

**FISCAL DECENTRALISATION IN URBAN COUNCILS IN ZIMBABWE: A
CRITICAL REVIEW OF THE CHALLENGES FACED BY HARARE CITY COUNCIL
IN GENERATING ITS OWN REVENUE, 2000-2013**

BY

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DEDICATIONS

To THE One and Only true God, I am wholly indebted to you for the completion of this work. Despite my persistent disobedience to your express will, you have lovingly given me life, health and all that I needed to complete this work, Amen

With all humility I also dedicate this work to my grandmother, Masibanda; your illustrious material and emotional contribution will forever remain in the annals of history. Your spirited prayers kept me going in all my struggles.

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ABSTRACT

In a basic number of countries, local authorities assume a leading role in the provision of goods and services to the public. Local authorities have been perceived to be better placed to meet the demands of local communities and this has been seen to improve citizen participation in governance. This has necessitated the strengthening of the revenue base of local authorities, particularly urban councils, to enable them to meet the demands of the ever-growing population. This dissertation examines the challenges faced by urban councils in Zimbabwe in generating their own revenue, with particular reference to Harare City Council, against the background of perceived decline in transfers from central government. The problem which motivated this research is that the fiscal autonomy granted to urban local authorities in Zimbabwe is ambivalent and a matter of contention. This has motivated the hypothesis that limited fiscal autonomy is hindering the adequate mobilization of revenue by Harare City Council. Fiscal decentralisation has been adopted to form the conceptual framework of this research since the principles of a sound sub-national revenue system emanate from the overall objectives of fiscal decentralization. Qualitative data collection methods such as documentary search and in-depth interviews have been used to gather data on the challenges faced by Harare City Council in generating its own revenue. Research findings indicate that while urban councils in Zimbabwe have been given powers to raise their own revenue, such powers are subject to central government direction and approval. It was also found that whilst fiscal transfers from central government to urban authorities are a necessity given the inadequacy of these local authorities' revenue to meet their expenditure requirements, such transfers have been very limited and in most instances non-existent between 2000 and 2013. Further, the constitutional and legislative framework governing sub-national revenue is weak and does not grant urban councils adequate powers to raise their own revenue. In this light, it is recommended that in order for urban councils to enjoy a meaningful degree of fiscal autonomy which allows them to have powers to generate their own revenue effectively and adequately, the regulatory and institutional framework should be revised to give such effect. This entails not only central government commitment and support of urban local authorities' revenue generation initiatives but also, the restructuring by urban councils themselves, of their revenue collection mechanisms in keeping with current trends.

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CHAPTER 1:INTRODUCTION

1.1 Introduction

This chapter introduces the study of the challenges faced by urban councils in generating their own revenue, with particular reference to Harare City Council. The background, statement of the problem, hypothesis, research questions and objectives, significance of the study, limitations and delineation of the research will be presented.

1.2 Background

Almost all local authorities in Zimbabwe are bleeding from a financial crisis which has seen them failing to raise sufficient financial resources to ensure the effective delivery of services from as far back as 1980 when the country got its independence from Britain. This has seen most local authorities, especially cities and towns, due to rapid urban population growth, immersed in a myriad of challenges. These include failure to embrace effective financial management systems, which results in the levying of sub-economic tariffs, failure to ensure cost recovery on essential services, such as water and sewer provision and failure to recover debts owed by residents, corporations, public and quasi-public institutions. Further, lack of skilled and qualified staff due to their exodus to the private sector and the Diaspora, and generally poor financial accounting systems has added to the woes of urban councils.

On the economic front, Zimbabwe underwent an unprecedented economic recession since 2000, following the country's controversial fast-track land redistribution programme, which alienated the country from its erstwhile traditional allies and funders. This resulted in a torrid macro-economic environment that manifested itself in hyper-inflation which reached an embarrassing one billion percent in December 2008. This scenario had devastating effects on the operation of local authorities, especially Harare, given that these authorities had to comply with certain procedures in order to increase tariffs in an environment where other players changed their prices on a daily basis.

In February 2009 the Government of Zimbabwe adopted a multi-currency regime which saw the United States Dollar, the South African rand and other foreign currencies being adopted as legal tender. This stabilized the economy and increased investment in the country. However, this new dispensation was not without its challenges to local authorities. The high unemployment rate and liquidity challenges resulted in most ratepayers failing to meet their council obligations. The net effect of all these developments was that most urban councils struggled to raise revenue to finance their activities and services. Harare was the worst affected with most of its operations, such as the Morton Jaffray and Prince Edward Water Plants, suffering from lack of financial resources.

Against this background, fiscal decentralisation has been put forward as a potentially viable solution in the quest to respond to the varied service delivery challenges faced by urban councils. It follows, therefore, that in order to meaningfully strengthen the City of Harare's revenue base, it is imperative that it is granted sufficient revenue raising powers.

After the introduction of the Economic Structural Adjustment Programme in 1991, grants from the central government to the Harare City Council dwindled and, in fact, disappeared between the years 2000 and 2013, further weakening the already strained financial situation of the city. Traditionally, like other urban councils, the city of Harare received capital finance from central government through the Public Sector Investment Programme (PSIP). Unfortunately, the PSIP allocations have drastically decreased over the years as was evidenced in Harare's 2013 capital budget. In its 2013 capital budget which totalled US\$146 million, the anticipated contribution from the PSIP amounted to only US\$10 million. To complement the PSIP, the Reserve Bank of Zimbabwe established the Productive Sector Finance in 2006 to fund certain city programmes. This fund has also proved elusive as very stringent measures have to be satisfied in order to qualify for the fund. Such measures as good corporate governance, efficient and updated budgets together with sound managerial structures have proved elusive for most urban councils.

In order for local governments to exercise a meaningful degree of fiscal autonomy they must possess sufficient powers, adequate structures and vibrant strategies to raise their own tax and other sources of revenue.

1.3 Statement of the problem

The magnitude of fiscal autonomy granted to urban local authorities in Zimbabwe is ambivalent and a matter of contention. On the one hand, central government is convinced, or so it pretends, that urban local authorities possess significant fiscal powers sufficient to enable them to autonomously raise and manage their financial resources. On the other hand, local government officials contend that the fiscal autonomy they possess is insignificant and meaningless. The failure by Harare City Council to effectively deal with the myriad of challenges that bedevil it has been cited as a clear indication that these local authorities, amongst other phenomena, lack adequate fiscal space to carry out their responsibilities efficiently. It is widely believed that the lack of adequate fiscal discretion explains the failure by Harare City Council to deliver efficient services to its rate-payers.

1.4 Hypothesis

Limited fiscal autonomy is hindering the adequate mobilization of revenue by Harare City Council.

1.5 Objectives of the research

The primary intention of this research is to examine the challenges faced by Harare City Council in raising and sourcing funds to achieve its service delivery goals and other expenditure requirements, within the rubric of fiscal decentralization. More specifically, the research will;

1. Present a critical appreciation of the conceptual framework under-pinning fiscal decentralization
2. Analyse the regulatory framework governing the revenue generating powers of urban councils in Zimbabwe.
3. Provide recommendations on how Harare City Council can strengthen its revenue base?

1.6 Research questions

The study will seek to answer the following questions:

1. What is the conceptual framework underpinning fiscal decentralisation?
2. What are the regulatory frameworks in place to ensure fiscal autonomy in the raising and sourcing of funds by urban councils?
3. How can Harare City Council strengthen its revenue base?

1.7 Significance of the research

The poor delivery of health, education and other public goods and services has been a major feature in the City of Harare. While it has been claimed in certain quarters that this problem has been perpetuated by the illegal sanctions imposed on the country by the West, these problems can also be perceived as insinuated by the ambiguous fiscal autonomy granted to local authorities by the central government. This research seeks to examine the central issues around Harare City Council's revenue raising powers within the rubric of fiscal decentralization with a view to progressively expose the missing link in the fiscal practice and principles of urban councils.

There are very few literary works on this subject. In an article entitled "The challenges of self financing in local authorities in Zimbabwe", Zhou and Chilunjika present the challenges faced by local authorities in financing their operation. This article, however, says little on the impact of weak fiscal autonomy granted to urban councils on their efforts to finance their operations. As such it is hoped that this research will meaningfully contribute to existing literature with a view to improve the revenue generation principles and practices of Harare City Council.

1.8 Limitations of the study

As a public entity, Harare City Council is characterized by bureaucratic tendencies causing a delay in the access to information. Some top officials and councilors were not readily available for interviews. In addition, some information was not disclosed by the City Council for security reasons or for the public interest.

As is the case with many researches, this work was greatly affected by limited time and financial resources.

1.9 Delineation of the study

This study is not a comprehensive work on decentralization, but rather concerns itself more particularly with the principles and practices of fiscal decentralization as they relate to the revenue raising powers of the City of Harare.

This work will also not espouse all the administrative, financial, technical and political issues of Harare City Council save to the extent to which these phenomena relate to the principles and practices inherent in revenue collection.

1.10 Structure of dissertation

Chapter 1; Introduction

Chapter 1 introduces the study on the challenges faced by Harare City Council in generating its own revenue.

Chapter 2; Conceptual framework and literature review

The various concepts that under-pin local government revenue collection are presented in chapter 2. This chapter also reviews the literature on this subject.

Chapter 3; Methodology

The methodology used in carrying out this research is presented in chapter 3.

Chapter 4; Research findings and dataanalysis

In this chapter, the research findings are presented and analysed.

Chapter 5; Conclusions and recommendations

The conclusions reached in this research and the recommendations are presented in chapter 5.

1.11 Conclusion

This chapter has laid the basis for the study of the challenges faced by Harare City Council in generating its own revenue. The background, statement of the problem, research questions and objectives, amongst other things, have been presented to provide the basis to this study. The following chapter presents the conceptual framework and reviews the literature on local government revenue collection principles.

CHAPTER 2:LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 Introduction

This chapter discusses the major tenets of fiscal decentralization in general and, more particularly, the concepts that underlie a sound revenue system for local governments. First and second generation fiscal decentralization will be defined to have a broader conception of what fiscal decentralization is. The bulk of the chapter will, however, be dedicated to a discussion on the principles and concepts underlying a sound local government revenue system. This is meant to provide a more relevant conceptual premise for the revenue generating powers of urban local authorities.

2.2 Fiscal decentralization

According to Sagoe (2012; 1), decentralisation in general and fiscal decentralisation in particular, has gained prominence as an expressed goal or as an actual programmatic pursuit in the context of two prominent movements affecting the African state. These two phenomena are the structural adjustment programmes, that sought to reform the public sector since the 1980s to the mid 1990s and the ongoing transition towards more democratic and competitive politics that started in the 1990s (Ndegwa, 2002;1).

According to Oates (2005; 2), fiscal federalism (broadly referred to in the decentralization literature as first generation fiscal decentralization) sets forth an active and positive role for the government in terms of correcting various forms of market failure, establishing equitable distribution of income and stabilizing the macro-economy at high levels of employment with stable prices. Based on this conception, Oates (2005; 2) argues that government agencies, as custodians of the public interest, will seek to maximise social welfare, either because of some kind of benevolence or because of electoral pressures in a democratic system. In essence, therefore, where there is market failure, there is a need for the state to intervene to stabilise the economy, thus creating a basis for fiscal decentralization. Further, the political stability of a sustainable nation-state provides the context for fiscal decentralization (ibid).

Based on the above conception, Litvack and Seddon (1999; 3) conceptualise fiscal decentralization as the transfer of fiscal authority and responsibility for public functions from the central government to subordinate or quasi-independent organisations or the private sector. This traditional view of fiscal decentralisation perceives economic forces as the major drivers of fiscal decentralisation initiatives and reforms in many countries.

Second generation fiscal federalism as conceptualised by Oates (2005; 2) concerns itself with the workings of diverse fiscal and political institutions in the context of imperfect control and information, with the incentives embodied in these institutions and the resultant behavior being induced from utility-maximizing participants being the basic focus. The basic argument in second generation fiscal decentralisation is that it is often history and politics, rather than economics that determine the structure of sub-national governments and drive fiscal decentralisation. This explains why many fiscal decentralization reforms have shifted financial resources to local government level, but, failed to decentralise the discretion to manage these resources (Oates 2005; 2).

In this light, therefore, fiscal decentralisation entails more than just a pushing down of financial resources, but, also control over these resources (Bahl 1999; 1). The new approach to fiscal decentralisation is people-oriented and is defined by Bahl (1999; 1) as the empowerment of local communities through the fiscal empowerment of their local authorities.

2.3 Benefits of fiscal decentralization

According to Oates (2006; 1), the orthodox theory of public finance provided the foundation for the concept of fiscal decentralization. This theory, according to Oates (2006; 1) has four main strands. In the first place, sub-national governments are better placed to provide public services most preferred by local citizens and well suited to the particular circumstances prevalent in their localities, as opposed to a centralistic approach which is predicated on the presumption that one size fits all. In similar vein, Bahl (1999; 13) contends that increased fiscal decentralisation is expected to allow public goods and services to be provided at the level and costs desired by local communities and to enhance citizen participation in government.

Further, Ebel and Yilmaz (2002; 6) argue that fiscal decentralisation enhances the chances of development at the community and village levels of society. For Ikeanyiwonwu (2001; 3), the practice of decentralised systems has made many local and regional governments to become responsive for development activities in their jurisdictions based on local needs, priorities and resources. In this regard, fiscal decentralisation is thus perceived as an important mechanism for adjusting public expenditures to local priorities, with the potential for the improvement of management incentives and accountability to citizens closer to the point of service delivery (Sagoe 2012; 2).

Secondly individuals tend to gain from an improved provision of public services through fiscal decentralization in that in an environment of mobile households, citizens can migrate to jurisdictions that provide goods and services well suited to their preferences. (Oates 2006; 1)

Thirdly, while central governments are monopolistic in their policies and programmes, decentralized levels of government face competition from their neighbours, which policy inhibits budgetary expansion and somewhat compels sub-national governments to provide public goods and services more efficiently (Oates 2006;1).

Finally, academics and local government advocates and practitioners are in agreement that decentralization in general and fiscal decentralization in particular may encourage experimentation and innovation as individual jurisdictions are free to adopt new approaches to public policy. In this light, fiscal decentralization can provide a valuable laboratory for fiscal experiments(Oates 2006; 1).

Over and above this, fiscal decentralisation (which includes both internally and externally generated sources of revenue) has been considered crucial for the effectiveness of decentralised institutions, without which local governments cannot achieve desired developmental goals at the local level (Sagoe 2012; 2). In essence, therefore, without fiscal decentralisation, the decentralised institutions would lack the financial means to implement projects. In revenue mobilisation, fiscal decentralisation has the added advantage of giving local people, through their local authorities, the chance to mobilise internally generated revenues such as fees, fines and local taxes (Sagoe *ibid*). As such, the local authorities, being familiar with local circumstances, are better placed to mobilise more financial resources at less cost than the central government.

Clearly, the traditional theory of public finance is the major theory that has been put forward to explain the concept of fiscal decentralization. In essence, it proffers an economic rationale for the decentralization of the public sector which is founded on the premise that local or sub-national levels of governments are better placed to provide improved services to their local communities. There is greater potential for public participation in governance issues thereby increasing their willingness to contribute meaningfully to the development of their areas. Fiscal decentralization also leads to greater accountability by public officials since they are easily on the spotlight in the provision of goods and services.

The essence of fiscal decentralization in relation to the revenue base of local authorities is that there should be a balance in the fiscal relations between central government and local authorities (McLure 2001; 4). On the one hand, central government should give effect to the letter and spirit of fiscal decentralization by granting local authorities sufficient revenue raising powers to enable them to substantially finance their capital and current expenditure (ibid). On the other hand, where internal revenue sources are inadequate for local authorities, which is almost always the case, particularly in meeting infrastructural development goals, central government should not maliciously withhold financial aid in the form of grants loans and subsidies to local governments in the name of fostering fiscal decentralization (McLure (2001; 4). It is important to note that fiscal decentralization does not encapsulate the total withdrawal of central government from the fiscal affairs of local authorities. Yet such financial assistance should not be used to unduly interfere in the fiscal affairs of local authorities.

In the whole, therefore, a sound and vibrant revenue collection structure for local authorities should be premised on a symbiosis of clearly defined principles and practices of fiscal autonomy from central government. If local authorities have ambivalent and weak revenue collection powers, local authorities will continue struggling in their efforts to raise revenue for the financing of their operations.

2.4 Principles of revenue assignment

In order for local authorities to exercise a meaningful degree of fiscal autonomy, it is important that they possess sufficient powers to raise their own revenue. According to McLure (2001; 4) the key policy questions in this respect are; which taxes should local authorities levy and how. This question is referred to in the decentralisation literature as the revenue assignment question. According to McLure (2001; 4) the assignment of taxes in a decentralised system of finance must decide three types of questions. Firstly, what level of government will be granted legal powers to introduce new taxes or change their structure in terms of the definition of tax bases and the determination of tax rates? Secondly, how will the revenue from different taxes be shared, if at all, among the different levels of government? In the third place, what level of government will be responsible for the administration and enforcement of the different taxes? The central argument in tandem with the dictates of fiscal decentralisation is that local authorities should be granted adequate revenue raising powers (through legislative and other regulatory frameworks) and strong administrative and enforcement powers for the collection of their own revenue. It is important to bear in mind that the discussion of the revenue raising powers of local authorities is not a stand-alone phenomenon, but, should be viewed as an element that must interact and be compatible with the rest of the design of a decentralised system of finance (McLure (2001; 4).

A well established concept which forms the bedrock of local government fiscal regimes is that finance should follow function (Oates 2006; 2). In this light, the assignment of expenditure responsibilities and revenue instruments should be designed in such a way that local governments do not fund national priority programmes and nationally mandated services, such as primary schooling and basic health care, from own source revenues. Further, the high share of local government administrative costs funded by own source revenue greatly reduces the revenue base of most local authorities and substantially reduces the value for money received by local residents from local taxes (ibid). To the maximum extent possible in the circumstances, own source revenue should be used to fund the delivery of public local goods and services which benefit the local community.

In 1776, Adam Smith, a classical economist, in his seminal *The Wealth of Nations*, espoused some of the major principles of a good revenue source. According to him, it is desirable that the citizens of every state should contribute towards the welfare of the government, proportionate to

their respective abilities and benefits (1776; 891). This forms the bedrock of the ability to pay principle and the benefit principle, which principles underlie good revenue collection mechanisms in local authorities. In terms of the first principle, ratepayers with a greater ability to pay should contribute more, while in terms of the second principle, those who benefit more from local government services should pay more.

Further, Smith propounded that taxes payable by each individual should be certain and not arbitrary. The time and mode of payment, together with the quantity to be paid, should be clearly prescribed (1776; 892). In addition, Smith propounded that a good revenue source should minimize compliance costs as this benefits neither local authorities nor ratepayers (1776; 893).

Over and above these orthodox canons, modern public finance literature has generally accepted the following principles as constituting a good revenue base;

2.4.1 Equity

According to Zhou and Chilunjika (2013; 235) good revenues should be fair and equitable both vertically and horizontally. According to them, vertical equity demands that tax or ratepayers at different levels in the income ladder should be treated fairly by the tax or revenue system. While fairness is a relatively subjective term, it is generally accepted that wealthier taxpayers should pay more tax. This equity notion is a mere expansion of the ability to pay principle and the benefit principle discussed above. Encapsulated in horizontal equity is the notion that taxpayers in similar circumstances should be treated similarly by the tax system (ibid). The tax regime should resemble fairness not only in definition, but, also in application, if it is to satisfy horizontal equity. Voluntary compliance towards the payment of taxes is enhanced if the tax system is seen to be fair by taxpayers (ibid).

2.4.2 Efficiency

In addition to equity, a good revenue source should minimize compliance and administrative costs, generating revenue well above these costs (Oates 1972; 13). According to Mclure (2001; 5) a good revenue source is one that is difficult to avoid and/or evade. Neither should it discourage productive activities in the economy because of exorbitance or complication (ibid).

2.4.3 Revenue buoyancy

According to Oates (1972; 13) revenue collection should generally follow the economic base. In general, long term economic development results in an increase in the demand for better public goods and services by taxpayers (ibid). This should be complimented by increasing the yield of the tax system. (Oates 1972;13)

2.4.4 Adequate revenue yield

McLure (2001; 5) argues that a good revenue source is one that yields adequate revenue, relative to the funding needs of the local government and to the size of the economic base of the local community. In this light, local authorities should direct their focus to those revenue sources that have a potential to provide substantial revenue yields.

2.5 Principles of a good revenue system at the local government level

Over and above satisfying the principles outlined above, which are general in nature, a revenue source needs to satisfy additional criteria if it is to be an effective source at the local government level. In the first place, while some taxes or revenue sources may be appropriate at the national level, they may not necessarily be sound revenue instruments at the local authority level (Oates 2006; 7). Payroll taxes collected at a firm's location might satisfy the benefit principle when levied at the national level, in the sense that such taxes are borne by workers who benefit from the central government's health care and unemployment programs that would be funded with such revenue (ibid). However, the benefit principle would be violated if commuting workers had to pay such a tax in the locality where they work while consuming local government services in the locality where they reside (ibid).

Secondly, based on the dual role of taxes as both the sources of revenue and tools of government policy, local governments are responsible for policies different from those of the central government, hence they need different tax regimes (Ndegwa 2002;3). In this light, Musgrave's (1959) three-role classification of government activities is an important model in the assignment of revenue across different levels of government. McLure (2001; 5) propounds that macro-economic stabilization and income redistribution should for the most part be a central-level

responsibility. For this reason, Oates (1972; 1) argues that tax instruments that can significantly affect macro-economic stabilization and income redistribution should be assigned to the central government. For Oates (1972; 1) progressive income taxes should generally be assigned to the central government, owing to its redistributive nature as well as to the economic stabilization that results from applying higher rates on growing income. This argument, however, cannot be sustained in the case of flat-base surcharges on the national income tax. Similarly, revenue sources that are highly sensitive to general economic conditions should be assigned to the central government (Oates 1972; 2). If local government revenues (and therefore expenditures) follow closely the fluctuations of the local economy, this pro-cyclical local government spending would exacerbate economic conditions by cutting public works in the time of recession (Oates 1972; 2). It is, therefore, more appropriate that sub-national governments should turn to more stable revenue bases such as consumption taxes and property taxes. Such revenue sources are crucial for budgetary planning and cushion local authorities against economic depressions (Oates 1972;2).

Local governments are better placed to perform the allocative function of the state, that is, the efficient allocation of public goods and services to the local community. Due to this function, Bird (1999; 6) argues that local governments should be assigned revenue sources for which it is easier to establish a link with the benefit received by residents from local government spending. In this regard, such revenue sources as charging for specific services provided by local authorities (the cost of issuing out operating licences and liquor licences) and for goods and services provided by public enterprises (admission to recreational areas and utility charges), are appropriate local government sources of revenue(ibid). As is argued by Bird (1999; 6), besides generating revenue for local authorities, user charges provide demand information to public service providers. The advantage of this revenue source is that publicly provided services are valued by citizens at least what it costs to produce them(ibid).

Also satisfying the benefit principle, but not based on a free consumer choice, are benefit taxes which are compulsory contributions to local authorities(McLure 2001; 5). As is noted by McLure (2001; 5),with these taxes, there is either a specific or general link between the amount of taxation and the benefits from a specific public service. The size or value of a residential property relates quite closely to an individual taxpayer's benefits received from street

improvements on which the property is located(ibid).General benefit taxes may include toll fees and vehicle licence fees which can be used to improve the road network, thereby benefiting road users as a class(Sagoe 2012;3).Also falling within this genre of benefit taxes are property taxes which have become a major revenue source for most urban local authorities in both developed and developing countries (Bahl 1999; 6). While these taxes are a useful revenue source to local authorities, their value also lies in the fact that they increase the accountability of local authorities to the local community(Zhou and Chilunjika 2013;236).

Some of the characteristics of a sound local government revenue system that have been developed under the public finance theory are as follows;

2.5.1 Correspondence

It is a well established principle that a sound local government revenue source should establish a link between the jurisdiction in which it is levied and the place in which the benefits accruing from such a source are received(Oates 1972; 2).In essence, therefore, is the notion that the revenue base should be readily identifiable with the local authority area. This gives local authorities the right incentives to fund an optimal amount of locally provided goods and services (ibid).

2.5.2 Geographic neutrality

According to Oates (2005; 2) taxes assigned to local governments should not interfere with internal commerce nor distort the location of economic activity. In this light, local authorities should not levy production-related sales taxes or source-related income taxes, except where justified by benefits provided to business and the community (Oates 2005; 2).

2.5.3 Visibility

It is important that local taxes and other revenue sources should be clear and not shrouded in mystery. According to Oates (2005; 2) local taxpayers should be aware they are paying the tax, of its amount, to whom its payable and for what purpose. This allows local residents to evaluate the efficiency of local government services.

2.5.4 Fiscal autonomy

The central argument in this research is that local authorities that lack control over the more significant sources of revenue can never truly enjoy fiscal autonomy. As is argued by Oates (1972; 1) such local authorities with insignificant revenue autonomy cannot be responsive to the demands of their constituencies as they cannot expand services when there is higher demand and cutback otherwise. This also makes local authorities rigid in making fiscal adjustments to respond to rising costs.

2.5.5 Horizontal fiscal balance

Bird (1999; 5) defines horizontal fiscal balance as the existence of balance in fiscal needs and resources between different government units at the same level of government. Bird (1999; 5) further makes the assertion that although horizontal fiscal balance can be achieved through inter-governmental transfers, the revenue assignment should be made cognizant of the resulting fiscal disparities. In essence, therefore, if local revenue sources are to be sound, their revenue base should, whenever possible, be evenly distributed across all jurisdictions.

2.5.6 Vertical fiscal balance

According to Bird (1999; 5) vertical fiscal balance exists when there is a broad correspondence between the expenditure needs allocated to each tier of government and the available financial resources to each government level to carry out those responsibilities. It is important that urban local governments are granted control over substantial revenue sources to fulfill their ever-growing responsibilities to local residents. Allocating responsibilities to urban local authorities without granting them adequate revenue generation powers to raise the revenue needed to fulfill such responsibilities is a futile exercise (Zhou and Chilunjika 2013; 235).

2.5.7 Local tax administration

Certain revenue sources, such as property taxes, are better administered at the local level, while local authorities have a relative disadvantage in administering other revenues such as corporate profit tax (Oates 2005; 4). As is contended by Oates (2006; 3) local governments should be

assigned taxes for which there are information and enforcement advantages at the local level. Based on this proposition, a decentralized administration of property taxes has the advantage that there exists better knowledge of local circumstances and ability to tailor procedures to local conditions at the local level. The capacity to administer taxes and other revenue sources is, therefore, an important consideration in the granting of revenue generation powers to local authorities.

2.6 Conclusion

In conclusion it should be noted that the principles of a sound local revenue source emanate from the overall objectives of fiscal decentralisation. An understanding of the revenue sources of local authorities is an essential element in the overall discourse on fiscal decentralisation. It should be borne in mind that the economic rationale for decentralisation is to improve efficiency in the delivery of public goods and services. As such, the benefit principle is relevant in that it links the costs of public services to the benefits rendered to local residents. If local authorities have limited revenue raising powers and are dependent on the revenue decisions of the central government, their accountability to local communities is undermined. Weak revenue autonomy can too easily be used as an excuse for poor performance by local authorities. Poor local government fiscal autonomy also weakens local ratepayers' awareness of revenue issues and interest on the quality of local services delivered.

CHAPTER3:METHODOLOGY

3.1 Introduction

This chapter presents the methods used in carrying out the research. The techniques employed in gathering, presenting and analysing data will be presented. The sampling techniques, data collection methods and data analysis tools are also discussed.

3.2 Research design

Qualitative research techniques were used to gather information in this research. Documentary search and in-depth interviews were used to collect data. The respondents that were interviewed were selected using purposive or judgmental non-probability sampling. Thematic and content analysis are the data analysis techniques that were employed in this research. The former technique was used to analyse data gathered from in-depth interviews with key informants, while content analysis was used to analyse data drawn from documents such as books and newspapers.

3.3 Study area

This research was carried out at Harare City Council, which is in charge of Harare, Zimbabwe's capital city. Council officials, Ministry of Local Government officials and residents associations' representatives were used as units of analysis in this research.

3.4 Target population

For the purposes of a research, a target population is the entire aggregation of respondents or subjects that meet the designated set of criteria (Burns and Grove 1997; 236). For the purposes of this research, the target population that was interviewed consisted of individuals, organisations and institutions with knowledge on the revenue aspects of Harare City Council. Individuals who were the subjects of the research included Harare City Council Director for Business Development, City Credit Controller two Area Controllers and two directors from the Ministry of

Local Government. Organisations which formed part of the research included Combined Harare Residents Association and Harare Residents Trust.

3.5 Sampling technique

Purposive or judgmental non-probability sampling was used to identify respondents who were interviewed to determine the revenue generation powers of Harare City Council. Under purposive sampling the research elements are chosen based on the judgment of the researcher. With this sampling technique, the researcher believes that some subjects are more suitable for the research as compared to others (Babbie 2010; 194). This criterion is used to select key informants who possess unique information pertaining to the subject under research. In this research, Council officials, Ministry of Local Government officials and representatives from Harare Residents Trust and Combined Harare Residents Association were identified using purposive sampling. The nature of this research requires information from people with special knowledge on the revenue issues at Harare City Council hence the choice of the above mentioned respondents using purposive sampling.

3.6 Methods of data collection

Qualitative data collection methods were used to gather data in this research. According to Harwell (2011; 148) qualitative methods focus on discovering and understanding the experience, perspectives and thoughts of participants, exploring meaning, purpose or reality. In this research, documentary search and in-depth interviews are the data collection methods that were used.

3.6.1 Documentary search

Documentary search is a very important research method that has been extensively used to gather research data across all domains. According to Mogalakwe (2006; 221) documentary search involves the examination of documents which contain relevant information about the subject under study. Mogalakwe (2006; 222) further describes this data collection method as the technique used to categorise, investigate, interpret and identify the limitations of physical sources most in commonly written documents in both the public and private domain. Punch (1998; 190)

observes that documents, both historic and contemporary, are a rich source of information for social research, but, are neglected by many researchers, perhaps because the collection of other sources of social data (experiments, surveys, interviews and observations) has become more fashionable. Punch (1998; 194) further notes that the neglect of documentary research is ironic since the development of social research greatly depended on documentary research. For Hammersley and Atkinson (1995; 173) documentary products are especially important for providing a rich vein of analysis. Thus, in documentary research, nothing can be taken for granted,

This data collection method was used to gather secondary data on the revenue mobilisation policies and strategies of the Harare City Council. Regional and international perspectives on revenue mobilisation by urban councils were also analysed through documentary research. Such documents as books, government publications such as Acts of Parliament, newspapers and ministerial publications were used.

3.6.2 In-depth interviews

In-depth interviews seek to collect comprehensive qualitative data from the potential beneficiaries or those individuals directly affected by a problem. In-depth interviews were conducted in this research to collect comprehensive qualitative data from individuals who are knowledgeable on the revenue policies and practices of Harare City Council and the nature and extent of central government involvement in these revenue policies and practices. In-depth interviews were conducted on Council officials, Ministry of Local Government officials and representatives from Combined Harare Residents Association and Harare Residents Trust, given their special knowledge on the revenue affairs of Harare City Council and its relationship with central government insofar as the City's revenue mobilization policies and strategies are concerned.

This data collection method has a number of merits. According to Claire (1959; 238) since the interviewer and interviewee are both present during the enquiry, there is an opportunity for greater flexibility in eliciting information. With in-depth interviews, the interviewer has the opportunity to observe both the subject and the total situation to which he is responding. Claire

(1959; 238) argues that there is also a chance of repeating or rephrasing questions to ensure that they are understood. In addition, further questions can be asked in order to clarify their meaning.

In spite of all these advantages, it should be pointed out that in-depth interviews have their own weaknesses as a data collection method. This method is time-consuming and requires well trained interviewers. There is also the possibility of biased information through the influence of the interviewer. Further, in-depth interviews are not suitable for collecting sensitive information. To mitigate these shortcomings, this method was triangulated with documentary search.

To carry out the interviews, face to face interviews were used. This allowed the researcher to make use of visual aids and the manner respondents respond to the questions. A total of 8 respondents were interviewed in this research. These included Harare City Council Director for Business Development (who oversees the Revenue Collection department) The City's Credit Controller, Area controller (CBD) Area Controller (Northern District), Director Urban and Director Legal at the Ministry of Local Government and one official each from Combined Harare Residents Association and Harare Residents Trust

3.7 Data analysis techniques

Thematic and content analysis are the data analysis techniques that were employed in this research. The former technique was used to analyse data gathered from in-depth interviews of key informants, while content analysis was used to analyse data drawn from documents such as books and newspapers.

3.7.1 Thematic analysis

Data gathered from key informant interviews was analysed thematically. According to Rice and Ezzy (1999; 258) thematic analysis involves the identification of themes through careful reading and re-reading of data. Qualitative data may be the subject of thematic analysis in which narrations are grouped into themes focusing on a particular issue. In essence, thematic analysis is a search for themes that are important in the description of the phenomenon under consideration.

3.7.2 Content analysis

Content analysis was used to analyse data drawn from documents such as books journals and newspapers. Books such as Fiscal Federalism by Oates (1972) and Restructuring Local Government Finance in Developing Countries; Lessons from South Africa by Bahl and Smoke (2003) were some of the books analysed using content analysis. Among the journals analysed using this technique was the Journal of Sustainable Development in Africa, Journal of Political Economy and the International Journal of Humanities and Social Sciences. According to Rice and Ezzy (1999; 259) content analysis is any technique used to make inferences by systematic and objective identification of special characteristics of messages. In content analysis, researchers examine artifacts of social communications.

3.8 Research ethics

Adherence to sound ethical standards is a mandatory obligation for researchers. Research ethics are a code of conduct or sound behavioral principles that researchers have to practice in carrying out any research (Pera and Van Tonder 1996; 4). To this end, authorisation of entry, respondents' anonymity and confidentiality and informed consent were observed by the researcher in carrying out his research.

An authorisation letter was obtained from the University of Zimbabwe to allow easy access to Harare City Council, Ministry of Local Government Harare Residents Trust and Combined Harare residents Association.

The researcher also took necessary steps to protect the identity of the research respondents, if they so desired, through withholding their names when presenting research findings and excluding identifying information which may reveal their identity such as personal information and occupation. The researcher also excluded identifying information on key informant interview guides.

3.9 Conclusion

This chapter has presented the data collection, analysis and presentation techniques that were used in this research. The nature of this research requires information from people with special knowledge on the revenue policies and practices of Harare City Council. As such, a qualitative approach was pursued in gathering analysis and presentation of data in this research. The findings obtained from the research respondents, through the various strategies discussed herein, are presented in chapter four.

CHAPTER 4:RESEARCH FINDINGS AND DATA ANALYSIS

4.1 Introduction

This chapter presents the findings obtained from documentary search and key informant interviews. Documentary evidence on the revenue collection principles and practices of Zimbabwe's urban councils, with special emphasis on Harare City Council, will be presented. Findings from books, journals and several articles on the experiences of urban councils in other African countries will also be presented. To be presented also are findings that were obtained from in-depth interviews of officials from Harare City Council, the Ministry of Local Government, Harare Residents Trust and the Combined Harare Residents Association. A synthesis of the data gathered from documents and interviews has been undertaken to analyse the challenges faced by Harare City Council in generating its own revenue.

4.2 Profile of research respondents

Table 4.1 indicates the intended interview respondents and those actually interviewed. As this Table show, some of the originally intended respondents were not interviewed owing to various reasons. The Permanent Secretary at the Ministry of Local Government was reportedly out of the country while the Revenue Collection Manager could not be interviewed due to ill-health. The Town Clerk could not be interviewed because he had a busy schedule. The leaders of the two residents associations were always busy and referred all questions to other officials. Further, official records pertaining to accrual revenue collection figures and fiscal transfers between 2000 and 2013 could not be obtained due to official secrecy and professed ignorance on the part of the officials on where such information could be obtained. Nonetheless, the respondents who were finally interviewed possessed sound knowledge on the issues at hand and, therefore, contributed to the conduct of this research.

Table 4.1: Research Respondents

Intended respondents	Interviewed respondents
Harare City Council; 1 Town Clerk,	Harare City Council; 1 Director for Business Development, Mr. Zvikaramba,
2 Revenue Collection Manager	2 Credit Controller, Mr. Neya,
3 Director for Business Development	3 Area Controller (CHD) Mr. Mpso
	4 Area Controller (Northern District) Mr. Nyakudya
Ministry of Local Government, Public Works and National Housing; 1 Permanent Secretary	Ministry of Local Government, Public Works and National Housing; 1 Director (Urban) Mrs. Mudzingo
	2 Director (Legal) Mrs. Chimoga
2 Director (Urban)	
Combined Harare Residents Association One senior official	Combined Harare Residents Association Mrs. Murambiwa
	Harare Residents Trust
Harare Residents Trust One senior official	Mrs. Chabuda

4.3 Summary of research findings

Table 4.2 summarizes the views of the officials who were interviewed during the data collection exercise. It, does not, however, represent all the information that was gathered from the interviews.

Table 4.2: Summary of Data Gathered from the Field-Work

Harare City Council Officials	Ministry of Local Government Officials	Residents Associations Officials
<p>1 Since 2000, the City Council has been operating a number of unfunded mandates, negatively affecting its revenue yield.</p> <p>2 Whereas central government had initially supported the City Council's activities in the 1990s, this had ceased over the years, particularly after 2000.</p> <p>3 Government has weakened the City Council's revenue base by centralizing vehicle licences collection, electricity and water (2006 to 2010).</p> <p>4 Whilst defaulting or late payment of bills and the generally unfavorable economic conditions have negatively affected the City Council's revenue yield, persistent central government intervention, through the Ministry of Local Government, has worsened the situation.</p>	<p>1 Central government has generally left urban councils to conduct their business freely, save for a few instances where central government has come in to curb corruption and protect the over-burdened rate-payers.</p> <p>2 Whilst central government's support for urban councils has waned over the years, this has largely been due to poor economic conditions existing in the country since 2000.</p> <p>3 The City Council apportions more than 40% of its budget to salaries which figure is too high to be sustained by the City Council's constrained revenue base.</p>	<p>1 Harare City Council has not enjoyed substantial fiscal autonomy over the years since central government constantly interferes with the city council's revenue policies and practices.</p> <p>2 The state has neglected funding some council projects which it originally funded.</p> <p>3 The government has not provided adequate technical support to Harare City Council to train its managers and directors on good governance.</p> <p>4 The City Council also contributes to its poor revenue yield by awarding hefty salaries to its management.</p>

4.4 General overview

There are generally two main categories of current revenue for local government authorities in Africa (Bahl 2003; 71). Firstly, there is own source revenue which includes taxes, user fees and various licences (Bahl and Bird 2008; 7). Secondly, there are transfers from the central or regional levels, usually in the form of grants and revenue sharing (Bahl 2003; 71). According to Yatta and Vaillancourt (2010; 42) some countries, for instance, Kenya and Malawi, allow their municipalities to borrow to finance investment in local capital infrastructure.

4.5 Sources of revenue for urban local governments

The local government own revenue systems in most African countries are often characterised by a huge number of revenue instruments. The main sources of urban local authorities own revenues are usually property rates, market fees, business licences and various user charges, often in the form of surcharges for services provided by or on behalf of the local authority (Fjeldstad and Heggstad 2012; 5). As the subsequent discussion will show, the sources of revenue assigned to urban councils in general, and Harare City Council in particular, are inadequate to meet their expenditure requirements. It will also be revealed that some of these revenue sources are subject to the direction and manipulation of the Minister of Local Government

4.5.1 Constitutional framework

Section 276 (1) (b) of the Constitution of Zimbabwe (2013) provides local authorities with the power to levy taxes and raise other sources of revenue to carry out their expenditure requirements. Equally important, Section 301(1) of the same Constitution provides that an Act of Parliament must provide for the equitable allocation of capital grants and any other allocations between provincial and metropolitan councils and local authorities. Further, Subsection 3 states that all sub-national levels of government are entitled to at least 5% of nationally raised revenue each year.

As yet, no Act of Parliament has been enacted to give effect to the equitable allocation of revenues between provincial and metropolitan councils and local authorities. These constitutional provisions may, however, be a high sounding nothing with particular regard to the

5% principle. Mr. Zvikaramba commended the constitutionalisation of the revenue collection powers of local authorities and the obligation imposed on the state to allocate at least 5% of collected national revenue to lower tiers of government. He, however, lamented the ambiguity of the 5% sharing arrangement on the basis that the Constitution did not provide the formula to be used in sharing the allocated percentage amongst the various provincial and metropolitan councils, together with local authorities. In reality, no meaningful funds can be allocated to each provincial or metropolitan council and each local authority.

4.5.2 Property tax

Few fiscally assigned taxes are more appropriate to local administration than property tax. This is so because real property is immobile, visible and a clear indicator of one form of wealth (Fjeldstad and Heggstad 2012; 5). As such, in principle, property tax is difficult to avoid and, if well administered, it can be a highly efficient fiscal tool (Fjeldstad and Heggstad 2012; 5). In Zimbabwe, Section 272(1) of the Urban Councils act (1996) grants urban local authorities authority to fix and levy a general rate upon all ratable property in their area.

As is the case with other urban councils not only in Zimbabwe, but, most African countries, Harare City Council has failed to collect maximum revenue from property tax. In the words of Mr. Zvikaramba, Harare City Council is currently collecting 60% of whatever revenue it should be collecting, and that includes property tax. This was also affirmed by Mr. Neya, who said that owing to a number of economic and institutional factors, the City Council was not receiving all the revenue that it is entitled to collect.

According to Marumahoko (2011; 46), due to technical challenges, the City has failed to establish effective rating units and meaningful rating zones for the proper rating of residential properties. The author further adds that the exemption of government buildings and vast state land from property tax payment further erodes the revenue that Harare City Council can collect (ibid). As a result of these exemptions, urban councils are estimated to be losing between 5% and 8% of revenue (Coutinho (2010; 73).

According to Marumahoko (2011; 46) property tax used to contribute significantly to the revenue base of Harare City Council, but this had declined after 2000. Whereas property tax collections

averaged 30% of the City Council's budget in the first three or so years of the 21st century, this had reduced to 20% in the 2010 budget. Tabulated below are property tax projections and actual collections as percentage of total revenue budget for Harare City Council from 2010 to 2013. Despite projections above 30% of the total revenue budget, actual collections have amounted to less than 25% of total revenue collected.

Table 4.3: Projected and Actual Property Tax Collections as Percentage of Total Revenue Budget (2010-2013)

Year	2010	2011	2012	2013
Projected tax	32%	34%	36%	36%
Collected tax	22%	20%	22%	21%

Source; fieldwork

This is, however, not different from the cases of most African countries. According to Bird and Slack (2002; 6), property tax revenue accounts for 40% of all sub-national taxes in developing countries, but less in most African countries. A case in point is Tanzania where property tax accounts for 10-30% of own revenues in urban councils (Fjeldstad *et al* 2011; 11) and South Africa where it accounts for 20% in metropolitan councils (Bahl and Smoke 2003; 16). In Ghana property tax accounts for about 14% of the total revenues of local authorities, an average of 6,1% in local councils in Sierra Leone and less than 10% in The Gambia (Fjeldstad and Heggstad 2012; 12).

This shows that property tax is not fully and effectively exploited as a local revenue source particularly by urban councils in Africa. According to Fjeldstad and Heggstad (2012; 12), there are five particularly problematic issues when it comes to property tax, namely;

- (i) Property markets, with the exception of South Africa, Botswana and Namibia in Africa, are not well developed;
- (ii) Property registers and valuation rolls are often outdated or not in place;
- (iii) Administrative capacity and equipment are often limited;
- (iv) The tax base is generally narrowed by extensive legal exemptions and
- (v) Lack of political support to enforce the property tax and political interference in revenue collection.

All these challenges are also evident in Zimbabwe where, according to Zhou and Chilunjika (2013; 243), property tax revenue is low owing, in part, to the unavailability of updated and computerised property database. The authors also contend that lack of valuers and inaccurate valuations together with inadequate collection enforcement mechanisms further weaken Harare City Council's capacity to collect maximum yields in property tax (2013; 243). Further, sections 269 and 270 of the Urban Councils Act (1996) contain a long list of property that is exempt from property tax. This includes property owned by the state, by council itself, property used for religious purposes, universities, public libraries and schools, to mention but a few. According to Mr. Zvikaramba, the City Council was yet to come up with a comprehensive list of these properties, making it difficult to estimate the amount of property tax that the City council is losing. Be that as it may, the properties covered by this exemption are extensive and the adverse implications to the City Council's revenue yield are obvious.

Miksel (2002; 22) contends that the reasons for the poor utilisation of property tax by local authorities are considerably more political than economic. He argues that the difficulty and cost of administering an equitable property tax is exaggerated by those more familiar with income and consumption taxes than with property taxation. He further argues that in many countries, the property tax has powerful political enemies who usually resist paying the tax. People with considerable property wealth usually have considerable political power and use that power to avoid the payment of tax. Burgess and Stern (1993; 802) lament that low utilisation of property and land taxation reflects the success of the resistance of the rich and powerful to measures which harm their interests. As is noted by Franzsen (2007; 9) the result of this is that taxes are paid on a base that often bears little resemblance to the true level of property values.

4.5.3 User fees

Taxes are not the best mechanism for matching demand and supply of public services (Bahlet *al* 2003; 76). Better links can be achieved through cost-recovery charging systems, which tie the amount paid directly to the amount consumed (*ibid*). Section 218(b) of the Urban Councils Act (1996) grants urban councils the power to raise fees in relation to refuse removal. In terms of the Section, urban councils may charge fees "for the removal of refuse, whether trade, domestic or

otherwise. Section 219(a)(1) and (ii) authorizes urban councils to collect fees for the delivery of water and the conveyance of sewage or trade effluent in public sewers and its treatment at sewage treatment works. Urban councils are also permitted to charge fees for the maintenance of cemeteries and provision of primary school education. In addition, urban councils are authorized to run health-care facilities.

In as much as user fees are an important revenue source for urban councils, they, however, do not generate adequate revenue for most urban local authorities, including Harare City Council. This is attributable to a number of problems. In the first instance, water and sewer user fees are normally set at sub-economic levels as central government, through the Ministry of Local Government, persistently uses the power granted to it by the Urban Councils Act (1996) to block or reduce tariff increases (Coutinho 2010; 74). As a result, Coutinho (2010; 74) notes that most urban local authorities in Zimbabwe do not use the cost recovery billing regime which links the amount of money paid directly to the water consumed. Harare City Council Area Controller (CBD), Mr. Mpaso, revealed that most households pay a monthly average of US\$6 and US\$20 in high and low density suburbs, respectively, for water and sewer charges, an amount which is below what it costs to provide these services, unless everyone pays their bills in time.

Another important factor in relation to user fees, as noted by Jonga and Chirisa (2009;8), is that different political groups grappling for power often use ratepayers' concerns about high water fees for political gain. There is often political pressure, particularly from the ruling ZANU- PF party, on local tax administration to reduce user fees before general elections. This was particularly evident in June 2013, a month before the July 31 harmonised elections, when the Minister of Local Government Dr. Ignatius Chombo directed all local authorities to write off residents' debts from February 2009 to June 2013 (*The Herald*, 22 July 2013). This saw Harare City Council writing off more than US\$300 million owed by residents, depriving it of the much needed revenue to carry out its business (*The Herald*, 22 July 2013). In an article on *The Herald* of 22 July 2013 entitled 'write off all debts, Government orders councils', Dr. Ignatius Chombo argued that this would not affect councils' operations since most of these debts were irrecoverable. Mr. Nyakudya and Mr. Mpaso, conceded that this government directive greatly relieved the heavily burdened majority of ratepayers in the City, on one hand, but, adversely affected the revenue base of the City Council, on the other. Clearly, whilst this move

undoubtedly relieved the burdened rate payers, it certainly worsened the plight of Harare City Council in meeting its obligations. Over and above all this, this was clear evidence of central government trampling the revenue raising powers of the capital City.

In addition, the payment of refuse fees is erratic as residents do not settle their bills on time and sometimes protest the failure of urban councils to offer efficient services (Marumahoko 2011; 172). As is the case with other fees, the Minister of Local Government has authority under the Urban Councils Act (1996) to reduce the tariff for refuse collection (Coutinho (2010; 74), (Urban Councils act 1996 s229).

As is the case with water charges, the cost recovery element is also absent in the determination of clinic fees. According to Marumahoko (2011; 50) these fees do not even come close to recovering a quarter of what it costs to deliver the clinic services. Nhemachena and Matongo (2000; 17) argue that the clinic fees charged by urban councils are subject to central government regulation. They further argue that such regulation is done because central government believes that if local authorities are left to charge these fees unchecked, they might over-charge these services, and thus exclude the less privileged from accessing health care (ibid).

Whereas central government involvement in the provision of health is a necessity given that health should and in fact is a national priority, it should complement council efforts by availing health grants which, however, it has not done since the early 2000s. Mr. Zvikaramba and Mr. Nyakudya revealed that government had virtually stopped allocating health grants to the City Council, leaving it with no option but to fund its health services from other revenue generating accounts, such as water. An official from the Ministry of Local Government admitted that the government has not been giving local authorities adequate financial resources to support their health centers. She, however, said government had limited financial resources to such an extent that it is struggling to fund its hospitals such as Parirenyatwa Group of Hospitals in Harare and Mpilo General Hospital in Bulawayo.

The capacity of urban local authorities to realise meaningful revenue from fees is further curtailed by the fact that they have to obtain the Minister of Local Government's approval for any tariff imposed in suburbs where the low income earners live. Harare City Council is, therefore, obliged by the Act to seek the Minister's approval if they are to effect any tariff increase in high

density suburbs perceived to be inhabited by low income earners. This policy is meant to ensure that the low income earners are not excluded from municipal services by reason of their inability to pay for municipal charges for services (Coutinho 2010; 75) An official from the Ministry of Local Government contended that it is the responsibility of the government to protect the vulnerable and less privileged hence it is important that council activities are monitored when it comes to high density suburbs. She further contended that in practice urban council have been left to determine their tariffs with minimal intervention from the central government, which also applies to Harare City Council.

Whereas the assistance to the low income earners so that they benefit from essential council services is a noble initiative, it should not be pursued to limit the revenue base of urban local authorities. Central government's gratitude could be better extended if it advanced poverty relief funds to urban councils rather than curtail their power to raise revenue ostensibly in the name of protecting low income earners. These tariff restrictions reflect an affront to the revenue raising powers of urban councils in general and Harare City Council in particular, by central government.

An analysis of Harare City Council's water account for the 2010 financial year indicates that the City Council was set to collect US\$77.33 million, or 33.6%, of total revenue collections. This represented a significant decline in comparison to 2001 when the water account contributed around 45% of total council revenue receipts (Marumahoko 2011; 48).

In June 2006, following a directive from the Ministry of Local Government, the management of water and collection of revenue from water and sewer was recentralized and placed under the Zimbabwe National Water Authority (ZINWA). This saw Morton Jaffray Water Works Plant and its sub-systems being handed over to this central government institution. This was ostensibly done as a result of the failure by Harare City Council to provide adequate water to its residents. According to Jonga and Chirisa (2009; 173) empirical evidence show that the delivery of water in Harare between 2000 and 2008 never changed for the better, with the supply of water becoming more erratic after the takeover by ZINWA. Not surprisingly, the management of water together with the collection of water charges was returned to the City Council in 2010. The centralisation of the management and provision of water between 2006 and 2010 undoubtedly deprived Harare City Council of its traditional revenue source, thereby weakening its revenue

base. Over and above all this, this was clear manifestation of central government's meddling in the revenue collection affairs of the City which greatly undermined its fiscal autonomy.

Mr. Zvikaramba also revealed that the City Council used to collect vehicle license fees but this was entrusted to the Zimbabwe National Road Administration (ZINARA). This takeover, according to Mr. Neya, occurred in 2010 and had a negative bearing on council's revenue inflows. Mr. Mpaso affirmed to this negativity by indicating that revenue from vehicle licence fees was particularly helpful in January each year when it would be used to finance other council operations which would be affected by the general low remittances which characterize the month. Although, ZINARA is obliged to remit certain revenue to the City Council, Mr. Zvikaramba bemoaned the insignificance of this revenue to maintain the City's roads which still remains a function of the City Council. He revealed that the City Council had received only US\$1,5million from (ZINARA) in 2013. Further, he expressed disappointment at the fact that (ZINARA) claims to be collecting less than what the city council used to collect from vehicle license fees, yet the number of vehicles in the city have drastically increased since the introduction of the multi-currency regime in February 2009.

4.5.4 Business licences

In Anglophone Africa, the standard mechanism for mobilising revenues from business has been through licencing (Fjeldstad and Heggstad 2012; 15). Originally business licences were intended to be regulatory in nature, but they have increasingly become a revenue source for most urban authorities. According to Fjeldstad and Heggstad (ibid), business licences typically generate between 5% and 30% of urban local authorities' own revenues. The system of licencing, however, has been unsatisfactory, inequitable and has imposed huge costs on business, while generating relatively limited revenue in most African countries (Fjeldstad and Heggstad ibid). In Uganda, for instance, small and medium sized enterprises bemoan that they do not know what to pay, where and to whom (Fjelstad and Heggstad 2012; 15). In addition, Devas and Kelly (2001; 384) argue that poor policy design and weak administration mean that licence coverage, assessment, collection and enforcement rates are low, leading to poor revenue generation.

Zimbabwe's urban councils are also entitled to collect certain business licence fees for companies and individuals operating within their jurisdiction. In terms of Section 219 (b) of the

Urban Councils Act (1996), urban councils may fix charges to be payable in respect of certificates, licences or permits issued and inspections carried out. The macro-economic challenges which have prevailed since 2000 have, however, led to the closure of many companies and low remittances by those in operation. The central government, through the Zimbabwe Revenue Authority is also collecting the bulk of taxes from companies and individuals in business, leaving urban councils with property tax and a few other insignificant business collections at their disposal. The dominance of the informal business sector, which has traditionally been a hard to tax sector, has also negatively affected what urban councils, particularly Harare City Council, can receive from business fees.

4.5.5 Transfers from the central government

The common practice is that almost all governments across the world assign more expenditure functions to local authorities than can be financed from their own revenue sources (Fjeldstad and Heggstad 2012; 3). This is the case in Zimbabwe where Harare City Council, like other urban councils, is generally assigned more responsibilities than can be financed from its inadequate own revenue. The result of this mismatching of functions and finances (vertical imbalances) is that local governments are generally dependent on fiscal transfers from the central government (Fjeldstad and Heggstad (2012; 3). In essence, as is argued by Bird (2010; 11), it is difficult to design an appropriate system of local government taxation without simultaneously designing an appropriate system of intergovernmental transfers.

The Urban Councils Act (1996) does not provide for intergovernmental transfers, leaving the funding or bailing out of urban local authorities at the behest of central government. The allocation process is shrouded in mystery, giving credence to speculations that political considerations are at the core of disbursements (Marumahoko 2011; 48). As was alluded to above, the recently enacted Constitution of Zimbabwe (Section 301) provides for the equitable allocation of revenue amongst all the tiers of government. This provision is, however, too general and lacks the clarity with which central government can be taken to task for failing to allocate meaningful revenues to lower levels of government. The equitable division of revenue raised nationally, among all tiers of government, including local authorities is also a Constitutional principle in South Africa (chitembo 2009; 10). Intergovernmental fiscal transfers

are thus an important instrument within the South African fiscal system. The South African Constitution is, however, much clearer when it comes to this issue. According to Chitembo (2009; 10) the South African national revenue, less a contingency reserve and interest payments on state debts, is vertically divided within the three spheres of government.

According to McLure (2001; 12), fiscal transfers from central government to local authorities may be in the form of surcharges or revenue sharing whereby a local government receives a share of revenues from particular taxes collected by the central government within its jurisdiction. Fjeldstad and Heggstad (2012; 3) contend that the main mechanism for intergovernmental transfers in Anglophone Africa, however, is conditional and/or unconditional grants from central to local governments. These include, recurrent block grants; personal emoluments, recurrent block grants; other charges, recurrent subventions and basket funds and development investments grants Fjeldstad and Heggstad (2012; 4). Of these, the recurrent block grant system is the preferred method for transferring funds from central to local authorities (Fjeldstad and Heggstad 2012 *ibid*). A good example is Tanzania where, in fiscal year 2006/07 recurrent block grants constituted 65% of all local government funds (Fjeldstad and Heggstad 2012; 4).

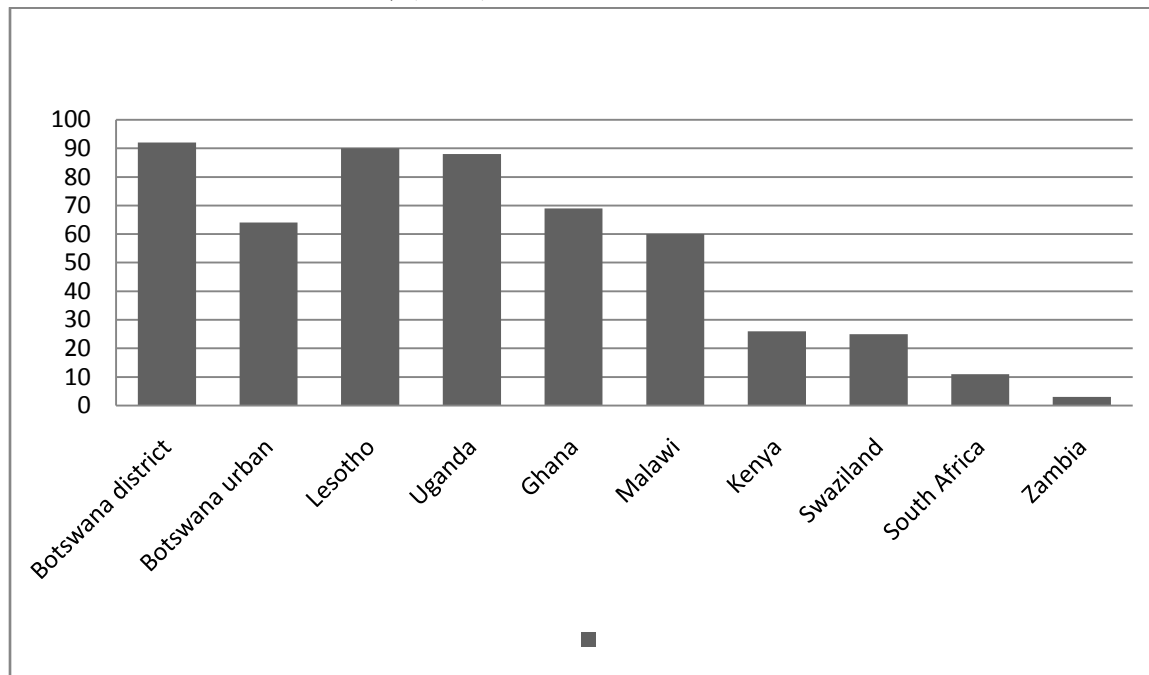
Marumahoko (2011; 50) reveals that in the years 2000 to 2010, central government has availed funding equivalent to around 3% of the budgets of the cities of Harare and Bulawayo in intergovernmental fiscal transfers to assist the metropolitan cities to deliver better quality services to rate payers. In most instances Government support has been less than a third of the revenue needs of urban councils (Ministry of Local Government 2008; 4). Notwithstanding such minimal support, high inflation which characterised the period between 2000 and 2008 rendered meaningless these fiscal transfers. Harare City Council Credit Controller, Mr. Neya, indicated that in the 1990s, central government used to fund the bulk of the City's services but, this has drastically dwindled in the last 10 or so years.

It is difficult to come up with figures of what Harare City Council received from the central government since 2000 due to the hyper-inflationary environment which rendered meaningless any funds which could have been advanced to the City Council. Further, virtually all the City Council officials interviewed indicated that the City Council had received virtually nothing from central government since the turn of the century.

Mr. Zvikaramba confirmed that before 2000, the City Council used to get various grants mostly through various line ministries to fund certain programmes and activities overseen by those ministries. These grants included fire-fighting grants which were meant to assist the City Council in fire fighting in and around Harare. The Ministry of Health also used to advance a certain percentage of revenue to council to help it manage Beatrice and Wilkins Hospital and the various clinics in and around the city which it runs. The City Council also used to get per capita grants from the Ministry of Education to fund primary education. According to Mr. Zvikaramba all these funds dwindled over the years until they ceased in the early 2000s. This was a heavy blow to the operations of the City Council since it had to operate what Mr. Zvikaramba termed “unfunded mandates”. Whilst these funds were ceased, the functions of the city council which had previously been funded with the funds still remained.

Mrs. Mudzingo and Mrs. Chimoga from the Ministry of Local Government acknowledged that government had drastically reduced financial aid, not only to Harare but, all urban councils. Mrs. Mudzingo attributed this to the economic hardships facing the country which have made it virtually impossible for the central government to sustain grants to local authorities. According to Mrs. Chimoga, government has struggled to fund its own operations, including the payment of its employees, making it very difficult for it to advance any grants to local authorities. This was also affirmed by Mr. Nyakudya, who attributed the failure by the central government to avail support funds to the capital City to the generally unfavourable macroeconomic conditions prevailing in the country. Be that as it may, the failure by central government to render meaningful financial support to urban councils has contributed to the poor delivery of services in these local authorities given the inadequacy of their own revenue sources.

Figure 4.4 Intergovernmental Transfers in % of Total Local Revenues in some East and Southern African Countries; (2007)



Source; Chitembo (2009; 11)

Figure 4.4 outlines intergovernmental transfers in percent of total local revenues in some East and Southern African countries. As the figure shows, central governments advance intergovernmental transfers to their local authorities to help them meet their expenditure and service delivery requirements. In Botswana, for instance, urban councils generally receive 62% of their revenue from central government whereas in Uganda, urban councils received about 88% of their revenue from the centre in 2007. In Lesotho, Malawi and Ghana, urban local authorities generally receive about 90%, 60% and 69%, respectively, of their revenue from central government (Chitembo 2009; 11). The case is different in South Africa where, owing to the substantial revenue which urban councils collect in that country, given the economic stability and growth, central government only advances about 11% in revenue support to urban councils (Fjeldstad and Heggstad 2012; 5). Mr. Zvikaramba estimated that Harare City Council is currently receiving funds from government which are less than 5% of the City Council's total revenue budget. Clearly, Zimbabwe's central government lags behind in giving meaningful financial assistance to its urban councils. Given the poor performance of urban councils' own revenue collections, it is, therefore, imperative for central government to avail meaningful

financial support to these local authorities, particularly Harare, given that it is the most populated city in the land and has been the worst hit by poor service delivery.

Writing on fiscal transfers, Marumahoko (2011; 50) notes that “a major feature in the intergovernmental transfers was their conditionality; the funding allocation was decided by central government officials who determined the needs of each urban council in the absence of a constitutionally protected formula”. Whereas central government funding of urban local governments is a necessary and unavoidable measure to strengthen the revenue of the urban councils, the continued reliance on these funds has entrenched their dependence and subservience (Marumahoko 2011; 50). This has virtually diminished Harare City Council’s fiscal autonomy.

4.6 Conclusion

This chapter has revealed that urban local authorities’ own revenue sources, not only in Zimbabwe but, throughout Africa, are generally inadequate to cover their operations. Almost without exception, urban councils’ revenue instruments suffer from some institutional and legal shortcomings resulting in poor revenue yield. This necessitates central government intervention through fiscal transfers but, experiences in Zimbabwe in the past decade or so reveal that central government has not availed significant financial support to urban councils, including Harare City Council. Having thus discussed, the following chapter presents the conclusions and recommendations on the way forward.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter 4 revealed that urban councils in Zimbabwe suffer from some institutional, administrative and legal shortcomings. This has negatively affected their revenue yield. In this chapter, conclusions on the challenges faced by Harare City Council in generating its own revenue are presented. This chapter also suggests recommendations on possible avenues that can be explored to enhance the revenue raising principles and practices of urban local authorities in Zimbabwe. Further, recommendations on possible institutional, administrative and legal reforms will also be made.

5.2 Conclusions

An analysis of the research findings reveals that the institutional and legal framework surrounding urban councils in Zimbabwe does not leave these local authorities with adequate fiscal autonomy to manage their revenue policies and practices independent of central government. According to Zhou and Chilunjika (2013; 243) the overall picture is that despite fiscal decentralisation, central government still exercises considerable control over local authorities. Decisions relating to taxes, rates and evaluation of property are subject to ministerial approval and consent (ibid).

5.2.1 Weak legal framework

The constitutional and legislative framework governing urban councils' revenue is fragile. Section 301 of the Constitution of Zimbabwe (2013) which provides for the sharing of nationally raised revenue amongst all tiers of government is too general and lacks the specificity with which central government can be taken to task for failing to grant urban local authorities with adequate fiscal transfers and indeed adequate revenue generation powers. As yet, no Act of Parliament has been passed to regulate these issues and this has not helped the situation either.

5.2.2 Inadequate fiscal transfers

Budgeted revenues are almost never adequate to meet local expenditure requirements. This necessitates central government intervention through fiscal transfers to close the deficits. All City Council and residents associations' officials interviewed lamented that despite the fact that the City Council is responsible for the provision of a wide variety of health, educational and other services to the public, central government had failed to provide the City Council with adequate revenue and/or a substantial revenue base to fund these responsibilities. This has left the City Council with a number of unfunded mandates.

5.2.3 Poor centre-local co-operation, co-ordination and consultation

Data obtained also indicates that there is minimal co-operation, co-ordination and consultation between the central government and Harare City Council. There have been accusations and counter-accusations between the Ministry of Local Government and the City Council, with the former exercising its legal and political muscle to exert its influence on the operations of the latter.

Further, central government does not seem to fully trust in Harare City Council's ability to effectively utilize its assigned revenue instruments. Mikesell (2002; 22) contends that the reasons for the poor utilisation of property tax by local authorities are considerably more political than economic. He argues that the difficulty and cost of administering an equitable property tax is exaggerated by those more familiar with income and consumption taxes than with property taxation.

5.2.4 Opaque fiscal systems

A major feature in urban local authorities, not only in Zimbabwe but, Africa in general, is their opaque fiscal systems. Budgetary systems, revenue collection systems and other financial issues are kept away from the public who are left to speculate on what councils do with the moneys they pay. This is also the case in Harare where Mrs. Murambiwa, an official from Combined Harare Residents Association, stated that their institution had realized that people are not knowledgeable on the revenue collection aspects of the city. This was re-iterated by Mrs.

Chabuda, the Committees Officer at Harare Residents Trust, who noted that Harare City Council had kept most of their financial activities away from the public. This, according to Mrs. Murambiwa, has led to reluctance by many people to settle their bills, further worsening the compromised revenue yield of Harare City Council.

5.2.5 Poor public participation

Contrary to claims that fiscal decentralization fosters the participation of local citizens in issues relating to their governance, the experience in Harare reveals that the assignment of revenue and expenditure responsibilities to the City Council did not improve citizen participation in governance issues. Mrs. Murambiwa bemoaned the lack of participation by Harare residents in the City's fiscal processes such as pre-budget consultations. She attributed this to poor knowledge on the part of residents in relation to their role in these matters.

5.2.6 Inappropriate expenditure prioritisation

In the past few years a huge proportion of Harare's budget has been allocated to the payment of salaries. In the 2012 and 2013 budgets, salaries have taken much more than 40% of the City's revenue. Central government has persistently directed the City Council to allocate a maximum of 30% to salaries but, to no avail. Besides negatively affecting the delivery of services, this has resulted in ratepayers losing confidence in the capacity of the city fathers to put their hard earned funds to proper use. Most residents are reluctant to settle their bills because they feel they will be enriching other people's pockets.

5.3 Recommendations

There are a number of key elements that should be considered to come up with an effective system of fiscal decentralization. These include an adequate enabling environment, assignment of an appropriate set of local own source revenues to local governments and the establishment of an adequate intergovernmental fiscal transfer system. Further, co-operation and consultation between central and local government, transparency and citizen participation in local government revenue issues are necessary ingredients in coming up with successful and effective fiscal decentralisation.

5.3.1 Adequate enabling environment

The starting point in strengthening the revenue principles and practices of local authorities, thereby increasing their fiscal autonomy is constitutionalising these aspects and/or clearly providing for them in an Act of Parliament. This provides the foundation upon which to build the revenue powers of urban local authorities. It would also be important that the Urban Councils Act be broadened so that it also covers the issue of fiscal transfers that it currently does not provide for.

Section 301 of the Constitution of Zimbabwe, which provides that at least 5% of collected national revenue should be allocated to lower tiers of government, should be broadened to state the formulae or method to be used in dividing the 5% to all sub-national government levels. The fiscal needs of sub-national governments differ from province to province and from city to city. In the words of Zhou and Chilunjika (2013; 243)) “there should be a very clear and transparent revenue sharing mechanism between the state and sub-national levels of government.” Whatever allocation criteria will be decided on, it will be important to allocate a meaningful portion to Harare City Council which is the centre of most activities in the country.

Further, local authorities should be empowered by legislation to autonomously raise and spend funds. This entails amending the Urban Councils Act of 1996 to give effect to the letter and spirit of section 301 of the Constitution. Provisions outlining the revenue sharing criteria between the state and sub-national tiers of government can also be inserted in the Act. The Urban Councils Act of 1996 should also be crafted in such a way that it allows for adjustments in the revenue sharing threshold to reflect prevailing economic trends of the day.

5.3.2 Assignment of appropriate revenue to urban local authorities

To strengthen their revenue yield, central government should allocate a certain share of revenue raised from national taxes such as income tax and duty to urban councils, in keeping with the letter and spirit of Section 301 of the Constitution. Central government should also not interfere with existing local authority revenue instruments. Further, central government should not interfere with the revenue generation policies and practices of urban councils, save for instances when public policy considerations warrant such interference.

On their part, it is important that local authorities should devote their energies and resources on developing few revenue sources that will yield substantial revenue than trying to manage many sources that create management and administrative complications and fail to yield substantial revenue (Shah 1994; 22). As such, urban local authorities, particularly Harare City Council, should concentrate on strengthening property tax and user charges which, if properly administered, can be useful revenue sources.

5.3.3 Appropriate intergovernmental fiscal transfer system

According to Fjeldstad and Heggstad (2012; 26) transfer systems based upon revenue sharing between the central and sub-national levels of governments and grants from the central level should be considered important components of fiscal decentralisation. In this light, it is imperative that central government should take all necessary measures to source funding to help local authorities deliver better services to rate payers. In the same way government has always sourced funding for such events as general elections regardless of the economic situation, it should also seriously find ways to source funding to assist local authorities, particularly urban councils, for them to deliver better services to local communities.

5.3.4 Centre-local co-operation, co-ordination and consultation

Fiscal decentralization does not mean that central government should alienate itself from local authorities' fiscal issues but, there should be continuous co-operation and co-ordination between the state's revenue administration and that of local authorities (Fjeldstad and Heggstad 2012; 7). Lack of co-operation and co-ordination often results in poorly developed local revenue systems which negatively affects local authorities' revenue yield. Sensitisation programmes and activities should be conducted between central government revenue agencies and those of urban councils to foster a culture of co-operation and co-ordination.

A culture of consultation between central government and urban local authorities should always exist if the fiscal autonomy of urban councils is to be guaranteed. Before making drastic decisions such as the one made to direct all local authorities to write off the debts of individuals between February 2009 and June 2013, central government should make prior consultations with the local authorities and consider the implications to their revenue yield. Whatever justifications

can be made for this directive, far from harmonizing relations between the centre and local authorities, it created mistrust, which development is detrimental to service provision, rate-payers being the ultimate victims.

5.3.5 Transparency and citizen participation

Management at local authorities should bear in mind that a complicated and non-transparent local government revenue system is costly to administer and facilitates corruption and mismanagement (Bardhan and Mookherjee 2002; 32). In order to improve local residents' participation in council's fiscal issues, Mrs. Chabuda suggested that Harare City Council should embark on sensitization programmes aimed at informing local residents on how they can participate in the crafting of the City Council's financial policies. This could be done through seminars, workshops, road shows and other such informative forums between council officials, residents and residents' associations.

5.3.6 Prioritisation of service delivery

It would be prudent if the City Council revises its priorities so that more revenue is directed towards the provision of services to ratepayers rather than prioritizing satisfying its employees from rate-payers' money. In line with this, some of the council employees would have to be retrenched, whilst other employees' salaries would have to be revised downwards. It is encouraging that, in line with central government recommendations, the City Council has put in place a plan to reduce the number of its directors from 18 to less than 10. This will be done through merging other departments and placing them under one director (The Herald, 6 March 2014).

5.3.7 Exploring new ways of generating revenue

Local authorities can no longer depend solely on the traditional sources of revenue to fund their operations. According to Mr. Zvikaramba, the Director for Business Administration at Harare City Council, who oversees the revenue collection department, "it is prudent and in line with the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) that councils should look at other strategies for raising their own revenue such as Public Private Partnerships

(PPPs).” This was reiterated by Mrs. Chabuda, who said given the fact that residents are financially burdened to be able to adequately fund council activities, Harare City Council should create viable businesses which should be run efficiently, which businesses will in turn compliment the rates income, water and sewer charges and other user service charges. Mr. Zvikaramba further stressed that given that government can no longer afford to give Harare City Council grants and loans and given that other partners withdrew a long time ago, partnering with private investors is the way forward. The City Council should not only look at domestic investors but, should find effective strategies to lure foreign direct investment, which is what the nation needs to move forward.

5.4 Conclusion

In the final analysis, it can be concluded that, due to a number of factors such as central government direction and interference and a weak legislative and constitutional framework, the revenue generation powers enjoyed by urban councils in Zimbabwe is greatly limited. Information obtained from Zimbabwean literature reviewed and data gathered from the field work revealed that the revenue generated by Harare City Council is inadequate to meet its expenditure. This has been worsened by the fact that Harare City Council did not receive meaningful fiscal transfers from central government from 2000 to 2013. In this light, it is recommended that in order for urban councils to enjoy a meaningful degree of fiscal autonomy which allows them to have powers to generate their own revenue effectively, the regulatory and institutional framework should be revised to give such effect. This entails not only central government commitment and support of urban local authorities’ revenue generation initiatives but also, the restructuring by urban councils themselves, of their revenue collection mechanisms in keeping with current trends.

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Appendices

Appendix 1; Interview guide for Harare City Council officials

1. What is your understanding of the meaning of the concept of fiscal decentralization?
2. In your own view, what is the value of fiscal decentralization in the delivery of public goods and services?
3. To what extent has the Zimbabwean government devolved fiscal issues to lower levels of government such as local authorities?
4. Has Harare City Council been granted adequate authority to manage its fiscal affairs/
5. What has been the relationship between the central Government and Harare City Council since 2000?
6. Has this relationship fostered or hampered Harare's autonomy in the management of its financial affairs?
7. What have been the major revenue sources for Harare city council since 2000?
8. How adequate have these sources been in meeting the City's demands?
9. In what ways, if any, has the central government interfered in the revenue generation practices of the City Council?
10. Has property tax been an effective revenue source for the City Council?
11. What have been the major challenges faced by the City Council in collecting property tax?
12. Does the Council have discretion, without central government approval, to determine property tax rates?
13. Are the City's valuation rolls up-to-date and are its valuation procedures effective to ensure that properties in the City are properly valued?
14. What measures have the Council taken to improve revenue generated through property tax?
15. What has been the contribution of rates (water and sewer and refuse collection) towards the purse of the City Fathers?
16. What have been the major challenges faced by the City Council in collecting revenue from rates?
17. In what ways, if any, has central government interfered with the City Council in collecting these rates?
18. Does Council have discretion, without government approval, to determine user fees and charges?
19. Has Harare City Council received any fiscal transfers in the form of grants, conditional or otherwise, from central government since 2000?
20. How consistent and reliable have these fiscal transfers been?
21. What have been the major setbacks, on the part of the Council, in receiving these funds?
22. How accessible have been loans from central government and other institutions to Harare City Council since 2000?

23. How effective have these loans been in strengthening the financial position of the City Council?
24. In the whole, what recommendations would you suggest to improve the revenue collection strategies of the City Council?

Appendix 2; Interview guide for the Ministry of Local Government officials

1. What is the role of government in the financial affairs of local authorities, particularly urban councils?
2. What challenges has the government met in exercising its above stated roles?
3. What is your understanding of the meaning of the concept of fiscal decentralization?
4. To what extent has the Zimbabwean government devolved fiscal issues to lower levels of government such as local authorities?
5. Has Harare City Council been granted adequate authority to manage its fiscal affairs?
6. What has been the relationship between the central Government and Harare City Council since 2000?
7. Has this relationship fostered or hampered central government's overall goal of ensuring the effective and efficient delivery of public goods and services to citizens?
8. Has this relationship fostered or hampered Harare's autonomy in the management of its financial affairs?
9. In what ways, if any, has the central government been involved in the revenue generation practices of the City Council?
10. Given that Harare City council seldom raises adequate revenue to meet its expenditure targets, what measures has the central government taken to assist the City Council meet its expenditure requirements?
11. Does the Council have discretion, without central government approval, to determine property tax rates?
12. In what ways, if any, has central government been involved in the collection of rates (water sewer and refuse collection) in the city of Harare?
13. Has Central government advanced any fiscal transfers in the form of grants, conditional or otherwise, to Harare City Council since 2000?
14. How consistent and reliable have these fiscal transfers been?
15. What have been the major setbacks in the advancement of these funds to the City Council?
16. Has central government advanced any loans to Harare City Council since 2000?
17. How effective have these loans been in strengthening the financial position of the City Council?
18. What have been the major challenges in the administration and advancement of these loans?
19. In the whole, what recommendations would you suggest to improve the revenue collection strategies of the City Council?
20. What further recommendations would you suggest to improve central government's responsiveness to the City's revenue challenges to protect the interests of Harare residents?

Appendix 3; Interview guide for Harare Residents Associations (CHRA and HRT)

1. What is your understanding of the meaning of the concept of fiscal decentralization?
2. In your own view, what is the value of fiscal decentralization in the delivery of public goods and services?
3. To what extent has the Zimbabwean government devolved fiscal issues to lower levels of government such as local authorities?
4. Has Harare City Council been granted adequate authority to manage its fiscal affairs?
5. What role, if any, does your organization have in the financial affairs of Harare City Council?
6. Do you think the City Council's revenue collection methods and procedures are effective?
7. If not, what do you think the City Council should do to improve these methods and procedures?
8. What part, if any, do the generality of the residents play in the determination of revenue collection strategies and thresholds by the City Fathers?
9. Are the residents knowledgeable on these responsibilities?
10. Have the residents actively and effectively participated in the revenue affairs of the City council?
11. If so, how has the City Council incorporated their views in their revenue planning processes?
12. What recommendations would you suggest to ensure the full and effective participation of Harare residents in the revenue affairs of their City Council?