

ZIMBABWE

UNITARY COUNTRY

BASIC SOCIO-ECONOMIC INDICATORS

INCOME GROUP: LOW INCOME

LOCAL CURRENCY: ZIMBABWEAN DOLLAR (ZWD)

POPULATION AND GEOGRAPHY

Area: 390 760 km²**Population:** 16.5 million inhabitants (2017), an increase of 2.3% per year (2010-2015)**Density:** 42 inhabitants / km²**Urban population:** 32.2 % of national population**Urban population growth:** 2.1% (2017 vs 2016)**Capital city:** Harare (9.2% of national population)

ECONOMIC DATA

GDP: 40.1 billion (current PPP international dollars), i.e. 2 428 dollars per inhabitant (2017)**Real GDP growth:** 4.7% (2017 vs 2016)**Unemployment rate:** 5.2% (2017)**Foreign direct investment, net inflows (FDI):** 247 (BoP, current USD millions, 2017)**Gross Fixed Capital Formation (GFCF):** 9.67% of GDP (2016)**HDI:** 0.535 (low), rank 156 (2017)**Poverty rate:** 21.4% (2011)

MAIN FEATURES OF THE MULTI-LEVEL GOVERNANCE FRAMEWORK

Zimbabwe is a constitutional democracy, with a President as Head of State elected for a five-year term that runs concurrently with that of the National Assembly. It is a unitary country with two levels of sub-national governments – provincial and local governments – which are recognised in the 2013 Constitution (Chapter 14). Under the 2013 Constitution, provinces became a new layer of government between the national and local levels. The Constitution further acknowledges urban and rural authorities as local authorities in place to manage the affairs of urban and rural areas respectively (article 274 -279, Part Three). Prior to this, local government in Zimbabwe functioned as a decentralised level of government that derived its authority from Acts of Parliament and not from the Constitution.

Urban authorities are composed of four types of local authorities: local boards, town councils, municipalities and city councils. Municipal and city councils have a mayor democratically elected every four years, while local boards and town councils are headed by a chairman elected by councillors. In addition, all cities and municipalities are served by an administration headed by appointed Chief Executive Officers or Town clerks.

At the regional level, there are provincial councils and metropolitan councils. These councils have greater independence from the central government and broader powers than local governments. At the provincial level (excluding metropolitan) there is also a Provincial Assembly of Chiefs. These Provincial Assemblies of Chiefs in turn appoint representatives to the National Council of Chiefs in Parliament. The participation of traditional leaders in provincial and national governance is governed by Chapter 15 of the Constitution and the Traditional Leader Act.

In 2014 the Local Authorities Bill draft was released for public discussion by the Ministry of Local Government, Public Works and National Housing (MLGPWNH). The Bill was introduced to address the inconsistencies regarding the tenure of members of local authorities between the 1995 Urban Councils Act, the 1988 Rural District Councils Act and the 2013 Constitution. The Bill created provisions for the suspension and removal of local authorities including mayors, chairpersons and councillors of local authorities. The amendment was set out to align to section 278(2) and (3) of the Constitution. Criticism brought against the bill highlighted that the Bill did very little to remove and limit the Minister of Local Government's power to intervene in local affairs and thus underwent revisions. The amended Bill was published in 2016.

The last general elections comprising presidential, parliamentary and local government elections (referred to locally as "harmonised" elections) were held in July 2018.

TERRITORIAL ORGANISATION

2017	MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGS
	32 urban councils 60 rural district councils		8 provinces 2 cities (metropolitan councils)	
	Average municipal size: 179 673 inhabitants			
	92		10	102

OVERALL DESCRIPTION. Zimbabwe is divided into 8 provinces and 2 metropolitan councils at regional level and 92 local councils at municipal level, which comprise 32 urban councils in urban areas and 60 rural councils in rural areas. Urban and rural councils are further divided into 1200 wards for administrative purposes. The provinces are governed by provincial councils whose members are drawn from local councils, parliamentarians and party leaders within the province, and democratically elected members. The Chair of the provincial council is elected by its members and must be a representative of the political party which gained the highest number of National Assembly seats in the province concerned, while an Act of Parliament provides for the election of the Mayor of the metropolitan council. According to the Urban Councils Act, the 32 urban councils are divided into 9 municipal councils, 13 town councils, 7 city councils and 3 local boards. These local authorities are ranked and granted status according to their "status, power, authority and resources". Local boards are established in settlements with a very small population, or in areas that are not able to sustain themselves without central government assistance. Town councils on the other hand have a sufficient size to stand alone. City Councils have the highest status in the country and constitute the large cities.

SUBNATIONAL GOVERNMENT RESPONSIBILITIES

According to the Constitution, provincial and metropolitan governments are responsible for social and economic development, the coordination and implementation of government programs, environmental protection and the promotion of tourism. Urban councils' competencies include water supply, healthcare, maternity and child welfare, housing, transport, schools, libraries, sanitation, environment protection, fire brigades and municipal police, street lighting, public spaces and parks, among others. Rural district councils' competences include the provision of social services such as health and education, construction and maintenance of sewage works, roads and dams, among others.

Subnational governments also share responsibilities with national level, including in road traffic control, public transport, environmental protection, water distribution, housing, public healthcare services, education and social welfare. Section 264 of the Constitution states that the national government will endeavour, whenever appropriate, to devolve its powers to provincial councils, metropolitan councils and local authorities which are competent to carry out those responsibilities efficiently and effectively.

MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

	REGIONAL LEVEL (PROVINCES)	MUNICIPAL LEVEL (URBAN AND RURAL COUNCILS)
1. General public services	Administrative services; Public buildings and facilities (e.g. town houses); Administration and operation of general services (not assigned to specific functions)	Public buildings and facilities (e.g. town houses)
2. Public order and safety		Traffic Police; Firefighting; Road traffic control; Traffic signs and lights
3. Economic affairs/transport		Road networks and facilities (regional, local); Public transport
4. Environmental protection	Conservation, improvement and management of natural resources	Parks and green areas; Environment protection; Waste management (collection, treatment and disposal of waste); Sewerage (waste water management); Street cleaning
5. Housing and community amenities		Drinking water distribution; Public lighting; Housing (subsidies, construction and renovation and management)
6. Health		Primary healthcare (medical centres); Hospital services (general and specialist); Preventative healthcare; Public health services
7. Recreation, culture & religion	Promotion of tourism	Libraries; Museums; Cultural activities
8. Education		Pre-primary education; Primary and Secondary education
9. Social protection		Social care for children and youth; Support services for families; Social welfare centres; Housing subsidies and benefits

SUBNATIONAL GOVERNMENT FINANCE

Scope of fiscal data: provincial and metropolitan governments and urban and rural councils.

SNA 1993

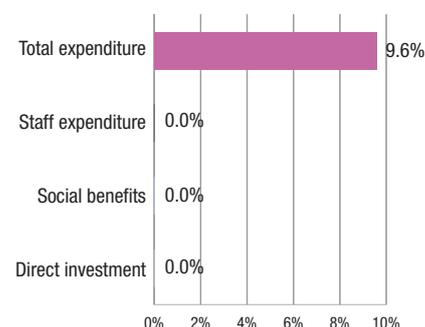
Availability of fiscal data:
Medium

Quality/reliability of fiscal data :
Medium

GENERAL INTRODUCTION. The key laws underlying the subnational government finance are the 2013 Constitution, the 1995 Urban Councils Act, the Rural Councils Act updated in 2016 and the Public Finance Management Act 11 of 2009. The 2013 Constitution introduced the fiscal transfer to provinces and local authorities of five percent of national revenue raised (article 301), but this has not yet been realised: the policy governing the transfer process is still being finalised by the Ministry of Finance and Economic Development in conjunction with the Ministry of Local Government, Public Works and National Housing. Urban and Rural Councils Acts provide a regulatory framework for urban and rural councils, which include financial provisions, auditing, borrowing and the types of levies and taxes the Urban and Rural Councils can charge. The Public Finance Management Act 11 provides fiscal framework by outlining and clarifying public entities' responsibilities in financial management.

SUBNATIONAL GOVERNMENT EXPENDITURE BY ECONOMIC CLASSIFICATION

2014	DOLLARS PPP / INH.	% GDP	% SNG EXPENDITURE	% GENERAL GOVERNMENT EXPENDITURE (SAME EXPENDITURE CATEGORY)
Total expenditure	49	2.1%	100%	9.6%
Incl. current expenditure				
Staff expenditure				0.0%
Intermediate consumption				
Social expenditure				0.0%
Subsidies and current transfers				
Financial charges				
Others				
Incl. capital expenditure				
Capital transfers				
Direct investment (or GFCF)				0.0%



ZIMBABWE

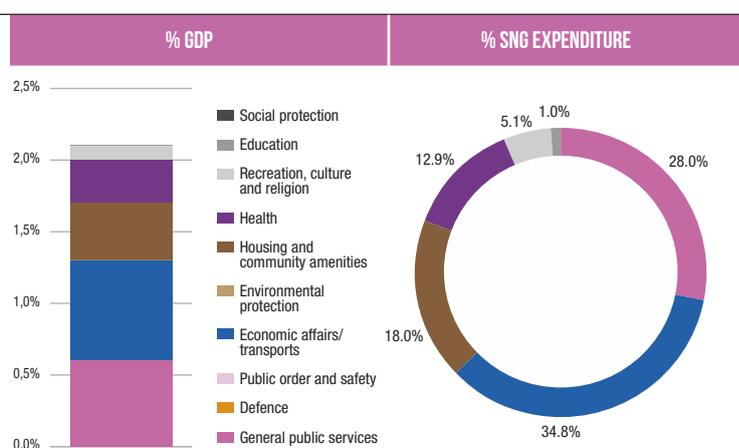
UNITARY COUNTRY

EXPENDITURE. Zimbabwean local government has few devolved functions, which partly explains why the level of expenditure is relatively low (2.1% of GDP and less than 10% of total public expenditure in 2014). This leads to constrained expenditure at the local level, and consequently an inability of local governments to fully deliver on their mandate. According to a 2017 World Bank report, current expenditure dominates local government spending, with staff costs accounting on average for 40% of total expenditure and nearly half of the budget of the country's largest cities. The same report estimates that local governments' capital investment expenditures represent between 15% and 25% of their total expenditures.

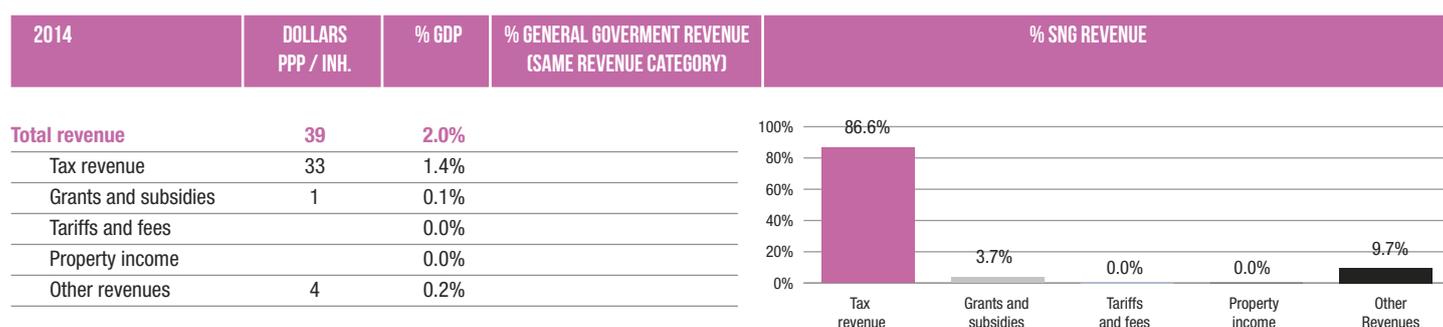
DIRECT INVESTMENT. The limited resources of local governments lead most cities and councils to make very limited investments in local infrastructure. In 2014, the bulk of expenditure (more than 80%) was spent on civil engineering works and plant machinery and equipment. The remainder was devoted to office equipment and furniture, land development and residential and non-residential buildings. In the last budget law, the Government committed itself to facilitating the strengthening of the partnership between the relevant ministries, respective local authorities and development partners to address infrastructure deficiencies in urban areas.

SUBNATIONAL GOVERNMENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION – COFOG

A significant share of local government spending (28%) is devoted to general public services which include administrative, finance and management costs. In terms of service delivery itself, the largest category of expenditure is roads and works in the "Economic affairs/transports" category which accounts for more than one-third of total expenditure, followed by water provision, sanitation and health. Expenditure on education is extremely low since much funding is paid through the central fiscus or directly by households to schools.



SUBNATIONAL GOVERNMENT REVENUE BY CATEGORY



OVERALL DESCRIPTION. In 2014, local government revenue represented 2% of national GDP, and approximately 9% of total public revenue. Grants and subsidies represented a minimal share (less than 4%) of resources. Provinces' sources of revenue are not detailed in the Provincial Councils and Administration Act, and provinces do not benefit from any own tax. Revenues collected across local authorities are insufficient to cover full service delivery, resulting in local authorities incurring debt, and barely being able to provide adequate services. The main reasons for low revenues include excessive central government control over raising fees or rates, very low central government grants and subsidies, adverse macroeconomic conditions and poor financial management.

TAX REVENUE. The vast majority of local government revenue comes from property taxes, which represent 68% of total LG revenue and 78% of LG tax revenue. This tax is levied on residential and non-residential property owners, licensed property dealers, residential permit holders and on mining locations.

Unit (land) Tax revenues for rural local authorities have been severely strained or even collapsed almost completely in some jurisdictions. The databases on rates held by the councils prior to the post-2000 land reforms were not fully rebuilt due to the centralisation of information on land redistribution. In contradiction with the legislative texts, a directive was issued in 2015 which provides that farmers land rental and Unit Tax (Land tax) be collected by the Land Ministry rather than by local governments as was previously the case. There is much debate about the further centralization of revenue sources that were previously intended for local authorities.

GRANTS AND SUBSIDIES. According to the 2013 Constitution, five percent of national revenues must be allocated to provincial and local governments. This is not yet the case in practice.

In 2014, grants and subsidies accounted for 4.0% of local government revenues. Local authorities, in particular urban local authorities, used to receive a larger share of the central budget for their capital expenditure through the Public Sector Investment Programme (PSIP) and other grant programmes, but due to budgetary constraints, this source of revenue has decreased in recent years.

Transfers to urban/rural districts are provided in support of different sectors (mainly health, education and roads). A large part of these transfers is intended to cover general administrative costs in these sectors, including the payment of recurrent expenses such as salaries. Due to the structural weakness of local government revenues, capital investment funds are often diverted to finance operating expenses.

OTHER REVENUES.

Fees, fines, licences

Under the Urban Councils Act and the Rural Councils Act, local governments may adopt by-laws to raise revenues through "fees for any services, facilities or facilities provided by the council". These revenues include, in particular, revenues from the sale of water. Since 2009, local authorities have been deprived of responsibility for issuing driving licences, which were the main source of funding for road maintenance projects. This is now the responsibility of the central government.

In 2013, a central government directive required local authorities to cancel the debt of all their customers, which led to a culture of non-payment from 2013 onwards and therefore to a reduction in revenues from tariffs and fees. Cities and town councils rely primarily on sales, while municipalities and local boards rely primarily on fees, fines, permits and licenses.

Other Income

Local authorities are permitted to raise revenue from income generating projects, such as beer halls and farming activities. In 2015, about 69 percent of urban local authorities had income generating projects in their books. However, most projects are poorly managed and not profitable and some have not received ministerial approval.

■ **SUBNATIONAL GOVERNMENT FISCAL RULES AND DEBT**

	DOLLARS PPP/INH.	% GDP	% GENERAL GOVERNMENT DEBT	% SNG DEBT
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Total outstanding debt

Financial debt*				
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* Currency and deposits, loans and bonds

FISCAL RULES. In general, Zimbabwe's local governments do not have an integrated budgeting, accounting and financial reporting system based on a sound chart of accounts. Section 309 of the Constitution provides that the Office of the Auditor General of the Ministry of Finance shall audit local governments and provincial and metropolitan councils.

DEBT. With regard to debt, local authorities may only borrow on the open market with the approval of the relevant central government department. The Constitution requires Parliament to monitor public debt, finances and the use of borrowing powers by all governments, including local authorities.



Lead responsible: UCLG
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www.sng-wofi.org

Socio-economic indicators: World Bank // UNDP // UN Desa // ILO.

Fiscal data: World Bank (2017) Local Government Service Delivery - Zimbabwe Public Expenditure Review // Zimbabwe National Statistics (2015) 2009-2015 National Accounts Report.

Other sources of information: Cities Alliance and UCLGA (2018) Assessing the institutional environment of local governments in Africa // Chigwata, T.C. & de Visser, J. (2018) Local government in the 2013 constitution of Zimbabwe: Defining the boundaries of local autonomy // CLGF (2013) The Constitution of Zimbabwe 2013 as a basis for local government transformation: A Reflection Analysis.