renegotiation of

intergovernmental relations. With this in mind, fiscal decentralization is then defined as a reform in the functions of revenue and expenditure systems which is characterized by delegation of these functions to sub-national governments. An extension of this definition as elucidated to by the UNDP (ibid), suggest that fiscal decentralization is more than just the delegation of financial duties to lower ranks of the government but also ensuring the full empowerment of these entities. For the purposes of this study, UNDP's (2007) definition, is argued as providing a powerful frame upon which to establish the context and more important the dimension of fiscal decentralization in Zimbabwe, hence its adoption.

2.2 A Brief History of Fiscal Decentralisation

There are a manifold number of reasons that literature cites for the adoption or enactment of fiscal decentralization in many countries across the globe to date. Porcelli (2009) provides a protracted history behind what he refers to as 'the swift drive towards fiscal autonomy of local authorities'. In many countries, it is alluded that the shift towards fiscal decentralization was justified by the sustained difficulties that that central governments were facing in fulfilling what usually were competing needs of their constituencies. With this understanding fiscal decentralization is therefore contextualized in parts of the world as characterizing a 21st century reform agenda which has witnessed many countries strengthening cooperation between the central government and local governments. Jonga (2013) reinforces this view by arguing that fiscal decentralization is a process that by and large motivated by economic rationalization. This is to say that decentralization is opted as a means of ensuring efficiency at local government level particularly in the provision of public services. Vaillancourt (2016) goes beyond economic rationalization hypothesis and also adds other dimensions such as administrative, political and legal rationalization. From an administrative point of view fiscal decentralization is argued to ensure proximity between local governments and the public. Political rationalization of fiscal decentralization could also allow for the resolving of tensions amongst ethnic groups. The legal rationalization aspect meanwhile implies observing constitutional arrangements and making use of ratified regional and international agreements. Others such as Jin and Zhou (2015), have conceptualized fiscal decentralization as a mechanism for regulating growth of the public sector while at the same time improving public services. The process has also been opined as an escape route from macro-economic instability, uneven growth and more importantly the snares inefficient governance (Griffiths, 2016). Marumahoko's (2010), conceptualization seem to augur well with the emphasis of this study. According to Marumahoko (2010), fiscal decentralization in urban development is

a response measure instituted in response to the service delivery challenges brought about by the rapid pace at which urbanization has occurred. In light of the various evidences presented above it can be observed that fiscal decentralization has been effectuated for various reasons across the globe.

2.3 Measuring Fiscal Decentralization Effectiveness

There are three variables that have been used to measure fiscal decentralization especially its effectiveness which are cited in literature. These are revenue decentralization, expenditure decentralization and vertical imbalance. Revenue decentralization according to Nhema (2011), is calculated as the rate of local government's own source revenue to central government revenue. Expenditure decentralization is the ratio of local government's own expenditure to central government's expenditure. Vertical imbalance meanwhile is the percentage measure of expenditure at local government level as financed by central government's transfers'. Jin and Zhou (2015), elucidates that fiscal decentralisation is most frequently divided into four main elements which are, local revenue administration and assignments, assignments of duties for expenditure, fiscal transfers amongst local governments and subnational debt. The next subdivisions gives brief insight into these four elements of fiscal decentralisation.

2.3.1 Revenue assignments

The concept of revenue assignments addresses three critical aspects or rather questions relating to taxation. According to Porcelli (2013), revenue assignments refers to the 'who', 'where' and 'what' should be taxed questions of revenue collection. Relegation of fiscal responsibilities ensures that sub-national tiers of government are capacitated to raise their own revenue and also ensure careful administration of these. Discretion on the part of sub national tiers extends to them being allowed to discover potential sources of revenue besides traditional sources. By and large the notion of revenue assignments gives insight on how the responsibility or task of revenue collection is assigned to local governments. Yet according to Tonhodzai (2014), the extension of the privileges of tax collection to local government is not an end to itself. Tonhodzai (2014), argues that assigning of tax collection responsibilities should be accompanied by periodic assessments on the effectiveness or rather yielding capacity of these assignments. It is in the context of such assessments that the effectiveness of fiscal decentralisation in Zimbabwe has for instances been questioned by authorities such as Marumahoko (2012). According to Marumahoko (2012) the case of Zimbabwe reveals the consistent and lamentable situation where low the central governments has assigned to local

authorities low yielding revenue sources, leaving for its own , the relatively high yielding revenue sources.

2.3.2 Expenditure assignments

The idea of expenditure assignments is also a crucial element of fiscal decentralisation which address the question of how much power and control the local government have in terms of both use and management of their delegated financial resources. Marumahoko (2010), conceptualises this element of fiscal decentralisation as the empowerment element and reinforces the idea of the importance of discretion in rendering fiscal decentralisation effective. It is the absence of regulatory institutional as well as legal frameworks at local government levels in terms expenditure is symbolic of fiscal autonomy. The reality however in most instances, has been the case where central governments reinstate various mechanisms which tend to limit discretion of local authorities in the use and management of expenditure management. Cited amongst restraining mechanisms by Porcelli (2010), has been the case in most situations where central governments approves municipal or local governments' expenditure plans on the condition of restrictive grants or after budget approval audits. It is the restrictive environment under which fiscal decentralisation has been operationalized that continue to militate against the defining principles of the practice on the whole.

2.3.3. Borrowing

The notion of borrowing according to the UNDP (2010), instructs the ability and capacity of local government to negotiate with a willing investor loan conditions with restricted or non-involvement of the central government. Pro-fiscal decentralization protagonists argue the absence of thresholds or limitations from the central governments on borrowing procedures is epitome of fiscal decentralization. In Zimbabwe however as instructed under section 290:1 of the urban councils acts, borrowing for recurrent expenditure is prohibited. The explanation for this prohibition has been the argument that extending borrowing powers to local governments could result in accretion off unmanageable debts.

2.3.4. Intergovernmental transfers

Intergovernmental transfers' area idealised as the budgetary supporting mechanisms extended from the central government to the local authorities. Intergovernmental transfers are often justified on recognisance o the imbalances that usually occur between available funds made available for local authorities and revenue assignments instructed to them. Imbalances ma

also arise from the fact that at times there arises situations where local authorities are obliged to fund national programmes. Intergovernmental transfers which usually take the form of grants can either be tied or blocked. The former refers to those grants offered to the local governments on conditions and the latter are unconditional. Tied grants lay specificities on the projects that should take place and how these should be achieved including also the nature of results expected.

2.4. Consequentialists versus Deontological Debates on Fiscal Decentralization

Empirical evidence seems to suggest an existence of two strongly opposing schools of thought regarding the effectiveness of decentralization or devolution of power to subnational or local government levels. On one hand there are those who justify the pursuit of decentralization particularly fiscal decentralization citing amongst other reasons that the practice has greater capacity to ensure improvements in service delivery (Denters and Lawrence, 2010), and enhancing accountability (Porcelli, 2009). This is what Moyo and Ncube have identified as the consequentialists perspective to fiscal decentralization. On the other hand there are those who have discredited bottom-up approaches to governance particularly in developing countries where commitment of central governments to ensuring genuine national development have been repeatedly questioned (Marumahoko, 2010 and Jonga, 2013). Those pessimistic of decentralization has been sustained their views by arguing amongst things that it leads to stiff tax competition amongst lower level governments thereby compromising welfare of the general people. Some have gone out to point to the undesirable macro-economic impact the concept could have (Bahl, 2001), and these have broadly been classified under the deontological perspective to fiscal decentralization. The following section outlines the perceived merits and demerits of the theories, following up on the debate on the consequentialists and deontological approaches to understanding fiscal decentralization.

2.4.1 Perceived Utilities of Fiscal Decentralisation

It is argued in literature that fiscal decentralisation, leads amongst other things to improved accountability especially on the part of government officials. Enhancement of accountability is guaranteed by the fact that these official are elected by the local residents hence they are always on scrutinised to check if they are fulfilling the duties mandated to them. This view is substantiated by Jin and Zhou (2011), who argues that the Incentivization of local populations with capacity to monitor as well as discipline local public officials fosters an environment for

local governments' efficiency. Capacitation to execute discipline on the part of local populations also entails that fiscal decentralisation create conducive environment for civic participation especially in the regulation of actions or inactions of public officials. It is argued that people are better positioned to confer checks and balances on the action of public officials at local levels than would be the case at national level. These checks and balances also catalyse necessary transition to electoral accountability which arguably is a prerequisite for efficiency of the local and central governments in terms of service delivery.

Mbambo (2013), argues that fiscal decentralisation allows local governments to shape or rather adapt outputs of public services in accordance with the preferences of their local populations as well as the circumstances that furnishes their constituencies. This specific needs approach is argued to be more effective compared to the one-size fits all usually reinstated at national level. The implication of this point is that local governments are better capacitated to attend to specificities in terms of the public service needs of local populations than are national governments. For Marumahoko (2010), the ability of local governments to attend to jurisdictional public service specificities is enhanced by the fact it is cheaper to extract that information from the people. Cheapness in this case is a quality that is associated with proximity, that is to say local governments closely identifies with local populations and their problems than the national governments.

In line with the above argument, it is also expected that there is an improvement in government actions particularly in terms of transparency and accountability as expenditure assignments are brought closer to the sources of revenue (Porcelli, 2015). Prud'homme alluding to the same idea, mentions of government efficiency of the government being achieved in the context of leanerity or a reduced size of the government. Brendan and Buchanan (1991), provides a more comprehensive view of this point in the form of a model. Their model based on the idea of what they opine to as a 'monothelic entity' conceptualises government efficiency as a function of reduced government size plus maximization of fiscal revenue. Fiscal decentralisation according to the model is means by which expansionary tendencies of central governments are circumvented. It is usually these expansionary tendencies which tend to foster unproductive behaviours, the model explains. More so it is argued that fiscal decentralisation potentially maximises cost efficient production and fosters innovation on the part of local authorities as they are given the opportunity to formulate, experiment, and review on policies aimed at improving service delivery (Buchanan, 1991; Oates, 2008; and Nigel, 2010). Local governments are havens where experimentation and

testing of new policies is ever taking place. While the policies may at time work against the local authorities, when they do work they can allow for the most efficient provision of services to the general public.

2.4.2 Perceived Disutilities Fiscal Decentralisation

One of the main challenges of decentralising ought to be conceived in the context of the strain it potentially has on expenditure and revenue. As postulated by Nhema (2008), this danger arises mostly due to what he opines as the triplicate-decentralisation dilemma. These three are the ‘flypaper effect’ ‘common pool’ and ‘soft budgetary constrictions’. The notion of budgetary constrictions refers to a situation whereby the government cannot guarantee the likelihood its non-involvement in the bailing out of the local government in the event that the latter default their commitments. Mhlanga (2012), substantiated this view by arguing that the reason why decentralisation is almost always an unworkable agenda arises from the fact that the central government like a ‘mother does to her children’, is ever ready to bail out or assist those local authorities in circumstances failure. The problem is not about the central government being always ready to assist or ‘ bail-out’ as frequently opined to amongst critics of fiscal decentralisation, rather the concern is that local governments may deliberately or carelessly expand programmes beyond their means, knowing that they will always be rescued. In such cases the local authorities are less concerned about their ability to meet or satisfy any cost that may arise. It is in this regard that Chirisamhuru (2015), has critiqued fiscal decentralisation as a means through which remunerations of authorities are guaranteed at the expense of real development. Porcelli (2010), substantiates on this view further and argues that local authorities because they expect or are guarantee of fiscal bail-out , there is a relaxation on their part in keeping their fiscal houses in good shape. Fiscal decentralisation at its worst, triggers what Melvin and Chempuzi (2001) opines as ‘pervasive fiscal behaviour’, a situation which greatly undermines the assumed positive impact of efficiency reinstated within the notion of decentralisation

According to Mhlanga (2012), fiscal decentralisation is likely to face a ‘common pool problem’. This is a scenario which arises from a disconnection between beneficiaries of public services and those who pay for them. Such arises from local governments’ shifting of their costs of service provision to the account of the central government (Porcelli, 2010). Moyo (2011), accentuates this point and argues that there is a tendency to underutilise own tax bases in preference of national revenues on the part of local authorities especially if their

spending are derived from revenue sharing. In circumstances where there exist no fixed formula for transfers there is greater propensity towards allocation of unrestricted transfers to local government that are opined to be in a financial crisis. Resultantly local governments have a predilection towards inflating the budgetary requirements or overspending such that they are able to request for supplementary funding from the central government. Local government according to of fiscal decentralisation have the capacity of greatly undermining the requirement for financial discipline in the provision of public services. Maximillian (2001), argues against fiscal decentralisation on the basis of what he observes as ‘the German formula for equalisation’. This formula argues that ‘perceived’ poor states or smaller states should be allotted more fiscal transfers from the central government. Such is the nature of the ‘common pool problem, a phenomenon that leads to free riding amongst local government. It also increases competition among sub tiers to secure larger portions of funds from the central government (Maximillian, 2001; Porcelli, 2010 and Chatiza (2010).

Meanwhile, the ‘flypaper effects’ reflects a situation where there is a stimulation of expenditure by the local governments especially in situations where their fiscal imbalances are quenched by intergovernmental grants. In this view Porcelli (2007), cited in Chatiza (2010), summarises that local governments have an inclination towards spending government to government funds more than they spend their local tax incomes. Such results in what Porcelli, vies as ‘transfer dependency syndrome’, a situation which arises from over reliance on transfers at the end resulting in heavy government expenditure.

Prud’homme and Carrington (2011), argues against fiscal decentralisation by citing the case of increased and unmonitored level of corruption at local government level compared to the national level. The level of local government is argued to present authorities with more opportunities for corruption because of the discretion in terms of decision making they enjoy compared to their counterparts at national government level. This discretion is usually extended to them because of the assumed higher susceptibility to the demands and pressure of locals who are closer to them. There is however increased prospects of local authorities making decisions that only favours or benefits a small section or group of people At times local authorities may take advantage of this discretion to mismanage funds by either putting too little or none of what would have been budgeted for public projects, hence the notion that fiscal decentralisation may trigger or reinforce levels of corruption in a country.

2.5 Fiscal Decentralisation Experiences in other Countries

Lack of consensus regarding the utility of decentralization characterizes the various scholarly sources consulted for the purposes of this review. This means it is also difficult to generalize any findings from one place to the other different place. This therefore justifies investigation of outcomes of countries that have previously adopted decentralization as a means of managing public funds for service delivery.

2.5.1. South Africa

The legacy of socio-economic and political disparities between people of various races that the apartheid regime left has been argued by Bird and Vaillancourt (2007), as the basis for the adoption of decentralisation in post-colonial South Africa. Under the apartheid system, South Africa politically was a highly centralised and compacted country. Be that as it was centralisation, however seem to have concealed the patterned dichotomy that existed with the subnational tiers. There was an overwhelming state of fiscal dependency in black dominated areas, at the same time an awe-inspiring independence and self-sufficiency of white dominated areas. Mohammed (1998), noted that close to 88% of revenues in white dominated areas was derived from their own establishments while black authorities dependent heavily on transfers from the central government. These transfers averaged from anything above 70% of the total revenue utilised in the communities for the black people. This great variation instructs to how white regulated local authorities were privileged with autonomy and discretion in terms of handling their financial accounts compared to local authorities in black communities.

Prior to the attainment of independence in 1994, the government in South Africa constituted of three main levels. These were the central, regional and local governments respectively. Constituting the regional tier were provinces, the autonomous territories and the TVBCs which housed the Transkei, Venda, Bophuthatswana and Ciskei groups. Local authorities on the other hand constituted first of White Local Authorities (WLAs), Regional Service Councils (RSCs) and lastly the Black Local Authorities (BLA's). The latter was further divided into ten synthetic jurisdictions which comprised arguably the majority of the most desolate places in the country. The racial segregation of regions reinforced weakening of fiscal capacities, hence under-performing of BLA's while simultaneously enhancing capacity of WLA's and at times RSC's. With the attainment of independence possibilities of fiscal decentralisation were opened up to all jurisdictions whether black or white resulting in new patterns evolving altogether.

The main objective fiscal decentralisation in post-independence South Africa is viewed by Nyathi and Gustavo (2001), as to ensure attainment of an all-encompassing and sustainable development and welfare of all citizen, black, coloured or white. From the 1996 constitution, there was achieved a total devolution of authority at all levels in the established , three main tiers of the central government, nine provinces and 284 local governments in South Africa. Deriving from the provisions of the 1996 constitution under schedule 4 of the document, expenditure assignments are cited among the three layers of the government .The level, conditions and manner through which the central government intervenes especially against the decision of local authorities is stated within the constitution. Also enshrined within the constitutional provision is a section which substantially explains the manner in which intergovernmental fiscal transfers and relations broadly are to be handled. Apart from stating out the manner of relations the constitution also rationalise the establishment of a non-aligned fiscal commission whose duty is to provide guidance to various local governments and the parliament on the state of affairs relating to intergovernmental financial relations

In the context of fiscal decentralisation in South Africa, the three tier of government are argued to play an important role in ensuring the alleviation of poverty in all of its dimensions. At the same time local governments are expected to play a vital role in ensuring growth, sustainability and enhancement of strategies toward the efficient provision of basic services. Understanding fiscal decentralisation within that framework one may note that the approach has yielded significantly positive results towards the development of South Africa. From the inception of independence in 1994, social spending and also quality in terms of provision health education and other social services has improved significantly. According to an independent source South Africa now has 66% of consolidate noninterest expenditure, an improvement from the 28% reported at independence (SADB, 2009).

Exploration of fiscal decentralisation in South Africa identifies three critical issues subject to review. The national government has a crucial role to play in redirecting course of action and also fostering a positive environment for the establishment of workable fiscally decentralised state. At the same time the local governments are expected to work steadfast towards ensuring provision of social services such as water, sanitation, health, education and housing. Secondly, the unevenness in terms of the allocation of revenue raising bases at subnational level may be room for disastrous outcomes of fiscal decentralisation at the same time the unevenness seems also to dictate the need for compensation between levels of government (vertical or horizontal). Thirdly a review of South Africa's case reviews that despite adoption

of fiscal decentralisation, success of the public service is still relative. This suggests the need for the institutionalisation of a policy environment geared towards ensuring socio-economic justice and equity at all levels if the goals of fiscal decentralisation are to be achieved.

2.5.2 India

Before 1991, the Indian federalism consisted of the unions and states serving as the main governmental tiers (Madhuv and Rai, 2007). In both rural and urban areas of India, there were also various local authorities that were put in place acting as proxies of the state government. Previously in rural India there had been an existence of Panchayats Raj Institutions (PRIs) administering justice at the same time also ensuring the provision of public services. Statutory acknowledgement of local authorities was conferred by the amendments of the constitution in 1991 and 1992 respectively. According to Madhuv and Rai (2007), the 73rd amendment of the constitution in 1991 was a milestone incentive in the thoroughfare to decentralisation as it proffered constitutional legitimacy of the PRIs'. The amendment of the constitution also provided the Panchayats with a basis for which to hold periodic elections. Derived from the constitution were also elucidations of the functions and revenue sources for rural and urban local government authorities. With the new provisions each state was tasked with the responsibility of ensuring nomination of a State Finance Commission (SFC). The commission's responsibilities would amongst other duties include assigning of taxes to local governments. Legislation of independent municipal acts stating own sources of revenue and functions of various authorities was also deemed necessary a requirement for each of the states. These and other reforms are argued Singh and Sadiron (2010), to have provided a strong impetus for the devolution of fiscal authorities among local governments in India.

As postulated by Madhuv and Rai (2005), the utility of fiscal decentralisation in India somewhat hangs in the balances because of the local authorities' heavy fiscal reliance on the state central government. Unfortunately the higher governments whom the local authorities look up to for financial bailing are also encrypted in financial constraints of their own. In this regards the revenue higher level governments dispense to local authorities can never be expected to be enough to solve the fiscal debacles of the latter. Transfers from the centre to the periphery are usually facilitate finances commission, however questions raised about the efficacy of the Indian fiscal transfer system. The transfer system is complicated by a multiplicity of transfer agencies, which, according to Rai (Ibid) makes it painstakingly

difficult to achieve objectives of fiscal transfers. Despite the acknowledgement of the third tier of government in the country's constitution, local governments play a piecemeal role in management of revenue and expenditure. Opposed to being instigators of reform programmes, the role of local authorities' role has come to be sorely defined within parameters of implementing government programmes. There is limited devolution of fiscal authority to lower tiers of government a situation which causes excessive fiscal dependency. Mechanisms to gauge potential revenue sources for Panchayats Raj Institutions (PRIs) are highly lacking in India's fiscal decentralisation programme. In addition to the above, it can be noted that there exist no obligatory objects have been set for local authorities in India, which is another gap in policy.

2.5.3. Philippines

In the Philippines, fiscal decentralisation was an idea that was first promulgated and subsequently rose to prominence through enactment the Local Government Code (LGC) of 1991 (Torado, 1999). The enactment of the code is regarded by UNHABITAT (2005), as a breakthrough legislation which constituted a turning point in the operation of the central government and its sub-national tiers. From the end of the 1991 financial year, the central government has absconded previous inscriptions of it being the sole spending, borrowing and taxing authority in the country. In the Philippines sub national governments enjoys fiscal autonomy at the same time they are directly answerable and accountable to the service delivery needs of the local people who elect them into power. Local government units have the discretion in determining local spending, taxing and borrowing circumstances under section, taxing and borrowing circumstances under section 130 of the Local Governance Code (Torado, 1991) Intergovernmental allotments in terms of revenue where also increased to close to 50%, in terms of the provision of the code. Apart from enhancement of fiscal transfer systems, the code also backs local authorities to put their cooperate powers to use by exploring various opportunities for raising their own revenues.

An analysis of the utility of fiscal decentralisation in Philippines reviews also the peculiarities that makes the adoption of the approach smooth or difficult in the country. Sherwin and Modevatti (2013), argues that the whole framework upon which the fiscal decentralisation ethic in Philippines is based on the code of 1991, The Local Government Code. The code according to Sherwin and Modevatti (2011), in the context of fiscal decentralisation is empowering to local authorities since it allows them to independently borrow and spend

utilising their own established financial markets. The code also allows for the subnational tiers to carry out their own development programmes exclusive of intervention from the central government. However the level of fiscal decentralisation has been questioned in Philippines by various authorities. According UNHABITAT (2005), fiscal decentralisation exist in its diluted form in Philippines because the central government dictates and set limitations in terms of the taxing powers of the local governments. While the LGC of 1991 was a milestone incentive for local governments to decide their own financial accounts, the reality is that the central government still retains a lot of power in terms decision making. There is also a heavy dependency on the central government by the local authorities who are not always capacitated to raise enough revenues to settle their own local expenditures, thus distorting the whole idea behind decentralisation.

Intergovernmental revenue allotments have been characterised as the main source of revenue for subnational government in Philippines, quitted by UNHABITAT (2005), to be contributing over 70% of the complete revenue. The central government however still has an imposition of control on local governments and also maintain a grip of substantial control over the main revenue sources in the country. The country scores low on the fiscal decentralisation effectiveness index because of its reliance on a code that limits markets and tax rates for the local authorities'. The tax limitation is argued to have weakened fiscal power of provinces at the expense of major cities. At times there have been situations where cities have received more of intergovernmental revenue allotments compared to standing local governments. The revenue allotments are biased towards cities because of their greater resources bases, a situation which has in the past witnessed quipping of legislators to vie for other local governments to attain city statuses. The case of Philippines reviews the complexity of fiscal decentralisation and how inefficient as a mechanism for decentralisation intergovernmental revenue allotments may turn out to be. The case of Philippines reveals failure of the system to address issues of the deferent capacities and well as need of various subnational units.

2.6 Theoretical Framework

2.6.1 The Resource Dependency Theory

The Resource-Dependency Theory (RDT) informs the theoretical foundation of this study. Emerging out of Pfeffer and Salancik's (1985), multi-level governance studies in several countries across Latin America and Africa, the RDT largely interrogates behavior of

organizational structures in the context of critical resources they should possess in order to sustain their continued existence. According to Pfeffer and Salancik (1985: 99), organizational behavior is often a mirror reflection of the management of its dependency on externally sourced resources and subsequent demands of the donor channeling in the needed resources. Elaborating more on the basic premises of the theory Abbou-Assi (2013), contends that the RDT is based on the open-circuit view that entities are resource-insufficient and have to then negotiate with external actors who control the immediate environment from which resources can be sourced. As the core of the theory focuses on resources, a critical argument maintained by the proponents of the theory is that resource control is done by external actors. Elucidating more on this view Abbou-Assi (2013), argues that the external actor is calculative and uses its power to decide whether it is beneficial or not to engage in a relationship with an organization. The higher the level of dependency on externally sourced resources, the greater the demands and influence thereof of the actors regulating these. According to Abbou-Assi (2013), there are three factors which determine the degree of dependence on external resources. These factors are criticality or importance of the resources, the concentration of the resources and the external actors' discretion over resource allocation and use. Pfeffer and Salancik (1987), argued that the behavior and decisions of organizations, in this context local governments, is to a greater degree determined by the external environment which translates to central government and following a recent modification of the theory, other local governments (Strehler, 2010). The RDT therefore suggests that organizations (local governments), are required for their survival to effectively and proactively manage their relations with external actors.

The resource-dependency theory focuses on the following: resources; the flow or exchange of resources between organisations; those dependencies and power differentials created as a result of unequal resource exchange; the constraining effects such dependence has on organisational action; and the efforts by organisational leaders to manage such dependence. It can be noted that most municipalities in Zimbabwe are heavily dependent on the central government for funding since its financial resources are inadequate given the ever increasing demand for public goods and services. This leads to the inappropriate paternalism by the central government. The lack of fiscal autonomy means that the municipality's pace of development is largely dictated from the central government. The legal and institutional framework of local government in Zimbabwe allows the central government to control local authorities through setting of tax limits and the approval of expenditure programmes. This

reduction in fiscal autonomy makes local authorities subservient to the central authority. This increases their commitment to central government and they become vulnerable to centralising tendencies which stifle efforts to link communities' expenditure to own revenues. According to Nhema and Matongo (2000), this results in a situation in which local authorities look up to the central government to bail them financially, thereby strengthening the perception that central government is a superior order government. It is on this basis that theory is considered insightful to the current study which seek to establish the context of fiscal decentralization in Zimbabwe.

2.6. Chapter Summary

The foregone chapter has articulated what has been examined by other regarding the concept of fiscal decentralisation. The section was inaugurated by defining as well as conceptualisation of the term 'fiscal decentralisation'. It was noted that there is no consensus regarding either definition or conceptualisation of the concept, hence arguably the lack of consensus regarding its utilities in sections that followed. Regarding the utility of fiscal decentralisation the paper argued that the debate is usually enveloped in what has come to be viewed as the 'consequentialists and deontological debate of fiscal decentralization'. In this regard fiscal autonomy was presented as a double edged sword benefits or disadvantages being yielded depending in the context in which the concept is applied. The selective or contextual applicability of the concept gave premise to an examination of selected country experiences with fiscal decentralization. Of the three countries presented, South Africa, India and Philippines it was realized that it is the latter that has enjoyed considerable benefits of fiscal decentralization while the last two results have been somewhat inconsistent. The penultimate section of this chapter was reserved to introduction as well as highlight of the theoretical frameworks upon which this research study is hinged on. The paper discussed the Resource Dependency theory of fiscal autonomy and how it is relevant in the context of this research. The next chapter discusses the methodology that was used for the purposes of generating data for this research.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This stage will discuss how the investigator collected, gathered and processed information. The methodology and research design that were used by the researcher in undertaking this study shall be discussed in greater depth. The methods, procedures and instruments used to collect data shall also be highlighted. The justification for the choice of research methods and instruments are also going to be discussed.

3.1 Research Design

The research design refers to the overall strategy that is used to integrate the different components of the study in a coherent and logical way, thereby, ensuring that the research problem is effectively addressed (IBID). Kumar (2011) defines research design as a process of obtaining solutions to research questions and problems. Daniel and Sam (2011) define research methodology as a systematically way of solving research problem. According to Rajasekar et al (2013) researches can be qualitative or quantitative or even both. There are various factors that influence the choice of a research design, such as the problem needed to be addressed and natural history of the research problem. The study seeks to investigate the problems affecting local government finance in Zimbabwe with regards to fiscal decentralisation and the researcher will employ an exploratory research design.

3.1.1 Exploratory Research Design

Exploratory research describes a research that is conducted for a problem that has not been studied more clearly. It establishes priorities, develops, operational definitions and improve the final research design (ibid). Exploratory research helps determine the best research design, data collection method and selection of subjects. An exploratory research design often bases on the use of secondary data, such as reviewing of existing literature and both formal and informal qualitative approaches. This research design is often used to generate formal hypotheses.

The research design was useful in helping comparisons to be made among different situations in which fiscal decentralisation was used. Comparisons were also made and different

explanations as to why in some areas the approach was successful while in some areas it was a failure. The researcher made use of purposive sampling. Purposive sampling was used to select key informants. Key informant interviews and surveys were used to collect primary data from respondents. Qualitative data obtained from key informant interviews was analysed using thematic analysis and textual information obtained from documents was analysed using content analysis.

3.1.2 Qualitative research approach.

Creswell (2008) has suggested that qualitative research is a means for discovering the thoughtful meaning of persons or groups ascribe to a social perception on human problem. Tewksbury (2009) also argued that the reason for using this research design is that it provides insight to considerate a topic under study. Information that is gathered through qualitative surveys is educational and it offers better understanding as compared to the one that can be obtained through quantitative research .Lyingberg and Douglas (2008) have noted that qualitative research is considered to be an easy way and is not complicated as to quantitative. Koerber and McMichael (2008) noted that qualitative research design set goals that reduce partiality and exploiting overview remains the same. Qualitative research involves the preparation of research design that includes all the aspects of the study, from the questions of research to analysis Borrego et al (2009). Surveys, interviews, focus groups, conversational analysis and observation are qualitative research designs techniques that are used to gather and for the analysis of textual data. Qualitative research can be very useful when the background of the research is clearly understood.

3.2 Target Population

Bryman and Bell (2007) defined population as the universe units from which the sample is selected. Melville and Goddard (2007) defined population also as a collection which is the focus of a research interest. Gweru City Council is going to be used in this study.

The study was carried out in Gweru community. The city of Gweru is the Administrative Capital of the Midlands province, the central hub of Zimbabwe which is located approximately 275 from Harare, 164 kilometres from Bulawayo and 183 kilometres from Masvingo. The city of Gweru was chosen because the researcher is a student at Midlands State University in Gweru which made it cheaper to collect data. According to 2012 census, the city had a population of approximately 249 671 people (ZIMSTAT). Gweru is divided

into Gweru Urban and Gweru rural. Gweru City Council is currently being run by an appointed caretaker commission after the suspension of the Hamutendi Kombayi led Council which was dominated by opposition Movement for Democratic Change (MDC). The researcher used purposive sampling in selecting the local authority officials who were respondents to key formant interviews. Gweru City Council officials, such as the Chamber Secretary and the Director of Finance. Apart from the local authority officials, 3 academics were from the Department of Local Governance Studies were also interviewed through key informant interviews as well as a senior official in the Ministry of LGPWNH. Documents such as books, newspapers and legal reports were also used to collect data.

3.3 Sampling

Sampling has been defined by Kumar (2011) as a method of selecting a few representatives which is called the sample from a bigger population. Khan (2008:75) mentions that sampling refers to the process of selecting a part of a group with the aim of collecting complete information. Using sampling is regarded as a better way of collecting data from the whole population (Saunders et al., 2009). Saunders also states that sampling is one way in which one can collect information thoroughly. Khan (2008) noted that a sample is a selected or chosen group that is used for determining the features of the whole population. In other expression, it is a method of collecting information regarding the population as a whole through investigating part of it.

3.3.1 Sampling Techniques

3.3.1.1 Purposive Sampling

Purposive sampling is a non-probability sample technique that is selected based on characteristics of a population and the objective of the study (Crossman, 2017). Purposive sampling is also known as judgemental, selective or subjective sampling. When using this method, samples are chosen or selected in relation to the intention of the research. Purposive sampling is most appropriate when the study requires a miniature sample. Purposive sampling can be of great use when the researcher is facing challenges in finding the population that cannot be found in the route of general population sampling. Purposive sampling is regarded as a non-random sampling technique. The researcher selects a sample that can be regarded to be important for the research and that distinctively represents the whole population. Kumar (2000) notes that, purposive sampling is a process by which the

researcher leaves some respondents and choose participants well equipped in the area under study.

The researcher used purposive sampling to select respondents for key informant interviews (key informants). These were individuals who had unique information on the topic which the researcher was studying. In this case, the key informants were the Gweru City Council officials such as the Chamber Secretary, Director of Finance and other top level employees working in the department of finance department and academics from the Midlands State University's Department of Local Governance Studies. The researcher used this sampling technique because information on the financial management of the local authority was unique and could not therefore be obtained from the general population. Such information includes the Legal and Policy Framework guiding fiscal management in local government, Intergovernmental fiscal transfers, the history and current fiscal performance of local authorities as well as recommendations on how to improve fiscal management in local government.

This sampling technique saved time because normally the information needed was already available to the selected population. Purposive sampling ensured a balance where multiple groups of subjects were to be selected. This technique also helped in eliminating candidates that were out of the equation from the research and included only those that fitted the bill. To add to that, the sampling method was also less expensive since fewer resources were needed to find the expected targets.

3.4 Sources of data

Primary data shall be used in this study. Primary data was collected through key informant interviews that were prepared by the researcher and were conducted to the selected population for this study. This type of data comes in useful to support and add new knowledge to secondary data. Both closed and open ended questions were used in this study as techniques for collecting primary data information.

3.4.1 Primary data

Wegner (2008) defines primary data as that information which is captured on the spot of generation. It was also defined by Jankowicz (2006) as objects collected by individual or groups through logical observations, information from archives and interviews. Crowther and Lancaster's (2008:74) noted that primary data is missing until and unless it has been

generated by a research procedure as part of the dissertation or project. They are various primary data gathering techniques that were employed by the researcher among them were personal interviews and questionnaires.

3.5 Research Instruments

The researcher made use of key informant interviews as tools to gather information for this study. The researcher used qualitative research design in data gathering. Key informant interviews and documentary research were used under qualitative techniques.

3.5.1 Key informant Interviews

The researcher used key informant interviews to collect information on the current fiscal performance of Gweru City Council and get answers also on the intergovernmental relations between Gweru City Council and central government pertaining to fiscal administration. The researcher also used key informant interviews to investigate on the legal and policy framework guiding fiscal management in Zimbabwe local authorities. The researcher collected Data from the interviews that were conducted with Gweru City Council's Director of Finance and other officials in the Finance department, caretaker commissioners, Resident Association representatives and officials from the Department of Urban Local Authorities in the Ministry of Local Government Public Works and National Housing (MLGPWNH). The researcher also interviewed academics who have experience in local governance to get their expert analysis on fiscal management in Zimbabwe. The researcher also tracked the fiscal performance of Gweru City Council for the previous years in order to get a critical appreciation of the local authority's fiscal management.

Having come up with a list of potential key informants, the researcher drew up a key informant interview guide, which had a list of issues which the researcher discussed with the key informants. Hence, the researcher used the key informant interview guide to collect data from the key informants. Since this study made use face-to-face interviews, the researcher went on to make appointments with the key informants to collect data. During the interview session the researcher jotted down the key informants' responses to various questions.

The researcher used this method because of its various advantages. Through key informant interviews, facial expressions, changes of position and other indications of attitudes which provided additional information to what was said were recorded. Therefore, key informant interviews enabled the interviewer to obtain comprehensive information by combining what

was said with other expressions shown by the interviewee. Key informant interviews gave an opportunity for greater flexibility in eliciting information since both the interviewer and the interviewee were present as the questions were being asked and answered. Moreover, the interviewer had the opportunity to observe both the subject and the total situation they were responding to. During the interview, there was the possibility of repeating or rephrasing questions to make sure that they were understood by the respondent for accurate responses. There was also room for probing. Thus, questions were also asked in order to clarify the meaning of responses.

3.5.2 Documentary Search.

Documentary search was used by the researcher to obtain data pertaining the legal and policy framework for fiscal decentralisation in Zimbabwe including also the financial performance of Gweru City Council. Documentary search also allowed the researcher to establish the relationship between Central government and the local authority. Existing texts and documents were used as sources of information. The range of documents which the researcher used include publications such as books, newspapers, the internet, institutional reports, acts of parliament as well as government directives. The researcher selected authors, books, chapters and articles which had relevant information about local governance. The selection of these documents was based on the researcher's own judgement. The next step was to read through the texts, conceptualizing and assessing the documents.

Documentary search was used to collect data because the method is more cost effective than surveys, in-depth interviews or participant observation. Documentary research saved time, the data was readily available and the records were not affected by the data collection process. Another advantage is that the researcher did not have to be present during the data collection process. To add to that, documents were very important in triangulation, where an intersecting set of different methods and data types was used. The researcher used this method of enquiry because documents are a rich source of information, whether historical or contemporary as they give a foundation of the situation before and they enable comparisons to be made. Hammersley and Atkinson (1995:173) noted that documentary information is especially important for providing a rich vein for analysis. However, it is regrettable to note that this method of inquiry is often neglected by many researchers, or when used, it only acts as a supplement to other general social science research methods (Punch 1998:190).

3.6 Ethical considerations

Kumar (2011), notes that all professions are guided by a code of ethics that has evolved over the years to accommodate the changing ethos, values, needs and expectations of those who hold a stake in the professions. During the course of the research all Ethical issues were taken into account by the researcher. According to Fower (1984) Ethics are moral, set of laws and codes of conduct to the gathering, examination, publication of every researched information. To retain confidentiality of this research names and respondent's identities were not used anywhere in the research.

3.6.1 Gaining Entrance and Access to the Study Area

The researcher asked permission from the responsible local authority (Gweru City Council) and was granted that permission and emphasized that the research was strictly for academic purposes.

3.7 Data Analysis Techniques

3.7.2 Thematic Analysis

Responses from key informants were analysed using thematic analysis. Thematic analysis involved identifying and analysing and reporting patterns within data. When using this technique the researcher grouped narrations into themes pertaining a particular issue. The process involved getting familiar with data through reading and re-reading, and noting down initial ideas. The researcher the coded interesting features of the gathered data in a systematic manner across the entire data set. The next step involved searching for themes and reviewing themes, getting to define and name the themes. This was done by identifying the importance of what each theme was about and the aspect of the data that each theme captured. Vivid and compelling extract examples were then selected for final analysis. The researcher then produced a report of the analysis.

Thematic analysis was chosen as the data analysis technique because it is easier and quicker to use. Furthermore, thematic analysis is flexible and this allows the use of a wider range of analytic options. The technique is also suitable for researchers with little or no experience of qualitative research. Thematic analysis was useful in summarising key features of a large body of data. Through thematic analysis, the researcher was able to identify similarities and differences across the data set.

3.7.2 Content Analysis

Content analysis was used to analyse data collected through documentary search. The technique involved making inference by systematically and objectively identifying special characteristics of aspects within literature. In using this technique, the researcher started by selecting the unit of analysis. The unit of analysis could be a newspaper article, pages in a book, a phrase, a word, a letter or a theme. In instances where the document was too large to be analysed in its entirety, the researcher used judgemental sampling in selecting the unit of analysis. The next step in the analysis process was for the researcher to try to make sense of the data. Key questions which guided the researcher in this process were “who said what, to whom, why, to what extent, and with what effect”. After reading through the textual data, the researcher went on to create categories by bringing together observations that were similar or related. When formulating these categories, the researcher came to a decision, through his own interpretation, as to which contents to put in the same category. The last phase of the analysis process was when the researcher produced a report of the results. The results of the analysis were the described contents of the categories, that is, the meaning of those categories. The content of the categories were described through sub-categories.

The researcher used content analysis because the method was cost effective. The material needed was easily accessible. In content analysis, large volumes of textual data and different textual sources could be used in corroborating evidence. To add to that, content analysis was used because of its flexibility in terms of research design. Content analysis technique was used because it is unobtrusive. It can be used non-reactively, thus, there was no need for the researcher to interview anybody or enter into a laboratory. Rather, books, newspaper articles and other documents allowed the researcher to conduct analytical studies. Furthermore, content analysis approach provided the researcher with the means by which to study trends.

3.8 Chapter Summary

This chapter has explored on the research methodologies that were used in conducting the research. The chapter also presented the research instruments that were used in data collection and presentation. Questionnaires and interviews were among the techniques that were used to collect data in order to validate its accuracy. The next chapter shall present data and interprets the findings.

Chapter 4

Data Presentation, Interpretation and Analysis

4.0 Introduction

This section focuses on data presentation, its interpretation and analysis. The data was obtained using data collection methods discussed in the previous chapter such as key informant interviews and documentary search. Presentation of data in this chapter will be in line with the objectives of this study.

4.1 Interview Response Rate

Table 4.1

Organisation	Target Size	Participation	Response %
Gweru City Council	2	2	100%
MLGPWNH	1	1	100%
Department of Local Governance Studies (MSU)	3	3	100%

Source: Primary Data (2017)

A total number of 6 key informants were used as respondents in this study. From the 6 key informants, two key informants were academics from the Department of Local Governance Studies at the Midlands State University, two other informants were from Gweru City Council (Chamber Secretary and the Director of Finance), two officials from the Ministry of Local Government Public Works and National Housing (MLGPWNH) in the Urban Local Authorities' division. The table above shows the response rate of the interviewed persons.

4.1.1 Demography

From the interviews carried out during data collection, 3 of the key informants were female and the other 3 were male. This is positive in the sense that it proves that women's participation in governance is increasing.

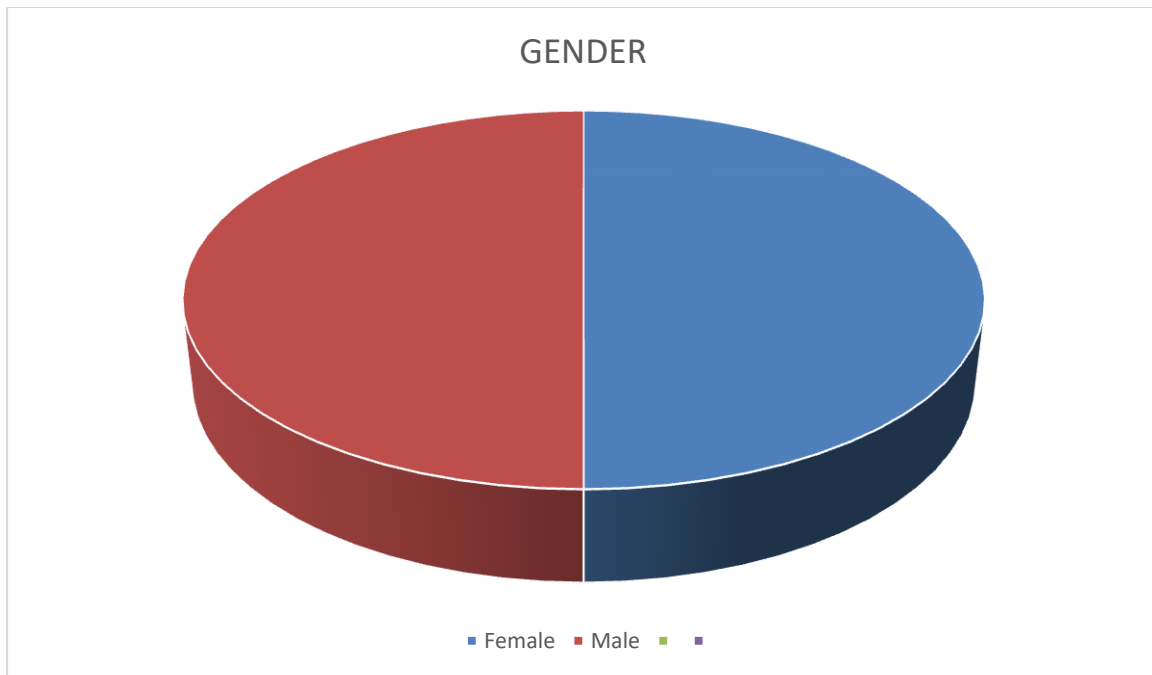


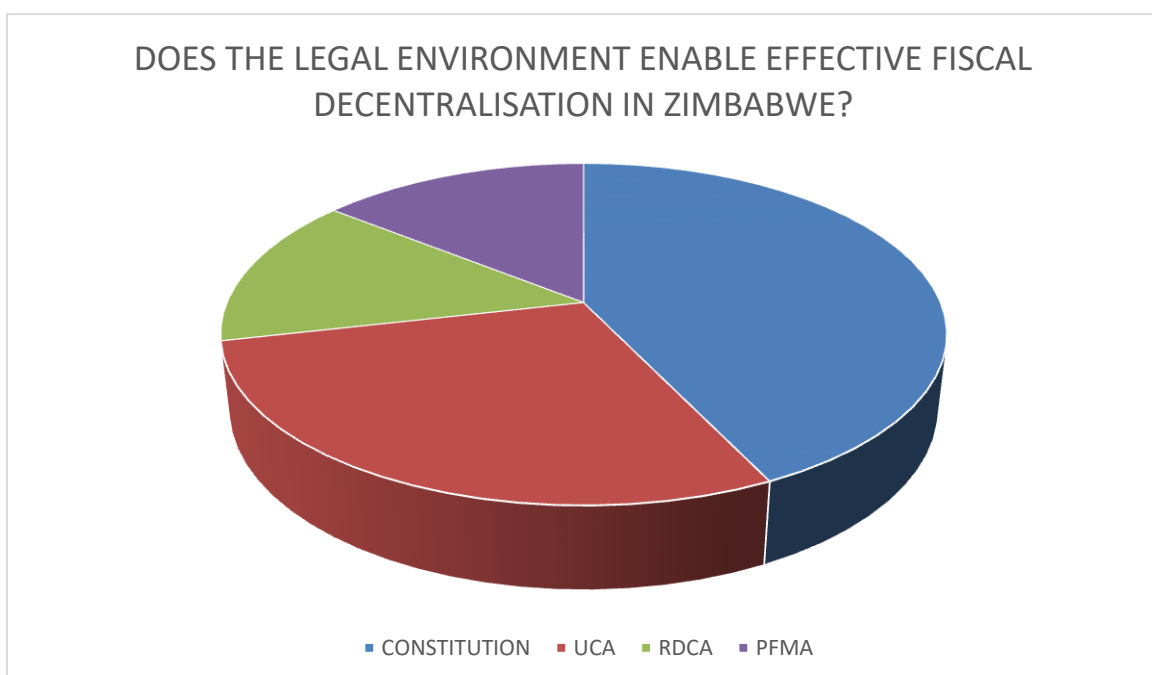
Figure 4.1

Source: Primary Data (2017)

4.2 Presentation of Findings and Discussion

4.2.1 The Legal and policy framework guiding fiscal management in Zimbabwean local authorities

Figure 4.2



An academic interviewed as a key informant interview highlighted that local government in Zimbabwe is a creature of statutes. Local government is now provided for in the constitution of Zimbabwe (2013). Chapter 14 of the constitution of Zimbabwe talks about Provincial and Metropolitan Councils and Local Government, and sets the guidelines and reasons for the principle of Devolution. Local authorities are also established and administered by acts of parliament which among many are the Urban Councils Acts [29:15], the Rural District Councils Act [29:13]. Fiscal management of local authorities in Zimbabwe is guided by the Urban Councils' Act [Chapter 29:15] and the Rural District Councils' Act [Chapter 29:13]. However, for the purposes of this study, major reference of the Urban Councils' Act (UCA) was made since the study focused on an urban local authority. The UCA gives fiscal powers to urban local authorities to translate income and expenditure into concrete policy outcomes. The UCA also stipulates service mandates that local authorities have.

Marumahoko (2010) however, points out the various other Acts that are not directly administered by the Minister of LGPWNH, but from which local authorities also derive fiscal authority. These Acts include the Water Act [Chapter 20:22], the Education Act [Chapter 20:04], the Public Health Act [Chapter 15:09] the Land Survey Act [Chapter 20:12], the Liquor Licensing Act [Chapter 14:12], the Roads Traffic Act [Chapter 13:11], and Licensing Act [Chapter 13:14] among others. Another key interviewee in the Department of Local Governance Studies indicated that there also exist laws governing financial management in local authorities such as the Public Finance Management Act [Chapter 22:19] and Chapter 17 of the Constitution of Zimbabwe also stipulates guidelines for fiscal management in Zimbabwe. The Minister of LGPWNH often gives directives from time to time and according to Tonhodzai (2010), other Government ministries and departments are also empowered to regulate local authorities' activities through various statutory instruments. Therefore given the above, it can be noted that local government in Zimbabwe is a creature of statutes. Tonhodzai (2010) argues that the existence of a plethora of Acts, statutory instruments and directives constrains fiscal autonomy which local governments need to enjoy.

A senior official at Gweru City council who was interviewed as a key informant highlighted that local authorities have limited fiscal autonomy when it comes to the levelling of rates and tariffs. Section 288 of the UCA sets the procedural requirements for budget formulation and approval thereof for urban local authorities. The financial plan must include detailed and sufficient statements of the income and expenditure on revenue and capital accounts for the next financial year. In an interview with the Director of Finance at Gweru City Council

(GCC) he noted that it is not only legislation that guides revenue raising plans but government policy also sets limits on the fiscal authority of local authorities. For example, councils have to submit certain aspects of their budgets for approval by the Minister of Local Government. The Minister of LGPWNH has to approve tariffs and charges especially for high residential areas. For example, Tonhodza (2010) notes that fees and levies for local authority clinics and health institutions as well as local authority schools are fixed and approved by the the Minister of Health and Child Welfare and the Minister of Primary and Secondary Education respectively. Therefore the fact that some tariffs, rates and levies are controlled by the central government leaves limited fiscal autonomy to local authorities.

An official at Gweru City Council bemoaned that local authorities have had some of their revenue streams cut by central government. The move to shift the authority to collect road taxes from local authorities to Zimbabwe National Roads Authority (ZINARA) has greatly reduced the amount of revenue collected by local authorities on a monthly basis and has also affected roads maintenance in most local authorities. Tonhodzai (2010) argues that although urban local authorities are empowered by Section 269 of the UCA to levy property tax, it is regrettable to note that Section 270 of the UCA gives exemption to government to be levied for state land and government buildings. The UCA states that property tax is a source of revenue for local governments (Section 269). Coutinho (2010) postulates that urban local authorities on average lose between 5% and 7% in revenue as a result of the exemption of high value government properties. Marumahoko (2010) also points out that apart from the exemption, when state land is sold most of the proceeds from such a sale are taken by central government through the Ministry of Lands and local authorities only get a petty development levy. A senior academic in the Department of Local Governance pointed out that all the power is centralised particularly in the system of taxation. Therefore it can be argued that such exemptions and/or limitations imposed on local authorities' capacities to collect revenue is a stumbling block on fiscal autonomy that devolved tiers of government need to enjoy.

One key aspect of good fiscal decentralisation is considered to be the capacity of urban local authorities to develop and execute their expenditure programs with very little oversight from central government. However, local authorities in Zimbabwe do not enjoy such minimal central government supervision and the Urban Councils Act [29:15] empowers the Minister responsible for local government to intrude into all local expenditure programs. For example, in terms of Section 309 of the UCA urban local authorities are compelled to supply the Minister of LGPWNH any records that he requests from the council. Marumahoko (2010)

notes that although urban councils have powers to spend, their expenditure management remains under the control of the central government.

Marumahoko (2010) points out that the principle of subsidiarity needs to be reflected in the expenditure of local authorities in order to be consistent with modern trends of fiscal decentralisation. However in Zimbabwe the Minister of LGPWNH controls local authorities through monitoring all expenditure patterns. The Minister therefore ensures that budgets are program based and inclined towards capital development. According to the Ministry of LGPWNH paper (2010), local authorities' expenditure needs to be in line with national best practices and hence the Ministry sets the wage-services bill at 30% to 70%. This therefore means that local authorities are restricted from committing more than 30% of their budgets on recurrent expenditures such as salaries. The rationale though is to restrict expenditure patterns and or excesses in expenditure such that they do not have an adverse effect on the national economy.

Nonetheless, Marumahoko (2010) notes that the meddling of central government in the way council uses its financial resources weakens expenditure discretion of local authorities. Furthermore, an official at Gweru City Council argued that in the current harsh economic environment local authorities are left struggling to fulfil their mandates and will always have a service deliver backlog. An academic in the Department of LGS revealed that the institutionalisation of fiscal controls by central government is a strategy to rein local authorities especially in the expenditure side. For Marumahoko (2010) financial controls are actually at the centre of the autonomy of local authorities and therefore paralyse the ability of local authorities to fulfil their mandates.

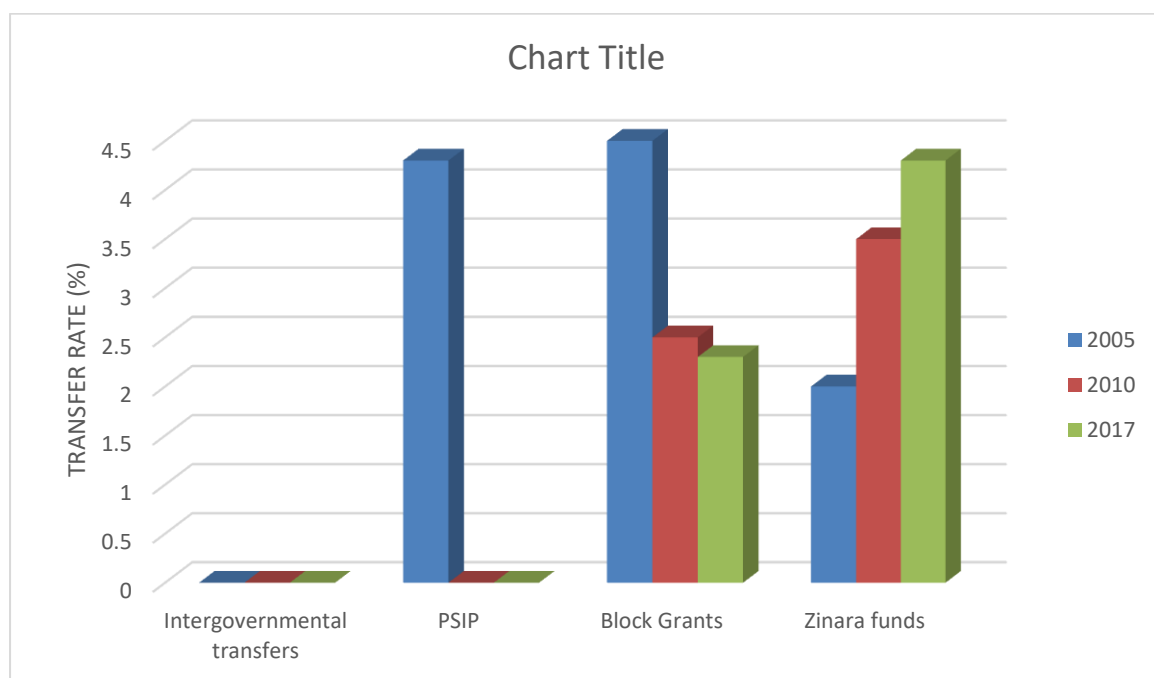
Urban local authorities' borrowing powers are provided for in Section 290 of the UCA. Legislation provides that borrowing can only be done to fund capital projects and not to finance recurrent expenditure programs. Section 290(1) also provides the type of capital projects for which urban local authorities may borrow. Local authorities are also mandated to meet conditions provided for in Section 290 (2) (a) of the UCA before any permission to borrow can be granted by the Minister of LGPWNH or the Minister of Finance. Key informant interviews with officials at Gweru City Council revealed that the procedure of applying for borrowing is too long and cumbersome. Tonhodzai (2010) postulates that the application for borrowing must state the capital projects for which borrowing is sought, the amount of money needed for implementing such projects and any objections that could have

been raised by the public. This arrangement however has raised discontent among most urban local authorities in Zimbabwe.

In terms of Section 290(5) (a) of the UCA, urban local authorities are required to list sources from which they intend to borrow. An informant interview with an academic from the department of LGS at MSU established that listing of the sources from which local authorities are allowed to borrow limits local authorities' autonomy to access funds from other lending institutions of their choice. There exists a requirement that funds borrowed may not be used for any purposes other than those for which borrowing powers had been granted. This was also supported an official in the Ministry of LGPWNH who indicated that this requirement is an important mechanism for making sure that funds are supposed to be used according to set out plans thereby instilling fiscal discipline in local authorities so that their borrowing might not end up adding to the national debt as well. One major issue raised in an interview with officials in the department of Finance at Gweru City council was the subjugation of the rights of councils to borrow. The argument was that though borrowing should be coordinated, central government should not impede on local authorities' access to other sources of revenue (Marumahoko, 2010).

4.2.2 Intergovernmental Fiscal Transfers

Figure 4.3



An academic in the department of LGS revealed that the constitution of Zimbabwe (2013) (No. 20) provides for local authorities' funding by central government. In terms of Section 301 (3) of the Constitution of Zimbabwe, it states that "Not less than five percent of the national revenues raised in any financial year must be allocated to the provinces and local authorities as their share in that year. Section 298 (1) (b) (ii) also states that revenue raised must be shared equally between central government and provincial and local tiers of government. However in an interview with an official at Gweru City Council it was revealed that since the enactment of this new constitution, councils were yet to receive any funding from central government and in all fairness this provision was just important in its textbook value as its practice was yet to be witnessed. An academic in the department of LGS also highlighted that even though the constitution now provides for fiscal transfers, it however does not specify on the formular of these transfers and even the ZINARA funds transfer to local authorities are not formular based.

Key informant interviews conducted with officials at Gweru City Council revealed that there exists a close relationship between Gweru City Council and the central government in such matters as budgeting, tariff setting, expenditure management and staffing of senior positions in the council. However, there are fiscal imbalances that exist between the local authorities and the MLGPWNH. An academic in the department of LGS at MSU noted that the relationship between the MLGPWNH and local authorities is synonymous to that of a "master-servant" with the MLGPWNH assuming a dominant role and the local authority a subordinate role.

In accordance to legislation, local authorities need to formulate estimates of revenues and expenditure programmes in executing their mandates. However, in real practice, the Minister responsible for Local government controls the whole budgetary process as he/she can impose tariffs and supplementary charges for high density suburbs. An official at Gweru City Council pointed out that the MLGPWNH controls all funding and expenditure arrangements for the authority. Marumahoko (2010) notes that some cases the Minister may even suspend expenditure powers of the local authority and opt to direct expenditure processes from the centre. The UCA also vests the Minister with power to investigate any expenditure operation and approval of the local authority's borrowing powers. A senior official at Gweru City Council indicated with discontent that although the organisation was empowered by the law to run its own affairs, it still reports back to the Minister of Local Government who is the

“boss”. Therefore denoting that there still exists the relationship of a “Delegator and Delegate”.

In an interview with a senior academic in the LGS department, it was pointed out that due to economic problems the country has faced as well the 2013 directive to slash all debts owed to councils, many local authorities were now largely dependent on central government for funds in the form of grants to finance its budget deficit as councils’ revenue inflows were generally lower than their expenditure. An official at Gweru City Council pointed out that in most cases central government grants come with strings attached and hence reduces the local authority to a mere implementing agency of central government. This situation has created a dependency relationship whereby the periphery always has to look up to the centre for financial assistance. Pfeffer hypothesized this scenario in his Resources Dependency theory (Pfeffer and Salancik 1978:24).

Key informant interviews conducted with a senior academic in the Department of LGS revealed that Intergovernmental relations in Zimbabwe have for a long time attracted a lot of by controversy. Tonhodzai (2010) notes that the relationship between these two tiers of government has been marred by accusations and counter accusations. Madhekeni and Zhou (2012) postulate that local authorities have exchanged blows with central government, in particular accusing the responsible Ministry of relegating them to passive spectators in their own field through excessive ministerial intervention in fiscal management. On the other hand, Ministry of Local Government has cracked the whip on local authorities accusing them of mismanagement and compromised service delivery. The independent media has described the Zimbabwean situation as a “Bloodbath” in local authorities.

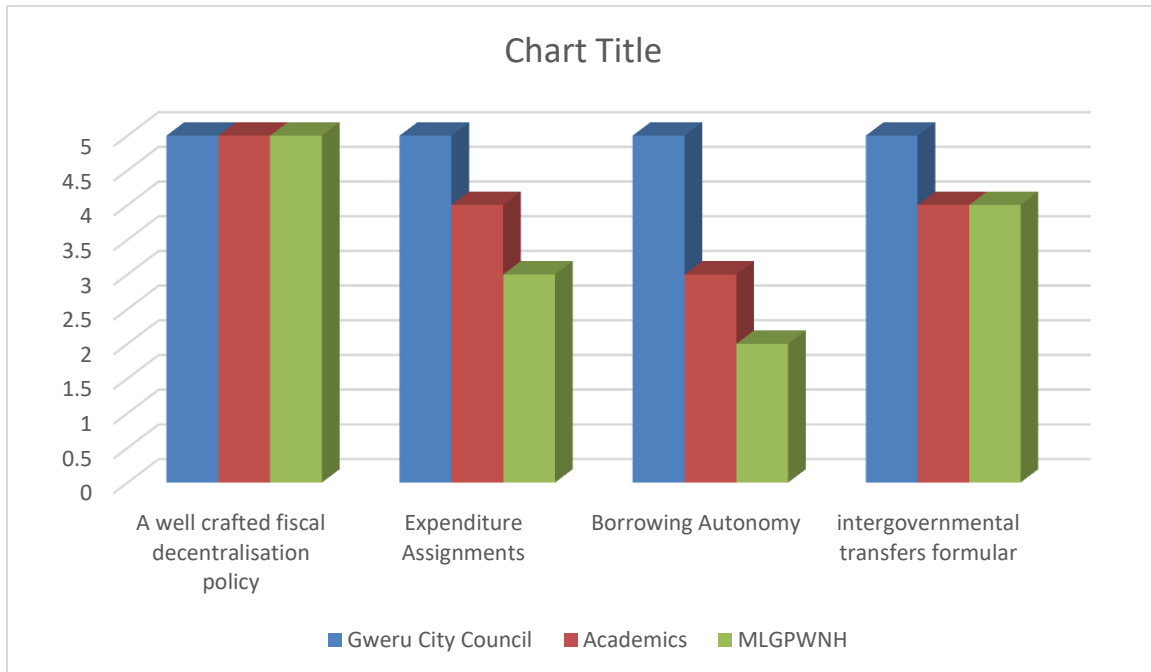
However, a senior official in the Ministry of LGPWNH revealed in an interview that central government’s control of local authorities was a justified cause especially considering the rampant corruption and abuse of funds, the local authority cannot be left on its own as there is a danger that the authority may abuse ratepayers’ money. Justification was given citing an example of the recently suspended Gweru council on allegations of rampant corruption.

An academic in the department of LGS as well as an official at Gweru City council revealed in an interview that central government’s support for local authorities has been slowly declining over the past few years with the worsening of economic conditions. This has also seen the decline of the Public Sector Investment Program which was a conditional grant

given to local authorities to renew infrastructure and fund other development initiatives. Marumahoko (2010) notes that many projects were abandoned before completion.

4.3 The necessary conditions for fiscal Decentralisation

Figure 4.3



Source: Primary Data (2017)

From the interviews conducted with academics, officials from Gweru City Council as well as a senior official in the Ministry of LPWNH they all noted that there is need to have consistency in government policy if fiscal decentralisation is to thrive. Tonhodzai (2010) argues that fiscal decentralisation is a transition from the central government’s paternalistic approach to intergovernmental relations, and therefore central government needs to set out clear rules and policy guidelines for this policy approach. However, one of the major weaknesses bedevilling government is its own lack of consistency in policy which it sets out, for example, through the imposition of unfunded expenditure mandates on local governments, the undermining of transfer programmes and the reassignment of expenditures without commensurate reassignment of revenues.

A senior academic interviewed revealed that there it is imperative that there is a well-crafted decentralisation policy for fiscal decentralisation to flourish. Such policy should be should crafted in a manner that meets its objectives and that the policy implementation should

address many dimensions of fiscal decentralisation. Tonhodzai (2010) points out that this is particularly important in the sense that many fiscal decentralisation policies often fail more than they succeed because they would have been poorly conceived. This “one dimension” approach may not produce successful results because other elements crucial to capturing the benefits may not have changed in a supportive manner, or may even work to yield offsetting results (Ibid). For instance, South Africa has assigned significant non-property taxing powers to local governments, including a payroll and turnover tax, and has granted local authorities some borrowing powers. However, the government has not enforced a hard budget constraint to force efficient use of these instruments. This reflects the problems of using a piecemeal approach to fiscal decentralisation.

An official at Gweru City Council pointed out that there is need to have political autonomy for fiscal autonomy to also be a success. This implies that leadership councils should have been elected by local residents. If a leadership is appointed by the central government, it is accountable upwards and not downwards to the local community. Bahl (1999:17) suggests that for fiscal decentralisation to succeed there is a need for a champion. There is a need for somebody who will advocate, uphold or defend the fiscal decentralisation approach. This champion can be in the form of the parliament, the voters, the president, external donors or the local authority. This factor is very critical especially if the champion wields political power and influence. To add to that, there should also be political will, especially from the central government, to seriously commit itself to relinquish some of its powers to lower levels of government. However, political will is not always available from the central government.

4.3.4 The positive and negative effects of fiscal decentralisation on local authority service delivery

An official interviewed at Gweru City Council’s Department of Finance pointed out that fiscal decentralisation is key to improving service delivery due to increased revenue mobilization. Revenue mobilization capacity can be improved due to a broadened tax net. For instance, the function of Roads tax collection should be returned to local authorities. Local authorities have greater flexibility to explore other potential sources of revenue as compared to the central government. Increased revenues can lead to improved service delivery in the sense that the local authorities will be better capacitated to fulfil their mandates.

Fiscal decentralisation is important in bringing central government closer to the people. This was revealed by an academic in the Department of Local Governance Studies in an interview. The lecturer further explained that when the government is brought “closer” to the people, it favours society’s scrutiny of public sector actions and this leads to increased accountability. According to Bahl (1999:4), when preferences among voters are diverse and local authorities have the responsibility for delivering those services that do not have major external effects, the potential benefits include better public services, better accountability on the part of government officials, more willingness on the part of citizens to pay for the services, and hopefully “development from the bottom” (Ibid). Thus, fiscal decentralisation creates opportunities for public participation. This was also supported by the director of Finance at Gweru City Council who argued that residents participate in decision making through consultations made in the initial stages of the budget making process.

Furthermore, an academic from the Department of LGS submitted in an interview that submitted that electoral accountability is the main force through which fiscal decentralisation can stimulate more efficient government activity. This is also supported by Porcelli (2009:6) who hypothesised that local elections provide accountability through the “election effect” and the “election incentive discipline”. Thus, voters can choose not to re-elect bad incumbents at the same time bad incumbents have an incentive to improve the quality of government services in order to increase the probability of them being re-elected. However, this is in contrast with Jin and Zou (2001:273) who insist that the citizen participation hypothesis does not hold water if one considers the electoral behaviour in most developing countries. Where local elections exist, they are usually decided on the basis of personal, tribal or political loyalties and not on the basis of one’s ability (Ibid). In such instances, fiscal decentralisation does not necessarily lead to improved efficiency in service delivery.

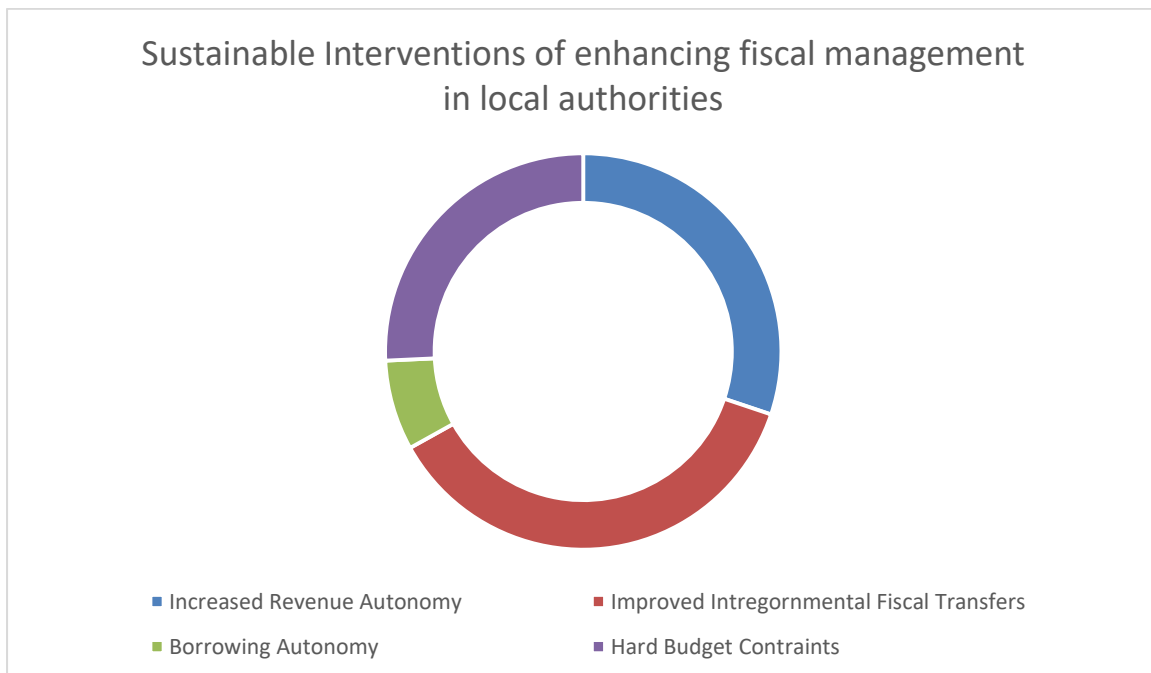
Fiscal decentralisation leads to a leaner government which leads to improved efficiency in service delivery (Ibid). This concurs with the views of Porcelli (2009:2) who suggests that fiscal decentralisation can be a mechanism for constraining the expansionary tendencies of government and stem its inefficient behaviours. Moreover, when mobile citizens seeking maximum fiscal benefits “vote through their feet”, it creates competition among jurisdictions. This point was also put forward by an official Gweru City Council’s Finance department who commented that fiscal decentralisation presents citizens with an opportunity to make comparisons of tax policies and the quality of service delivery offered in their own jurisdiction with those offered in other regions. Thus, it can be noted that competition among

sub-national governments encourages local authorities to explore and implement least cost mechanisms in the production and supply of services hence increased efficiency.

However, in a key informant interview held with a senior official in the Ministry of LGPWNH’s urban councils division, he argued that fiscal decentralisation disturbs central government’s national development programmes. This argument was supported by an academic who maintained that the central government is usually concerned with projects that have large externalities such as infrastructure investments which are critical for national economic development. If decision making authority is transferred to local governments, it means that preferences will be made towards projects with local benefits, (for instance, small rural electrification) at the expense of national investment programmes, for example, trunk highways. This means that local authority service delivery will improve at the expense of national public service delivery.

4.3.6 Sustainable interventions of enhancing fiscal performance in local authorities

Figure 4.4



Source: Primary Data (2017)

Marumahoko (2010) argues that local authorities need to have access to sufficient revenues for them to be able to provide all the services that they are mandated to at a standard which is acceptable. A top official from Gweru City Council suggested that local authorities must be

granted more powers to raise revenues so that they can be in a position to fund service delivery using their own resources. This way will also address the fiscal imbalances existing in the Zimbabwean governance system.

There is also a need to increase local governments' powers to independently manage their expenditures. However, there is a need to strike a balance between local authorities' revenues and expenditures. An academic from the department of LGS interviewed as a key informant suggested that councils' fiscal performance can be increased if the assignment of expenditure responsibilities is followed by a significant amount of taxing powers and significant budget autonomy. However, the same academic also advised that there is need to employ consistent monitoring mechanisms since local authorities have a high propensity to abuse this fiscal autonomy.

All the academics who were interviewed through key informant interviews agreed that for any meaningful fiscal decentralisation be realised, there should be hard budget constraints. This means that the local authorities should be able to balance their budgets without recourse to any end of year assistance from the central authority (Bahl 1999:6). Although it is quite difficult, if this rule is religiously adhered to, local authorities will be made to believe that they are "on their own" hence they will put their fiscal houses in order (Ibid). This is a generally shared sentiment among top officials from the MLGPWNH's Urban Local Authorities section who reasoned that hard budget constraints compels local authorities to live within their means and forces officials to be accountable for the hard decisions they make. The hard budget constraints entail measures like the removal of deficit grants, removing bailouts on delinquent debt and removing central authority's coverage of year-end shortfalls on certain expenditure items. The effect of hard budget constraints is to instill fiscal discipline in local authorities and to make them learn how to independently manage their own finances with minimum central government assistance. However, experiences in Zimbabwe and other countries referred to in the earlier sections of this study reflect that the central governments often prefer to hold on to a paternalistic approach to intergovernmental fiscal relations.

An academic from the department of LGS at the Midlands State University who was interviewed as a key informant suggested that there is a need to develop an early warning system which will enable the central government to take pre-emptive measures to correct signs of fiscal distress in local councils. Moreover, fiscal performance of local authorities can

be enhanced through the reduction of central government's approval of individual local authority borrowings and establish a general debt limitation provision which uniformly applies to all borrowers Pasipanodya (2000:239). For instance, debt legislation in Brazil stipulates that debt service must be less than 15 % and in Hungary debt service cannot exceed 70% of own resources (Ibid).

4.4 Conclusion

From the foregoing, it can be observed that the shifting of revenue and expenditure management from the central government to sub national units is critical in improving service delivery in local authorities. Theoretically, fiscal decentralisation has great potential to improve local governance. However, major research findings in this study point to the effect that the approach is difficult to put into practice in the Zimbabwean local government context. This is mainly because the legislative framework governing how local authorities operate tends to deny them the autonomy to manage their affairs without or with minimum central government control.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter is a summary of the research on the fiscal decentralisation debate in Zimbabwe. The objectives underpinning this study as well as the findings from the data gathered lay the foundation for the conclusions to be discussed in this chapter. Recommendations which can be adopted to enhance fiscal management in local authorities will also be presented.

5.1 Summary

This research investigated the fiscal decentralisation debate in Zimbabwe, looking at the context and dimensions of the topic, trying to establish the reasons behind the vertical and horizontal fiscal imbalances in Zimbabwe. The study established the challenges that have been impeding on fiscal management in Zimbabwe. The research was conducted within the delimitations of Gweru City Council.

Literature from various authors and scholars pointed out that fiscal decentralisation was still a subject of contentious debate that needs to be improved in order to improve the performance of lower tiers of government.

Qualitative research design was used for this study and purposive sampling method was employed. Key informant interviews and documentary search were used as research instruments. A total of 6 respondents were interviewed and they comprised officials from Gweru City Council, academics in the department of Local Governance Studies and a senior official in the Ministry of LGPWNH. Content and Thematic analysis were used to interpret and analyse the data gathered.

5.2 Conclusions

Fiscal decentralisation refers to the devolution of taxing and spending powers from central government to lower tiers of government. Fiscal decentralisation describes an attempt to extend the fiscal autonomy of local authorities. There are four major aspects of fiscal decentralisation which are revenue, expenditure, intergovernmental transfers and borrowing.

It is imperative to strike a balance between expanding local authorities' devolved fiscal autonomy and reducing central government's powers and control of local authorities in order

to have a practical fiscal decentralised system. For this to be achieved, the perceived benefits of fiscal decentralisation need to be carefully weighed against its potential risks. It is not easy to achieve a balance between the need to expand sub national fiscal autonomy and national government's centralizing tendencies since increasing local authorities' fiscal autonomy will only be done at the expense of the central government.

Central governments in most developing countries, Zimbabwe for instance, lack the financial capacity to fund local authorities to execute their mandates. The economic and political environment prevailing in Zimbabwe has caused the transfer of grants and funding to decline over years to such an extent that some of the grants (like PSIP) The legal, political and economic environment prevailing in Zimbabwe and most developing and funding countries is not conducive for fiscal decentralisation to effectively take place. It has also been observed that local governments usually do not have the necessary financial capacity to deliver public services on their own. At the same time central governments often lack the financial capacity to fund local authorities to execute their mandate or to fund the provision of services on their own.

In most countries, the legal and policy framework is not conducive for fiscal decentralisation. There are usually no explicit constitutional provisions for fiscal autonomy of urban local governments. The resultant feature is the absence of a constitutionally recognized formula for intergovernmental fiscal transfers. There are statutes or policies which provide the legal framework within which local authorities should raise revenues and spend their funds. The budgetary and borrowing procedures are usually spelt out in these statutes. In Zimbabwe, for example, there is the Urban Councils Act of 1996 which is administered by the Ministry of LGPWNH. It has been observed that the central government plays a dominant role in the fiscal management of local authorities, starting from the estimation of revenues and expenditures up to the actual execution of the budget. The central authority sets guide lines for setting charges and the local authorities have to operate within those limits for their budgets to be approved. This arrangement perpetuates the dominance of the central government in the management of the local authorities' operations.

The borrowing procedures set out in the statutes governing local authorities helps to ensure that they borrow in an orderly and systematic manner and to ensure that sub national debt remains within manageable levels. However, the borrowing process takes a ponderous routine. The same also applies to the approval of tariff adjustments which also takes a long

time. This is not suitable in the ever-changing environment in which local authorities have to keep abreast with the current economic trends.

The positive effects of fiscal decentralisation on local authority service delivery include increased accountability of public officials, improved efficiency in service delivery, increased financial resource mobilization capacity, increased public participation, increased responsiveness of services rendered to citizens, reduction of corruption and the bringing of stability in politically volatile systems. Like any other social science theory, fiscal decentralisation is not fool proof. The negative effects of fiscal decentralisation on service delivery include among others decreased efficiency, increased costs of service provision, greater regional inequity in development and macroeconomic instability.

There is coexistence between the local government and the central authority. Their roles complement each other with the central government making policies whilst the local government implements the policies. However, more often than not, the central government has been found usurping the fiscal functions of the local authorities. This results in local authorities being financially incapacitated hence they largely depend on the central government for funding in the form of grants. Therefore, local authorities are left with no choice except to act according to the dictates of the central government. The central government is responsible for monitoring all local government fiscal functions. However, the monitoring is sometimes unnecessarily excessive such that it is now tantamount to intrusion as the central government invades the little fiscal space which the local authority has. As a result, most local authorities now view the central government as an intruder thereby creating a relationship which is not conducive for improving service delivery.

Fiscal performance in local authorities can be enhanced by making sure that expenditure mandates match financial resources. This will avoid the problem of unfunded mandates. Local authorities should be given more power to raise their own revenues and even explore new ways of generating income. The central government has to increase local governments' taxing powers and also the tariffs set should be economic. There is a need to minimize central government involvement in the expenditure management of the local authorities. Local authorities should also use modern management methods like commercialization, privatization and contracting out. The local governments should make use of information communication technologies (ICT), for instance e-billing which is very convenient.

This study adopted the Resource Dependency theory as its theoretical framework. The theory asserts that an organisation's behaviour is a reflection of its dependence on external resource and the ensuing demands of a donor controlling those critical resources. The more an organisation depends on external resources, the more the demands of the particular actors controlling those resources become more influential. Local authorities heavily depend on the central government for financial resources to provide services to the people. The central government has the legal authority to make funding and spending arrangements for local authorities through the setting of tariffs and approval of borrowing powers. Moreover, the central authority also funds local governments through the provision of grants that are usually conditional. The periphery lacks enough financial resources to adequately provide services without assistance from the centre. Since the centre has legal powers to control the periphery's access and use of financial resources, the local authority has to operate according to the dictates of the central government.

Table 1

Theoretical Measure	Practice on the ground
Is fiscal authority protected by the Constitution?	Yes
Do urban councils have authority to determine rates and local taxes?	Very Minimal Authority. This is subject to Ministerial Approval
Is there alignment between local expenditure responsibilities and own revenue capacity?	No
Are local authorities reliant on Intergovernmental transfers?	Yes, but they have been on the decline. PSIP was suspended and block grants are erratic.
Do urban councils have autonomous borrowing powers?	No they do not. Borrowing is approved by central government on their own discretion.
Is there alignment between local expenditure responsibilities and own	No there is not. There exists fiscal imbalance that needs to be acknowledged

revenue capacity?	and controlled.
Are local authorities accountable for expenditure?	Yes. They are accountable to the people and to central government.

5.3 Recommendations

1. There is need for more devolution, fiscal devolution. Since the 2013 constitution uplifted local governments with a constitutional status from a legislative one, there is need to devolve that power bestowed on them in terms of Section 276 (2) (b). The supremacy of the law that vested powers on local governments as devolved tiers of government needs to be recognised.
2. Local authorities should be granted more taxing powers to levy taxes, rates and tariffs without having to seek approval from the Ministry. There should not be any exemptions on who and what can be taxed, this includes government property. Road Tax collection should be returned to local authorities as this can solve the horizontal fiscal imbalances. There is need to create financially self-sufficient local governments by giving them more control over their financial destinies.
3. It is imperative that borrowing procedures for local authorities has to be simplified to ensure that local authorities have quick and easy access to loans. The central government should give local authorities more space to select a financial institution of their choice when borrowing. This will help increase the council's revenue mobilization capacity.
4. The central government should refrain from excessive interference into expenditure operations of the local authorities by confining itself to broader policy issues whilst the local authorities perform the day to day administrative functions with minimum supervision. However, there should be close monitoring of these local governments to reduce instances of mismanagement.
5. The hard budget constraints approach should consistently be in place to ensure fiscal discipline in local authorities. The central government should introduce incentives to induce competition for sound fiscal management, for instance, a local authority which

demonstrates sound fiscal management, and whose debt is below set limits is allowed access to markets without obtaining borrowing powers from the central government.

6. There is also need to acknowledge and take measures to correct the fiscal imbalances through equalisation between central government and local authorities, and between local authorities themselves.
7. The constitution or an Act of parliament should clearly state the formula for Intergovernmental fiscal transfers.
8. There is also need for further study on this topic “Fiscal Decentralisation” as it will help local authorities and central government in fiscal management.

5.4 Conclusion

Fiscal decentralisation presents a workable policy intervention strategy for improving service delivery in local authorities due to its many perceived virtues. However, an analysis of the various forms of interaction between the central government and the municipality reflects that the central government assumes a dominant role in almost all aspects of local governance. The insubordination of the local authority by the central government negatively affects service delivery. Therefore, local authorities need to be granted more fiscal autonomy for it to improve its service delivery system.

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