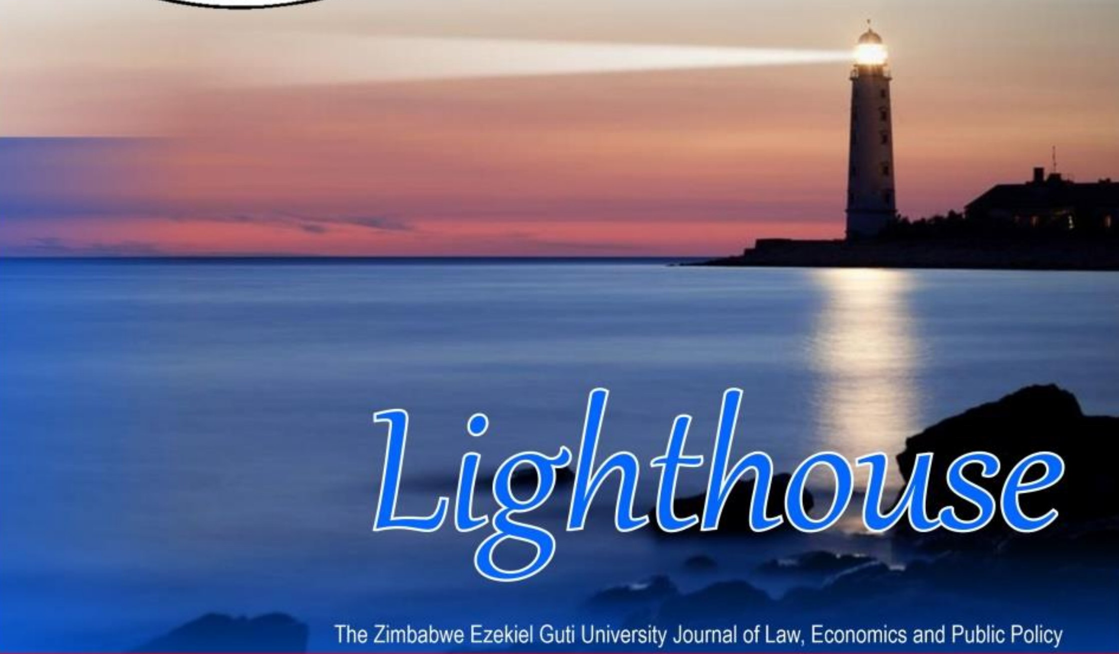
ZEGU
ZIMBABWE
EZEKIEL GUTI
UNIVERSITY

Committed to Excellence



Lighthouse

The Zimbabwe Ezekiel Guti University Journal of Law, Economics and Public Policy

ISSN 2957-8842 (Print)
ISSN 3007-2182 (Online)

Vol. 4 (Issues 1&2), 2025

Published by the Zimbabwe Ezekiel Guti University Press
Stand No. 1901 Barrassie Road,
Off Shamva Road
P.O. Box 350
Bindura, Zimbabwe

DISCLAIMER: The views and opinions expressed in this journal are those of the authors and do not necessarily reflect the official position of funding partners

Typeset by Divine Graphics

Printed by Divine Graphics

SUBSCRIPTION AND RATES
Zimbabwe Ezekiel Guti University Press Office
Stand No. 1901 Barrassie Rd,
Off Shamva Road
P.O. Box 350
Bindura, Zimbabwe
Telephone: ++263 8 677 006 136 | +263 779 279 912
E-mail: zegupress@zegu.ac.zw
http://www.zegu.ac.zw/press

About the Journal

JOURNAL PURPOSE
The purpose of the *Lighthouse: The Zimbabwe Ezekiel Guti University Journal of Law, Economics and Public Policy Journal* is to provide a forum for urban solutions based on a systems approach and thinking as the bedrock of intervention.

CONTRIBUTION AND READERSHIP
Lawyers, criminologists, economists, public policy experts, bureaucrats, students, researchers and many other experts located in both the private and public spheres.

JOURNAL SPECIFICATIONS
Lighthouse: The Zimbabwe Ezekiel Guti University Journal of Law, Economics and Public Policy

ISSN 2957-884 2(Print)
ISSN 3007-2182 (Electronic)

SCOPE AND FOCUS
The journal is a forum for the discussion of ideas, scholarly opinions and case studies on law and policy, statutes, constitutions, general rules of the game (institutional mechanisms) and policy pronouncements or declared positions that are put to scrutiny, weighed, interpreted and evaluated. In all these matters, the intention and context usually define the outcomes and impact. The journal is produced bi-annually.

Guidelines for Authors for the *Lighthouse* Journal

Articles must be original contributions, not previously published and should not be under consideration for publishing elsewhere.

Manuscript Submission: Articles submitted to *Lighthouse: The Zimbabwe Ezekiel Guti University Journal of Law, Economics and Public Policy* are reviewed using the double-blind peer review system. The name(s) of author(s) must not be included in the main text or running heads and footers.

Total number of words: 5000-7000 words and set in 12-point font size with 1.5 line spacing.
Language: British/UK English
Title: must capture the gist and scope of the article and must be succinct
Names of authors: beginning with the first name and ending with the surname
Affiliation of authors: must be footnoted, showing the department and institution or organisation.
Abstract: must be 200 words
Keywords: must be five or six containing words **that are not in the title**
Body: Where the authors are more than three, use *et al*.
Italicise *et al.*, *ibid.* and all words that are not English, not names of people or organisations, etc. When you use several authors confirming the same point, state the point and put them in one bracket in ascending order of dates and alphabetically, separated by semi-colon e.g. (Falkenmark, 1989, 1990; Reddy (2002; Dagdeviren and Robertson, 2011; Jacobsen *et al.*, 2012).

Referencing Style: Please follow the Harvard referencing style in that:

- In-text, citations should state the author, date and sometimes the page numbers.
- The reference list, entered alphabetically, must include all the works cited in the article.

In the reference list, use the following guidelines, religiously:

Source from a Journal

Anim, D.O. and Ofori-Asenso, R (2020). Water Scarcity and COVID-19 in Sub-Saharan Africa. *The Journal of Infection*, *81*(2), 108-09.

Banana, E, Chitekwe-Biti, B. and Walnycki, A. (2015). Co-Producing Inclusive City-Wide Sanitation Strategies: Lessons from Chinhoyi, Zimbabwe. *Environment and Urbanisation*, *27*(1), 35-54.

Neal, M.J. (2020). COVID-19 and Water Resources Management: Reframing our Priorities as a Water Sector. *Water International*, *45*(5), 435-440.

Source from an Online Link

Armitage, N., Fisher-Jeffes, L., Carden, K., Winter, K. (2014). Water Research Commission: Water-sensitive Urban Design (WSUD) for South Africa: Framework and Guidelines. Available online:https://www.greencape.co.za/assets/Water-Sector-Desk-Cont ent/WRC-Water-sensitive-urban-design-WSUD-for-South-Africa-frame work-and-guidelines-2014.pdf. Accessed on 23 July 2020.

Source from a Published Book

Max-Neef, M. (1991). *Human Scale Development: Concepts, Applications and Further Reflections*, London: Apex Press.

Source from a Government Department (Reports or Plans)

National Water Commission (2004). Intergovernmental Agreement on a National Water Initiative. Commonwealth of Australia and the Governments of New South Wales, Victoria, Queensland, South Australia, the Australian Capital Territory and the Northern Territory. Available online: https://www.pc.gov.au/inquiries/completed/water-reform/national-water-initiative-agreement-2004.pdf. Accessed on 27 June 2020.

The Source being an Online Newspaper Article

The Herald (2020). Harare City Could Have Used Lockdown to Clean Mbare Market. *The Herald*, 14 April 2020. Available online: https://www.herald.co.zw/harare-city-could-have-used-lockdown-to-clean-mbare-market/. Accessed on 24 June 2020.

Inter-governmental Fiscal Decentralisation and Equalisation in Zimbabwe: Problems, Alternatives and a Model Proposal

OLIVER KUWA[1] AND TAWANDA ZINYAMA[2]

Abstract

The article critically explores intergovernmental fiscal decentralisation and equalisation arrangements in Zimbabwe, focusing on the historical evolution from the colonial era to the post-2013 constitutional framework. The major question is: To what extent has fiscal decentralisation in Zimbabwe facilitated equitable resource distribution and enhanced local governance autonomy? It examines the structural, legislative and political challenges that have hindered the effective implementation of decentralisation, particularly concerning fiscal management. The 2013 Constitution introduced provisions for devolution aimed at redistributing resources more equitably and granting local authorities greater autonomy. However, significant obstacles remain, including persistent vertical and horizontal fiscal imbalances, where local governments are either underfunded relative to their responsibilities or unequally resourced due to regional disparities. The study employs a qualitative research approach, incorporating policy analysis and comparative case studies from Germany and Australia. The article also discusses the role of devolution in promoting equitable development across regions, emphasising how insufficient financial autonomy and delayed legislative reforms have limited progress. By drawing on comparative analyses and best practices, the article proposes a model tailored in

[1] Department of Governance and Public Management, University of Zimbabwe, Harare, Zimbabwe.

[2] Department of Governance and Public Management, University of Zimbabwe, Harare, Zimbabwe, https://orchid.org/my-orcid?orcid=0000-0002-4241-432X. zinyamat2010@gmail.com

Zimbabwe’s socio-political context to strengthen fiscal decentralisation. The article offers recommendations for aligning Zimbabwe's constitutional mandates with effective fiscal policies, ensuring equitable distribution of resources and fostering sustainable development across all regions.

Keywords: local government, finance, policy, constitutionalism, equity, resource mobilisation

INTRODUCTION

Zimbabwe’s decentralisation process, particularly inter-governmental fiscal decentralisation, has been a key component of governance reform, aimed at improving service delivery and enhancing the autonomy of local authorities. Fiscal decentralisation refers to the process of transferring financial resources and decision-making powers from central government to lower levels of government, ensuring that local authorities have the necessary funds and autonomy to deliver public services effectively. The process of decentralisation was significantly reinforced by the 2013 Constitution which introduced provisions for devolution to promote equitable resource distribution and strengthen local governance structures (Constitution of Zimbabwe, 2013). These provisions were designed to correct historical imbalances created by the centralised governance and to enhance local authorities’ capacity to manage their financial and administrative affairs (Machingauta, 2010).

Despite these reforms, the implementation of fiscal decentralisation has encountered several persistent challenges. one of the primary issues being the financial constraints faced by sub-national governments. Many local authorities lack the necessary financial capacity to meet their service delivery obligations due to heavy reliance on central government transfers and limited local revenue generation (Chakaipa, 2010; Moyo, 2021). This dependency restricts their fiscal autonomy and hinders their ability to plan and implement development initiatives effectively. Furthermore, political centralism continues to be a major impediment, with the central government retaing significant control over financial allocation and disbursement, thereby weakening the devolution process envisaged in the Constitution (Chirisa *et al.*, 2013; Chakunda *et al.*, 2021). This reluctance to transfer real financial power to subnational governments has resulted in a system where fiscal authority remains concentrated at the national level. Another barrier is the misalignment of the legislative framework and constitutional provisions on devolution. While the Constitution mandates devolution, legislative reforms necessary to empower local governments have been slow to materialise, creating inconsistences in policy implementation (Chatiza, 2010). This has led to delays in the realisation of the decentralisation agenda, further exacerbating governance inefficiencies at the local level.

Fiscal decentralisation is crucial for ensuring that local authorities have the financial capacity to manage their responsibilities effectively, particularly in key sectors, such as healthcare, education and infrastructure development. However, the existing fiscal arrangements in Zimbabwe have created imbalances. Subnational governments often bear a disproportionate share of service delivery obligations without sufficient financial resources to meet these demands, thereby limiting their effectiveness (Chakaipa, 2010; Marumahoko, 2024).

CONCEPTUAL FRAMEWORK

Inter-governmental fiscal decentralisation involves the transfer of financial responsibilities and decision-making authority from central to subnational governments, such as provinces, metropolitan councils and local authorities. The goal is to empower lower tiers of government to generate revenue, manage expenditures and deliver public services efficiently (Agranoff and Radin, 2014; Chakunda *et al.*, 2021). Fiscal decentralisation is crucial for improving governance, enhancing local participation and addressing regional disparities in public service delivery. Fiscal equalisation, on the other hand, is aimed at addressing disparities in revenue-generating capacities across different regions within a country. It seeks to ensure that less affluent areas receive adequate financial support to provide public services at comparable standards to wealthier areas (Boschmann, 2009, Ndlovu, 2022). Horizontal fiscal imbalances arise when regional revenue differences are so significant that fiscal equalisation frameworks attempt to rectify. Vertical fiscal imbalances occur when responsibilities assigned to subnational governments are not matched with sufficient financial resources (Calitz and Essop, 2013). In Zimbabwe, the Constitution mandates a 5% allocation of national revenues to provincial and local governments to help address these imbalances, but implementation has been inconsistent (Ndlovu, 2022).

THEORETICAL FRAMEWORK

Several theoretical models underpin the study of intergovernmental fiscal relations, offering insights into how financial responsibilities and decision-making authority are distributed across different levels of government. One such framework is Deil Wright's overlapping authority model which argues that different levels of government, national, provincial and local, share responsibilities and financial resources, fostering cooperation and coordination across government tiers (Agranoff and Radin, 2014; Gandari and Chakaipa, 2024). According to Wright, governments do not operate in isolation but, rather, in an interconnected manner, where responsibilities are not rigidly divided but overlap, requiring cooperation. This model suggests that subnational governments should not only receive devolved powers, but also maintain a collaborative relationship with the central government. In the context of Zimbabwe, this model aligns with the provisions of the 2013 Constitution which mandates the devolution of powers to provincial and local authorities, while ensuring that the central government provides oversight and support

(Government of Zimbabwe, 2013). The overlapping authority model suggests that devolution in Zimbabwe should not be seen as a transfer of powers in a way that isolates subnational governments from the central government but, rather, as an integrated system, where multiple levels of government work together. Another influential framework is Falleti's Sequential Theory of Decentralisation which emphasises that decentralisation should occur in a specific sequence, beginning with political decentralisation, followed by administrative decentralisation and/ finally, fiscal decentralisation (Falleti, 2004; Dube and Ncube, 2024). According to this theory, political decentralisation refers to the transfer of decision-making power from the central government to elected local officials, allowing local governments to represent their constituents more effectively and make decisions closer to the population they serve. This phase is crucial because it lays the foundation for further decentralisation by creating a political structure at the local level which can take on more responsibilities.

Following political decentralisation, administrative decentralisation is the next phase. This involves the transfer of authority over administrative functions and the implementation of policies from the central government to local or regional governments.

Administrative decentralisation ensures that local governments, not only have elected leaders, but also the capacity and institutional frameworks to administer services and manage local governance functions. Finally, fiscal decentralisation is the transfer of financial authority, including the power to raise revenue and manage expenditures, to subnational governments. This is the most critical phase for ensuring that local governments can meet their responsibilities. Without fiscal decentralisation, even politically and administratively empowered local governments may lack the financial resources necessary to deliver services effectively. Falleti's

(2004) theory argues that fiscal decentralisation should follow the other phases to ensure that local governments are not left with responsibilities they cannot fund (*ibid.*). In Zimbabwe, while significant progress has been made in political decentralisation, with local authorities gaing some decision-making powers, fiscal decentralisation has lagged. The 2013 Constitution provides for devolution which is meant to give local governments, not only political autonomy, but also financial independence. However, the financial resources needed to support these governments have often been withheld or insufficient, leading to governance gaps (Chatiza, 2010; Chakunda *et al.*, 2021).

LITERATURE REVIEW

International experiences with fiscal decentralisation offer valuable lessons for structuring intergovernmental fiscal relations. Countries like Germany and Canada have established fiscal equalisation mechanisms to reduce regional inequalities by redistributing resources from wealthier to poorer regions (Parker, 2015). Germany's equalisation system ensures that all regions can provide comparable public services by accounting for regional differences in revenue-generating capacity and public service costs. Similarly, Australia's equalisation system uses a formula-based approach to allocate fiscal resources, promoting fairness across states and territories (Shah, 2005; Chakunda *et al.*, 2021). These global frameworks highlight the importance of transparent, formula-based fiscal transfers and the need for institutionalised mechanisms to manage intergovernmental fiscal relations. For Zimbabwe, adopting a similar approach could help mitigate the disparities between resource-rich and resource-poor regions and enhance the capacity of local authorities to provide essential services. Fiscal equalisation would ensure that all regions receive the necessary financial support to deliver public services at acceptable standards, regardless of their local revenue-generating capacity (Boschmann, 2009).

CASE STUDY 1: AUSTRALIA

Australia's system is characterised by a high degree of centralisation, with local governments collecting less than half the OECD average for federated countries. Despite being a low-taxing country, Australia has one of the most centralised tax systems within the OECD, which has prompted discussions on the need for fiscal reforms to enhance revenue generation at the local and metropolitan levels (Mangioni, 2018). The country's fiscal evolution post-federation has seen stability tested, as evidenced by the 1933 referendum in Western Australia on secession, driven by financial and economic grievances, highlighting the importance of equitable fiscal arrangements (Commonwealth of Australia, 2014). Moreover, the Australian experience underscores the necessity of cooperation between different tiers of government to efficiently fund public goods and services and the need to define which tier is responsible for specific services for which hypothecated taxes may be imposed.

The Australian model of fiscal decentralisation emphasises the importance of reforming the tax mix and improving fiscal revenues at the local and metropolitan levels. For instance, consumption taxes in Australia are below the OECD average as a percentage of GDP, while income taxes are above the average, indicating an imbalance in the tax structure (Mangioni, 2018). This brings to the fore the need to recalibrate the tax system to enhance revenue generation at subnational levels, which is key for funding essential public services and infrastructure development (Blochliger and King, 2006). The country's experience with fiscal decentralisation also highlights the challenges of cost-shifting by higher tiers of government to lower tiers without providing adequate funding mechanisms which can be counterproductive and hinder effective service delivery. Furthermore, Australia's tax reviews over the past decades have shaped the dominance of the central government as the fiscal gatekeeper, underscoring the need for a more decentralised approach to empower local and metropolitan governments (Mclean, 2004).

In Australia, the sole tax imposed at the local government level is council rates and, even so, the states increasingly influence how they are administered. The limited sources of tax revenue collected by local governments in Australia and the UK results in their split of local revenue being among the lowest in the OECD. Comparing Australia's fiscal arrangements with those of Canada and Denmark reveals potential pathways for reform, whether through incremental fiscal decentralisation or sweeping reforms in restructuring government. These international comparisons underscore the importance of considering the specific political, economic, demographic and temporal circumstances of each jurisdiction when designing fiscal decentralisation policies. Furthermore, they highlight the potential for decentralising fiscal control and developing own-source revenues at the metropolitan level in Australia that could serve as a model for Zimbabwe (Spasovejic and Nicholas, 2013).

CASE STUDY 2: GERMANY

Germany stands out in the European Union (EU) for its high degree of fiscal decentralisation, characterised by significant responsibilities vested in its sub-national governments. In 2018, the Länder (states) managed 31% and municipalities 19% of government expenditures, highlighting the substantial fiscal autonomy at the sub-national level. This decentralisation is underpinned by the Basic Law (*Grundgesetz*) which has undergone reforms in 2006 and 2009 to clarify the competencies between the Länder and the Federation and to address intergovernmental finances. The German system aims to clearly define funding distribution and executive responsibilities, ensuring that sub-national entities have considerable revenue autonomy, as evidenced by the Länder's 82% revenue autonomy in 2018, which is above the EU average. This framework fosters a balance between decentralised governance and fiscal accountability. Despite a high degree of fiscal decentralisation, Germany maintains a centralised administration of taxes that ensures uniformity of procedures, consistency of taxpayer treatment and economies of scale (Bird, 2018).

A key feature of Germany's fiscal system is its equalisation mechanism, designed to reduce fiscal disparities among the Länder. This mechanism operates in three steps: first, a portion of the Länder's share of VAT (value-added tax) is allocated to those with below-average income and corporation tax revenues; second, fiscal capacity is further equalised at the Länder level; and third, the Federation provides supplementary grants to Länder with subpar fiscal capacity. Within the Länder, a separate equalisation mechanism affects municipalities, ensuring that wealthier municipalities contribute to the fiscal capacity of those with fewer resources. This horizontal equalisation scheme, known as the *Finanzausgleich*, redistributes means among the states themselves without central government interference (Martãnez-Vãzquez, 2008). These measures ensure that regional disparities do not undermine economic and social cohesion (Bönke, Jochimsen and Schröder, 2013).

However, the German fiscal federal arrangements exhibit flaws regarding equity, efficiency, transparency and accountability (Heinemann, 2021). The system's complexity and the involvement of multiple layers of government can lead to inefficiencies and a lack of transparency. Moreover, the equalisation system may create disincentives for Länder to maximise their tax efforts, as the benefits of increased revenue may be offset by reduced equalisation payments. The constitutional obligation for the Länder to execute state obligations explains their high level of revenue autonomy (82% in 2018), clearly above the EU average for this level of government (64% in 2018). Despite these challenges, the German tax administration system has proven resistant to change because it is well-entrenched and popular with the states.

Decentralisation is increasingly recognised as a vital component of governance reform in many countries, including Zimbabwe. It promotes more responsive, accountable and participatory governance structures, enabling local authorities to better meet the needs of their communities. One of the significant benefits of decentralisation is the improvement in service delivery at the local level. By delegating authority to local governments, services can be tailored to the specific needs and preferences of the community, leading to increased satisfaction and better outcomes. Local authorities are typically more attuned to the unique challenges faced by their constituents, allowing them to implement solutions that are more relevant and effective (Moyo, 2021). In Zimbabwe, local governments have the potential to manage resources more effectively when given appropriate autonomy and financial support.

Additionally, decentralisation increases accountability in governance. When governance operates at multiple levels, it becomes easier for citizens to hold their leaders accountable. It fosters greater transparency and public participation in decision-making processes, as local governments are closer to the people they serve. This proximity can enhance the responsiveness of officials to citizen concerns and improve the accountability of public officials (Machingauta, 2010; Gandari and Chakaipa, 2024). In the context of Zimbabwe, empowering local governments can significantly increase citizens' engagement and scrutiny of public service delivery. Moreover, decentralisation encourages broader participation in governance by empowering local communities to have a say in how resources are allocated and how services are delivered. This participatory approach enhances democratic governance, strengthens civic engagement and fosters a sense of ownership among citizens regarding local governance (Chirisa *et al.*, 2013). Furthermore, decentralisation can spur local economic development. By granting local governments the authority to make decisions regarding development priorities, they are better positioned to identify development opportunities and mobilise resources to implement initiatives that reflect the community's aspirations (Mapuva, 2015; Ndlovu, 2022).

FINDINGS

Zimbabwe's fiscal centralism has deep roots in the colonial era, where governance systems were deliberately structured to benefit the white minority, while marginalising the indigenous African population. The colonial administration established a dual system of local government: one for white settlers that was well-resourced and autonomous and another for Africans that was underfunded and tightly controlled by the central government. This system entrenched political and economic subjugation, ensuring that African areas lacked both fiscal autonomy and meaningful political participation (Ndlovu, 2022). The fiscal arrangement under colonial rule was designed to maintain racial hierarchies, with local governments for whites enjoying greater financial powers, while African local governments were dependent on centralised control for limited funding.

After independence in 1980, the Zimbabwean government inherited this highly centralised governance system. Although the new government recognised the need for decentralisation to promote more equitable development, it struggled to dismantle the entrenched colonial structures. One of the key legislative reforms aimed at decentralisation was the 1988 Rural District Councils Act that sought to amalgamate local government structures, increasing local participation in governance and service delivery (Chakaipa, 2010). This Act was intended to empower local authorities by integrating them into a unified governance system, giving them a larger role in local development. Despite these efforts, the central government retained significant control over both financial and political matters. Fiscal transfers from the central government remained the primary source of revenue for local governments and the national government often interfered in local governance decisions. As a result, local authorities were unable to fully exercise their powers or manage resources independently, limiting the effectiveness of decentralisation (Chatiza, 2008). This legacy of centralised control has continued to shape Zimbabwe's fiscal decentralisation trajectory, with ongoing challenges in devolving financial and administrative authority to local governments.

The 2013 Constitution introduced a landmark shift in Zimbabwe's governance, establishing devolution as a key principle aimed at enhancing local governance and promoting equitable development. Chapter 14 of the Constitution sets out the framework for decentralisation by outling the roles of provincial and metropolitan councils mandated to govern locally and spearhead development initiatives in their respective areas (Government of Zimbabwe, 2013). One of the most significant provisions of the Constitution is its commitment to fiscal decentralisation which requires that 5% of national revenues be allocated to sub-national governments (*ibid*.). This fiscal allocation was designed to empower local authorities financially, allowing them to address the needs of their communities more effectively and reduce regional disparities.

Despite these progressive constitutional provisions, their implementation has been slow and fraught with challenges. A key issue has been the delay in enacting the necessary legislative reforms to support fiscal decentralisation. Without proper laws and frameworks in place, the devolution process has stalled, leaving local governments financially dependent on central government transfers (Dube and Ncube, 2020). This delay has perpetuated a system of fiscal centralism, where the central government continues to control most of the country's financial resources, limiting the autonomy of subnational governments.

The intention behind devolution was to address historical inequalities between regions, particularly between wealthier urban centres and poorer rural areas (Mapuva, 2019). However, the reluctance of the central government to fully relinquish control over financial and decision-making powers has meant that many local authorities remain underfunded. Devolution in Zimbabwe has been a fallacy, as evidenced by the underdevelopment and marginalisation of resource-rich provinces (Mukoyi, 2020). As a result, local governments still struggle to meet their financial needs and provide essential services, relying heavily on central government allocations that are often delayed or insufficient (Chatiza, 2010). Marumahoko (2024) argues how local government in Zimbabwe faces challenges, such as resource scarcity, central interference and lack of public participation in delivering local public services. Decentralisation in Zimbabwe's local government system can improve service delivery, citizen participation, democracy and accountability, but requires political will and commitment from all levels of government (Madzimure, 2021). However, full potential has not yet been fully realised.

Zimbabwe's fiscal decentralisation process is characterised by two significant types of fiscal imbalances: vertical and horizontal. Vertical fiscal imbalance occurs when subnational governments, such as local authorities, are tasked with extensive service delivery responsibilities without being provided with the corresponding financial resources to meet these obligations. In Zimbabwe, local governments are mandated to provide crucial public services such as education, healthcare, water, sanitation and infrastructure development (Zimunya, 2021). However, the central government retains control over primary revenue streams, including income taxes, corporate taxes and VAT, resulting in subnational governments lacking direct access to sufficient financial resources (Gandari and Chakaipa, 2024). This creates a substantial reliance on intergovernmental transfers from the central government which are frequently delayed or insufficient to cover the financial needs of local authorities. As a result, many local governments are left struggling to fulfil their service delivery mandates, contributing to inadequate infrastructure and poor public services in many regions (Mlambo and Govender, 2021; Marumahoko, 2024).

Horizontal fiscal imbalance, on the other hand, refers to disparities in the revenue-generating capacities of different regions within the country (Kowalik, 2014). In Zimbabwe, wealthier urban regions such as Harare and Bulawayo generate significantly higher revenues due to their larger economies, higher levels of industrial activity and more developed infrastructure. Conversely, economically disadvantaged provinces like Matabeleland North and Masvingo have limited capacity to raise local revenues whichresults in substantial inequality in access to public services and development opportunities (Machingauta, 2010, Dube and Ncube, 2020). This disparity creates a situation where wealthier regions continue to thrive, while poorer regions remain underdeveloped and struggle to provide adequate services to their populations.

While the 2013 Constitution mandates the equitable distribution of 5% of national revenues to subnational governments, the lack of a transparent and effective formula for distributing these funds has exacerbated horizontal fiscal imbalances (Government of Zimbabwe, 2013). The absence of a clear, needs-based allocation framework means that poorer regions often receive inadequate funding, further widening the development gap between wealthier and less affluent provinces. This unequal distribution of resources remains a critical challenge for achieving balanced regional development and sustainable local governance in Zimbabwe.

A significant challenge in the context of intergovernmental fiscal decentralisation in Zimbabwe is the persistent issue of unfunded mandates. Local governments are frequently assigned critical responsibilities for service delivery, governance and infrastructure maintenance without receiving the necessary financial resources from the central government to fulfil these duties. For instance, local authorities are expected to manage public health services, maintain local infrastructure and provide education services, yet they often lack the requisite funding to adequately perform these functions (Machingauta, 2010; Chakunda *et al.*, 2021). This misalignment between responsibilities and resources leaves local governments in a precarious position, where they are tasked with substantial obligations but lack the financial capacity to meet them. The central government's failure to provide adequate fiscal transfers to subnational governments has forced many local authorities to rely heavily on local taxation as a primary revenue source. However, local taxes are often insufficient to cover the costs associated with public services and infrastructure development, particularly in economically disadvantaged regions (Chakaipa, 2010).

The issue of unfunded mandates is further exacerbated by political dynamics. Central government interference in local governance, coupled with delays in the disbursement of allocated funds, creates inefficiencies and limits the ability of local authorities to function autonomously (Chirisa *et al.*, 2013; Chakunda *et al.*, 2021). Without the fiscal autonomy needed to plan and implement long-term development projects, local governments are unable to address infrastructure deficits or improve service delivery effectively (Lameck and Kinemo, 2021). This lack of financial independence deepens regional disparities, as wealthier regions with greater local revenue generation capacity are better able to meet local demands, while poorer regions fall further behind in development.

The political incongruence between the central government, predominantly controlled by the ruling ZANU-PF party and opposition-led local authorities, creates a contentious environment that undermines effective decentralisation (Vincent, 2017; Masvaure, 2018). This political divergence results in an uneven distribution of resources, where opposition-led councils are often at a disadvantage regarding fiscal transfers and access to national funds (Chirisa *et al.*, 2013). Consequently, the lack of equitable resource allocation perpetuates disparities in service delivery between regions governed by different political parties.

Furthermore, political interference manifests in the central government's reluctance to implement full devolution as mandated by the 2013 Constitution. The ruling party perceives devolution as a potential threat to its control, particularly in areas where the opposition holds sway. This perception has led to delays in the necessary legislative reforms intended to empower local authorities with more autonomy (Machingauta, 2010; Gandari and Chakaipa, 2024). The central government's hesitance to relinquish control over financial and administrative matters not only stifles local governance, but also contributes to a culture of dependency among local authorities which are left reliant on the whims of the central government for funding and support.

As a result, the reluctance to embrace true decentralisation has perpetuated centralism, severely hindering the effectiveness of intergovernmental fiscal decentralisation in Zimbabwe. Local authorities remain constrained in their capacity to plan and implement developmental initiatives responsive to the needs of their communities, thereby limiting the overall potential for equitable development and governance in the country. This political dynamic underscores the importance of fostering a more collaborative and transparent relationship between the central government and local authorities to achieve meaningful decentralisation and fiscal autonomy.

Fiscal equalisation is essential in addressing the disparities between regions in terms of fiscal capacity and service delivery. In Zimbabwe, the goal of fiscal equalisation is to ensure that all regions, regardless of their economic status, can provide comparable levels of public services. This section discusses a proposed model for intergovernmental fiscal equalisation tailored to Zimbabwe's unique socio-economic and political landscape.

THE PROPOSED FISCAL EQUALISATION MODEL

The fiscal equalisation model proposed for Zimbabwe is underpinned by five key variables: the total amount to be allocated (as declared in the national budget), the poverty index, population size, the local economy's size (measured by the revenue/GDP ratio) and the intrinsic value of the sub-soil natural resource endowments. This model is designed to balance the needs of different regions and ensure that subnational governments with limited revenue-raising capacity can still provide essential services. The model starts with the total fiscal resources allocated for equalisation, determined during the national budget process. These funds must be transparently divided among regions to avoid political manipulation, ensuring that all provinces receive their constitutionally mandated share.

The poverty index that reflects the prevalence of poverty in a region, is used to prioritise resource allocation to areas with higher poverty rates. For example, provinces like Matabeleland North with a poverty prevalence rate exceeding 70%, would receive a larger share of fiscal transfers. This ensures that regions most in need of financial support for public services are adequately catered for. Population is a critical factor in fiscal equalisation because regions with larger populations require more resources to meet their citizens' needs. The model allocates funds based on population to ensure that densely populated areas, such as Harare, receive the appropriate level of funding to provide for their citizens.

The size of the local economy, measured by the revenue-to-GDP ratio, reflects a region's ability to generate its resources. Regions with weaker economies would receive greater financial support under the equalisation model to offset their lower revenue-generating capacity. The model also considers the value of natural resource endowments in each region. Regions rich in natural resources, such as Manicaland (with its diamond and gold reserves), would be expected to contribute a proportionate share of their revenues to the national fiscal pool, while less resource-endowed regions would receive more financial support Through redistribution of financial resources based on the specific needs and capacities of each region, fiscal equalisation can significantly help mitigate the stark inequalities that currently exist between wealthier provinces like Harare and poorer ones such as Matabeleland North. For instance, the proposed fiscal equalisation model ensures that provinces characterised by high poverty levels, low revenue-generating capacity and larger populations receive a greater share of national resources to support basic services, such as healthcare, education and infrastructure (Chakaipa, 2010; Chakunda *et al.*, 2021). This redistribution promotes balanced development by enhancing the financial capacity of underdeveloped regions to invest in critical areas which directly impact the quality of life of their inhabitants. Improved access to quality healthcare, education and infrastructure fosters economic growth and elevates living standards in these regions. Importantly, fiscal equalisation plays a vital role in reducing regional disparities which, if left unchecked, could lead to social unrest and hinder national cohesion (Machingauta, 2010, Ndlovu, 2022).

Moreover, the proposed model encourages local economic development by allocating resources in a manner that reflects the potential economic contribution of each region. For instance, resource-rich provinces like Manicaland, which is endowed with significant diamond and gold reserves, are expected to contribute proportionally more to the national fiscal pool. In contrast, underdeveloped provinces would receive additional support to bolster their development initiatives (Chatiza, 2010; Moyo, 2021). This system has the potential to catalyse growth in neglected regions, providing them with the necessary funds to enhance their economic viability and self-sufficiency.

While the theoretical framework for fiscal equalisation is well-founded, Zimbabwe faces significant challenges in its practical implementation. One of the primary obstacles is the lack of political will to fully actualise the devolution and fiscal equalisation mandates outlined in the 2013 Constitution. The central government has been notably slow to enact the necessary legislation that would facilitate the full transfer of financial powers to local authorities. This hesitance is rooted in a perception among central authorities that devolution could undermine their control over national resources, particularly in opposition strongholds where local governments may challenge central policies (Machingauta, 2010; Gandari and Chakaipa, 2024). The political dynamics surrounding resource allocation create an environment of mistrust, where the ruling party may view fiscal equalisation as a potential threat to its dominance in governance.

Another significant challenge is the absence of a transparent and formula-based framework for distributing resources among subnational governments. There are currently no clear guidelines or criteria detailing how these national revenues should be distributed in Zimbabwe. This lack of transparency not only leads to ambiguity in resource allocation, but also opens the door to political manipulation. As a result, provinces aligned with the ruling party may receive preferential treatment, while opposition-led local authorities might find themselves marginalised in fiscal transfers. This scenario exacerbates existing disparities between regions, countering the intended goals of fiscal equalisation (Chakaipa, 2010).

In addition to political factors, the institutional capacity of local governments presents another challenge in effectively managing and utilising the funds they receive. Many local authorities in Zimbabwe lack the administrative and financial expertise necessary to oversee large-scale infrastructure projects or efficiently deliver public services. This shortcoming can lead to significant inefficiencies and wasted resources, as local governments may not have the training nor tools required to implement complex projects successfully (Chatiza, 2010; Gandari and Chakaipa, 2024). For instance, local governments may struggle with budgeting, procurement and project management which are crucial skills for ensuring that funds are used effectively to meet community needs. Moreover, inadequate human resources and training programmes for local government officials further compound this issue. Without targeted capacity-building initiatives, local authorities will continue to face challenges in governance, thereby limiting their effectiveness in implementing fiscal equalisation strategies. Building institutional capacity at the local level is critical to ensuring the success of fiscal equalisation efforts. Training programmes and support systems which equip local officials with the necessary skills to manage budgets, oversee projects and engage with communities effectively, are vital for achieving meaningful progress in fiscal decentralisation.

DISCUSSION

The evolution of fiscal decentralisation in Zimbabwe reveals a complex interplay between historical legacies and contemporary challenges. The colonial era established a deeply centralised system that persisted well into the post-independence period (Makumbe 1998; Ndlovu, 2022). This historical context has significantly shaped the current fiscal landscape, where local governments continue to struggle with limited autonomy and resources. The 2013 Constitution introduced provisions for devolution aimed at redistributing resources more equitably and granting local authorities' greater autonomy. However, the implementation of these constitutional mandates has been hindered by various obstacles, including the slow pace of legislative reforms necessary to empower local governments (Chatiza, 2010). Vertical and horizontal fiscal imbalances remain significant obstacles to effective decentralisation in Zimbabwe. As highlighted by Chakaipa (2010) and Moyo (2021), many local authorities face severe financial constraints, heavily relying on central government transfers and struggling with limited local revenue generation. This financial dependency echoes the concerns raised by Ndlovu (2022) regarding the implementation of constitutional mandates, particularly the 5% allocation of national revenues to provincial and local governments. The inconsistent application of these provisions has exacerbated the fiscal challenges faced by subnational governments. Furthermore, political centralism continues to impede the progress of fiscal decentralisation, with the central government's reluctance to transfer real financial power to subnational entities, weakening the devolution process envisioned in the 2013 Constitution (Chirisa *et al.,* 2013; Chakunda *et al.*, 2021).

The misalignment between constitutional provisions and legislative frameworks presents another key challenge. As noted by Machingauta (2010) and reinforced by Chatiza (2010), the slow pace of legislative reforms has created inconsistencies in policy implementation. This gap between constitutional intent and practical application has hindered the realisation of effective fiscal decentralisation. The situation in Zimbabwe reflects the importance of coherent legal frameworks in supporting decentralisation efforts, a point emphasised in the global frameworks discussed by Parker (2015) and Shah (2005). Additionally, disparities in resource distribution and service delivery capabilities among different regions in Zimbabwe highlight the need for effective fiscal equalisation mechanisms (Boschmann , 2009; Chakunda *et al.,* 2021).

The potential benefits of effective fiscal decentralisation in Zimbabwe remain largely unrealised. Mapuva (2015) and Ndlovu (2022) highlight how decentralisation can spur local economic development and enhance participatory governance. However, the current fiscal arrangements in Zimbabwe (Gandari and Chakaipa, 2024), fall short of empowering local authorities to fully leverage these benefits. The gap between the theoretical advantages of decentralisation and the practical realities in Zimbabwe underscores the need for comprehensive reforms that address both the structural and political barriers to effective fiscal decentralisation. These reforms should aim to align Zimbabwe's constitutional mandates with effective fiscal policies, ensuring equitable distribution of resources and fostering sustainable development across all regions.

CONCLUSION AND RECOMMENDATIONS

Zimbabwe’s efforts to structure intergovernmental fiscal decentralisation and equalisation have been hampered by a combination of political, legislative and institutional challenges. The 2013 Constitution provides a solid foundation for decentralisation but delays in implementation and a lack of political commitment have limited progress. The proposed fiscal equalisation model offers a comprehensive approach to addressing both vertical and horizontal fiscal imbalances by redistributing resources based on poverty levels, population size and economic capacity. To realise the full potential of fiscal decentralisation, Zimbabwe must enact legislative reforms to align with constitutional mandates, strengthen local government capacity and ensure that fiscal transfers are transparent and equitable. Political commitment to devolution is also crucial, as it will create an enabling environment for subnational governments to manage their financial responsibilities effectively. Through these policy reforms, Zimbabwe can achieve a more balanced and equitable system of intergovernmental fiscal relations, leading to improved governance and development outcomes across all regions. For Zimbabwe to achieve meaningful progress in structuring intergovernmental fiscal decentralisation and equalisation, several key policy reforms are necessary:

One of the immediate policy priorities should be the alignment of Zimbabwe's legislation with the 2013 Constitution, particularly regarding the devolution of fiscal powers. The central government must expedite the passage of laws that clearly outline the roles, responsibilities and revenue-generating capacities of provincial and local governments. The 5% allocation of national revenue to subnational governments should be institutionalised through a transparent and formula-based system to prevent political interference and ensure equitable distribution. Strengthening the institutional capacity of local authorities is crucial for the success of fiscal decentralisation. Many local governments in Zimbabwe lack the administrative, financial and technical capacity to manage and utilise funds effectively. Capacity-building initiatives should focus on improving financial management systems, training local government officials and enhancing accountability mechanisms. This will ensure that local governments are equipped to manage infrastructure development and service delivery projects efficiently.

A transparent and equitable fiscal equalisation formula is necessary to guide the distribution of national revenues. The formula should be based on objective criteria, such as poverty levels, population size, local economic capacity and resource endowments. This approach would ensure that provinces with lower fiscal capacity receive adequate support, while wealthier regions contribute proportionally more to the national pool. Political will is critical for the successful implementation of fiscal decentralisation. The central government must demonstrate a genuine commitment to devolution by fully implementing the provisions of the 2013 Constitution. This includes allowing subnational governments more autonomy in decision-making and resource management. The reluctance to devolve power has hindered progress and without political commitment, fiscal decentralisation will remain ineffective. Effective coordination between the different tiers of government is essential for smooth fiscal decentralisation. Zimbabwe should establish formal intergovernmental platforms where national, provincial and local governments can collaborate on fiscal matters. Such platforms would enable better coordination of resource allocation, ensure compliance with fiscal policies and facilitate dialogue on intergovernmental fiscal relations.

REFERENCES

Agranoff, R and Radin, B. A. (2014). *Beyond the Market: The Social Economy of the Local Government*. New York: London: Routledge.

Ajam, T and Aron, J. (2007). The Role of Fiscal Decentralisation in the Development 0f South Africa's Local Government System. *South African Journal of Economics*, *75*(3), 397-421.

Bird, R.M. (2018). Fiscal Decentralisation and Decentralising Tax Administration: Different Questions, Different Answers. In: Valdesalici, A., & Palermo, F. (Eds.). *Comparing Fiscal Federalism*, 190-220. Leiden: Brill Nijhoff.

Blochliger H, King D (2006) Fiscal Autonomy of Sub-Central Governments. Working Papers on Fiscal Federalism No. 2. OEC. Available online: https://www.oecd-ilibrary.org/fiscal-autonomy-of-sub-central-governments_5k97b127pc0t.pdf

Chakaipa, M. (2010). *Fiscal Decentralisation and Local Government Performance in Zimbabwe: An Empirical Analysis*. Unpublished Master's thesis, Harare: University of Zimbabwe.

Chakunda, V. (2015). Central-local Government Relations: Implications on the Autonomy and Discretion of Zimbabwe's Local Government. J Pol Sci Pub Aff, 3(143), 2332-0761.

Chatiza, K. (2008). Decentralisation and Local Government in Zimbabwe: A Review of the Literature. *The Southern African Journal of Policy and Development*, *3*(1), 31-47.

Chatiza, K. (2010). *The Role of Local Government in Service Delivery in Zimbabwe: An Analysis of the Harare City Council*. Harare: University of Zimbabwe Publications.

Chirisa, I., Mhlanga, E and Nyoni, T. (2013). The Challenges of Local Government in Zimbabwe: The Case of Harare. *African Journal of Political Science and International Relations*, *7*(3), 147-154.

Commonwealth of Australia. (2014). *Challenges Confronting Government in Achieving Fiscal Reform in the Delivery of Services and Infrastructure*. Canberra: ACT.

Constitution of Zimbabwe. (2013). *Constitution of Zimbabwe Amendment (No. 20) Act (2013)*. Harare: Government of Zimbabwe.

Dube, M and Ncube, T. (2020). Understanding Fiscal Decentralisation in Zimbabwe: The Role of Local Authorities in Economic Development. *Journal of Southern African Studies, 46*(5), 935-951.

Falleti, T.G. (2004). A Sequential Theory of Decentralisation: Latin American Cases in Comparative Perspective. *The Journal of Federalism*, *34*(4), 63-89.

Gandari, R and Chakaipa, M. (2024). Fiscal Equalisation in Zimbabwe: Assessing the 2013 Constitutional Provisions and Their Implementation. *International Journal of Public Administration, 47*(1), 14-29.

Heinemann, A. (2021). The New Federal Fiscal Equalisation System 2020: First Results and Evaluation. *Wirtschaftsdienst*, *101*. 7, 544-551. https://doi.org/10.1007/s10273-021-2966-6.

Kowalik, P. (2014). Horizontal Fiscal Imbalance in the United States. *Folia Oeconomica Stetinensia*, *14*, 140 - 151. Available online: https://doi.org/10.1515/foli-2015-0013.

Lameck, W and Kinemo, S. (2021). In Search of a link between Fiscal Decentralisation and Fiscal Autonomy in Service Delivery in Urban Local Government Authorities in Tanzania. *Journal of Governance and Development (JGD)*. https://doi.org/10.32890/jgd2021.17.2.2.

Machingauta, N. (2010). The Impact of Decentralisation on Service Delivery in Zimbabwe: A Case Study of Local Authorities in Harare. Harare: Unpublished Master's thesis, University of Zimbabwe.

Madzimure, T. (2021). A Case for Decentralisation in Zimbabwe's Local Government System: Challenges and Opportunities. *Archives of Business Research*, 2021, 1-21. https://doi.org/10.14738/ABR.92.9580.

Mangioni, V. (2018). Fiscal Decentralisation and Autonomy. In: Tomlinson, R., & Spiller, M. (Eds.). (2018). *Australia's Metropolitan Imperative: An Agenda for Governance Reform*. Clayton, Australia: Csiro Publishing. Mapuva, J. (2015). Local Governance in Zimbabwe: Issues, Challenges and Opportunities. *Journal of Public Administration, 50*(3), 654-674.

Mapuva, J and Miti, G. (2019). Exploring the Uncharted Territory of Devolution in Zimbabwe. *Africanus: Journal of Development Studies*. Available online: https://doi.org/10.5897/JASD 2018.0527.

Martinez-Vazquez, J. (2008). *Revenue Assignments In The Practice Of Fiscal Decentralization*.. Cheltenham: Edward Elgar.

Marumahoko, S. (2024). Local Government and the Challenges of Service Delivery: Zimbabwe in the Spotlight. *Journal of Public Administration, Finance and Law*. Available online: https://doi.org/10.47743/jopafl-2024-31-17.

Masvaure, S. (2018). Decentralisation: Unshared Vision and Political Contestation in the City of Harare, Zimbabwe. *Journal of Political Power*, *11*, 191 - 210. Available online: https://doi.org/10.1080/2158379X.2018.1477375.

McLean, I. (2004). Fiscal Federalism in Australia. *Public Administration*, *82*, 21-38. Available online: https://doi.org/10.1111/J.0033-3298.2004.00381.X.

Mlambo, N and Govender, I. (2021). Monitoring and Evaluation of Housing Service Delivery in Zimbabwean Local Authorities. *International Journal of Political Activism and Engagement*. https://doi.org/10.4018/IJPAE.2021070102.

Moyo, W. (2021). The Role of Fiscal Decentralisation in Enhancing Local Governance in Zimbabwe: An Analysis of the 2013 Constitution. *Zimbabwe Journal of Political Studies, 9*(2), 87-104.

Mukoyi, J. (2020). Chapter 14 of the Constitution and Implementation of Devolution in Zimbabwe. *International Journal of Scientific and Research Publications, 10*, 999-1005. https://doi.org/10.29322/ijsrp.10.11.2020.p10795.

Ndlovu, S. (2022). Local Government and Fiscal Autonomy in Zimbabwe: The Impact of Central-Local Relations on Service Delivery. *Journal of African Political Economy, 10*(3), 213-230.

Pasipanodya, J. (2000). *Decentralisation and Local Government Reform in Zimbabwe: A Review of the Legal Framework*. Harare: Legal Resources Foundation.

Shah, A. (2005). *The New Vision of Local Governance and the Evolving Role of Local Governments in Development*. Washington, DC: The World Bank.

Spasovejic, J and Nicholas, M. (2013). Fiscal Equalisation in Australia. *Australian Journal of Public Administration*, *72*, 316-329. Available online: https://doi.org/10.1111/1467-8500.12031.

Zinyama, T. (2021). Local Government, Decentralisation, Devolution and Service Delivery in Zimbabwe, 1597-1611. Available online: https://doi.org/10.4018/978-1-7998-3479-3.ch109.