

# CITIES IN DISTRESS: MUNICIPAL BUDGETING AND FINANCIAL MANAGEMENT SURVEY REPORT

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**Survey conducted by the 'We Pay You Deliver' Consortium.**

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## SUMMARY OF KEY FINDINGS AND MESSAGES

This Report presents the findings of the Municipal Budgeting and Financial Management Survey conducted by the We Pay You Deliver (WPYD) Consortium. The consortium consists of 10 organisations namely Danish Church Aid, Combined Harare Residents Association, Harare Residents Trust, Bulawayo Progressive Residents Association, Habakkuk Trust, Women's Institute for Leadership Development, Zimbabwe Women Resource Centre Network, United Mutare Residents and Ratepayers Trust, Masvingo United Residents and Ratepayers Alliance and Diakonia. The aim of the survey was to understand local authority budgeting processes and suggest ways of increasing the participation of residents in the said process. The survey was conducted in five (5) cities namely Bulawayo, Harare, Gweru, Masvingo and Mutare. In terms of coverage, the survey covered 5 Wards per city (2 high density, 2 medium density and 1 low-density) meaning a total of 20 wards were covered during the survey. In total 5,284 respondents (3110 were women that is about 58.9%) participated in the survey conducted between April and June 2018. In addition, the survey team conducted in-depth interviews with finance staff from the following local authorities: Gweru, Harare, Bulawayo, and Masvingo. Interviews were also conducted with representatives of residents associations and civil society organisations in the consortium.

### FINDINGS IN BRIEF

#### THE BUDGETING PROCESS

The current budgeting process entails the following steps:

- a) Drafting of local authority departmental budgets and submission to Town Clerk's Office,
- b) Consolidation of departmental budgets into a draft City budget,
- c) Budget consultation meetings with residents,
- d) Revision of budget to incorporate substantive representations raised during budget consultation meetings,
- e) Preservation of the budget for public inspection and objections,
- f) Presentation of budget in Full Council meeting,
- g) Adoption of City budget by Full Council,
- h) Sending the budget to the local government minister for his/her information,
- i) Budget Implementation, Monitoring and Review.

About 68.3% of the respondents indicated that they do not understand the Council budgeting process (steps a. to i). Citizen participation from stages (a) to (i) is weak. For instance, only about 29.8% participated in the 2017 budget consultations. The three main reasons for not participating are: not aware of meeting times (31%), do not know budget issues (13.8%) and not interested (13.1%).

About 62.3% indicated that they do not know where budget consultations are held. *This indicates to the essence of local authorities and residents associations to disseminate widely the dates and venues of budget consultation meetings. The use of relevant social media platforms is of immense use in this regard.*

Apart from the low turnout, the quality of issues raised by residents is generally seen as poor across cities. This emanates from the fact that many residents have a tendency to raise off-budget issues during budget consultation meetings. This can be explained by two things. First, there exist limited knowledge on budgeting issues on the part of residents. Second, budget consultation meetings are the main platforms available to residents where they can raise their issues to local authorities (with councillors and other senior finance staff present).

*The effectiveness of budget consultations is questioned by residents. For example, about 67.1% think that budget consultations do not have an impact on the final adopted budget. Reasons attributed by*

*respondents are that consultations 'are just a formality' (35.2%) and 'Councils do not listen to citizen views' (26.6%). Partly, this explains why about 81.9% do not have confidence and trust in the budgeting process.*

## IDEAL BUDGETING PROCESS

Based on the survey results the ideal budgeting process which is mutually beneficial to stakeholders (Local Authorities, Residents Associations (RAs), Civil Society Organisations (CSOs) and residents) should include the following steps:

- a) Monthly budget performance reports shared to RAs/CSOs and residents,
- b) Quarterly Council report back meetings on budget performance (sharing of quarterly budget performance reports),
- c) RAs/CSOs educating their constituencies on the aim and objectives of budget consultations,
- d) Sharing of current year budget performance report to RAs/CSOs and residents,
- e) Dissemination of draft city budget to all residents ahead of consultations,
- f) Budget preparatory meetings by residents and RAs/CSOs articulating and agreeing on priority issues,
- g) Joint RAs/CSOs and residents weighting of budget priorities,
- h) Budget consultation meetings,
- i) Revision of budget to incorporate substantive representations raised during budget consultation meetings,
- j) Preservation of the draft budget for public inspection and objections,
- k) Presentation of budget in Full Council meetings,
- l) Adoption of City budget by Full Council,
- m) Sending the budget to the local government minister for his/her information,
- n) Budget Implementation, Monitoring and Review.

## BUDGET CONSULTATION MEETINGS

The understanding of budgetary issues by residents is limited. Moreover, turnout is low mainly due to inadequate dissemination of venues and dates for consultation meetings. Alternative ways of assisting residents in raising substantive issues on budget consultation meetings is through:

- a) Having pre-budget consultative meetings between RAs and citizens, agreeing on priority issues and how to articulate those issues during the budget consultative meeting (coordinated voice).
- b) Having ward-based structures that act as the mouth piece of communities during budget consultation meetings.

*Budget consultation meetings should not be entirely seen as platforms to prioritise issues into the budget. Rather, they should also be taken as an accountability platform for scrutinising the previous budget estimates versus planned activities and actual expenditures.*

## KNOWLEDGE AND UNDERSTANDING OF BUDGET ISSUES

Whilst it is evident that the budgeting process is one crucial avenue for promoting citizen participation, survey results indicate to a *very limited understanding of municipal budgeting (both substance and process) on the part of residents*. For instance, more than 65% of respondents do not understand the budgeting process. Against this backdrop, it is often normal tendency for residents to raise off-budget issues during budget consultation meetings.

All the WPYD consortium partners had no copies of their respective local authority budgets. There is also no evidence to suggest that Consortium partners perform budget analysis. Lack of understanding on budgetary issues and conducting budget analysis constrains transformative advocacy on the part of RAs/CSOs. *A structured capacity development programme for RAs/CSOs and residents (in particular those*

on RA committees) on both the process and substantive issues of budgets is pivotal. Local authority officials indicated that they expect substantive representations and objections from RAs/CSOs and residents which can enrich the budget.

## BUDGET REVIEW STRATEGIES

One of the fundamental factors that affect the delivery of services in any city is the generated revenue. However, the survey found out that local authorities are mainly keen on advocating for residents to pay rates and tariffs. They are not keen on updating residents on revenues raised and expenditures among others. This mismatch creates a lot of mistrust and allegations of financial misappropriation. *Thus, in order to promote information symmetry between local authorities and residents on council finances, it is vital for local authorities to constantly update residents on budget performance. Such should include monthly, quarterly, bi-annual and annual budget performance reports.* This is envisaged to go beyond the current budget reviews which are mainly centred on developing a supplementary budget.

## DEBTORS AND MUNICIPAL FINANCIAL VIABILITY

*The total debt owed to all the 5 cities as of the first quarter of 2018 stands in excess of \$1 Billion. Between 2015 and 2016, debtors for all the 5 cities increased by 24% (\$148 947 193). At the same time, Harare recorded the highest increase in debtors (32%) while Gweru recorded a decrease in debtors by -34% (Table 1). Local authorities need to introspect and understand major debtors. For instance, there is no economic reason in continuing billing businesses or premises that have since closed. In fact, it is a cost to the local authority in performing such a function (billing) in futility.*

Table 1: Trends in Debtors (2015-16)

City	Amount (\$)		Change
	2015	2016	
Bulawayo	125 001 004	139 031 898	11%
Gweru	34 050 511	25 893 080	-34%
Harare	405 300 000	535 200 000	32%
Masvingo	25 693 424	32 116 780	25%
Mutare	28 175 114	34 925 488	24%
Total	618 220 053	767 167 246	24%

Source: Adapted from MLGPWNH, 2017a.

*The ability of a local authority to provide services depends on the revenue it collects. This is the basic fundamental fact that residents, business and government need to appreciate. The single most deterrent to financial viability in local authorities remains debtors. A debt clearance strategy should therefore be pursued by local authorities. It remains the duty of RAs/CSOs to inculcate a sense of responsibility in citizens so that they honour their obligations to local authorities.*

## ACCESS TO FINANCIAL INFORMATION

Our 2017 survey indicated that from the residents' perspective, the greatest threat to service delivery is financial misappropriation within local authorities (WPYD, 2017). *This survey shows a huge gap between local authorities and citizens in particular reference to financial information. Thus, as a strategy to allay perceptions and misconceptions, it is worthwhile for local authorities to consider publishing (through websites and social media platforms) their financial information.* These include budgets, monthly income and expenditure statements and debtors and creditors' accounts among others. Such a practice in our view bridges the knowledge and information gap between local authority staff and residents. Availability of financial information builds trust and confidence between residents and their local authorities especially considering that the majority of the local authorities do not conduct regular financial audits.

## PERFORMANCE OF VARIOUS SERVICE ACCOUNTS

According to the Urban Councils Act (Section 286), local authorities are mandated to maintain separate service accounts. These accounts relate to water, rates, housing and estates among others. *Of particular to note from the performance of various service accounts in local authorities is the fact that cities are making a deficit in providing health care services.* This has three implications. First, it compels local authorities to take money from surplus making service accounts to fund the health account. Second, other services such as water among others are therefore jeopardised as the surplus which is supposed to expand such services is diverted elsewhere. Third, while citizens in cities loud government policy of not paying health service fees, they are indirectly paying through other means such as paying for water and rates among others.

*The continued provision of health services by city councils without government support or any cost-recovery measures is unsustainable. In fact, it is draining council resources that could be otherwise used to expand surplus making services. Hence, government is urged to consider providing health care financial support through the health ministry to local authorities depending on the number of clinics a local authority manages.*

## UNSUSTAINABLE EMPLOYMENT COSTS

*Employee costs constitute about half of local authority expenditure. Spending half of income generated on employment costs cripples the service delivery capacity of a local authority. Therefore, local authorities are urged to conduct employee rationalisation schemes pivoted on the fact that their core business is to deliver services in a cost effective way.* The government policy of 30:70% employment to service delivery ratio is treated merely as a budgeting exercise. Local authorities try to meet this requirement when preparing budget estimates. Such a policy might be useful if applied as employment costs versus total expenditure or revenue raised.

## LOW PRIORITISATION OF CAPITAL PROJECTS

Based on Table 2, the average actual money spent on the capital budget is less than \$1million in a budget year. For example, the average capital expenditure against revenue collected in 2015 and 2016 in all the 5 cities stands at 0.8% and 1,1% respectively. Thus, local authorities are not considering service infrastructure expansion in light of a growing urban population. *In essence, it means that cities are preoccupied with immediate concerns of survival such as providing services and paying salaries. Thus, issues of planning for the future through investing in service infrastructure is considered secondary.* Grants from the government and its agencies like the Zimbabwe National Road Administration are insignificant in terms of financing local authorities capital budget needs. *One way of funding capital expenditure is to use the 5% national budget allocation to local authorities though earmarked for capital budget financing.*

Table 2: Capital Expenditure patterns 2015-16

City	2016				2015	
	Budgeted CAPEX	Actual CAPEX	Actual Vs Budgeted CAPEX	CAPEX against Revenue collected	Actual Vs Budgeted CAPEX	CAPEX against revenue collected
Bulawayo	1 200 000	0.00	0%	<b>0%</b>	0%	<b>0%</b>
Gweru	3 7900 514	374 050	10%	<b>1%</b>	1%	<b>0%</b>
Harare	43 200 700	6 264 500	15%	<b>3%</b>	32%	<b>2%</b>
Masvingo	466 665.40	65 286.43	14%	<b>0.4%</b>	59%	<b>2%</b>
Mutare	1 528 000	102 731	7%	<b>1%</b>	0%	<b>0%</b>

Source: Adapted from MLGPWNH, 2017a.

## BILLING AND COLLECTION EFFICIENCY

Billing efficiency relates to the ability of the local authority to bill its customers for all services provided. On the other hand, collection efficiency means the ability of the local authority to collect revenue from the services billed. The average collection efficiency in all the 5 cities in 2016 and 2017 is 68% and 89.6% respectively (Table 3).

Table 3: Billing and collection efficiency (2016-17).

City	Billing Efficiency 2017			Collection Efficiency as at Sep 2016		
	Budgeted Income	Billed amount	Billing Efficiency	Cash Receipts	Proportionate billed amount	Collection efficiency
Mutare	16 460 540	21 260 786	129%	10 843 001.20	15 945 589.50	68%
Bulawayo	107 633 672	103 494 388	96%	51 129 650	77 620 791	66%
Masvingo	18 134 178.25	17 127 382	94%	9 591 333.92	12 845 536.50	75%
Gweru	50 422 755	34 026 740	67%	19 720 201	34 026 740	58%
Harare	343 920 180	214 944 401	62%	117 960 781	161 208 300.75	73%

Source: Adapted from MLGPWNH, 2017a.

One key area which contributes to huge unpaid debts is the billing system. Residents showed mistrust in the current billing system in particular on water. Thus, local authorities are urged to invest in accurate billing systems as a way to reduce debts and improve customer willingness to pay.

## MUNICIPAL AUDITING

Here, we focus on local authority audits. From 2012 to 2015, of all the 5 cities, not one local authority has managed to have audited accounts of all the 4 financial years (Table 4).

Table 4: State of Audits in Cities (2012-15)

City	2012	2013	2014	2015
Bulawayo	Not audited	Not audited	Not audited	Not audited
Gweru	Audited	Audited	Not audited	Not audited
Harare	Audited	Audited	Not audited	Not audited
Masvingo	Audited	Audited	Not audited	Not audited
Mutare	Audited	Not audited	Not audited	Not audited

Source: Adapted from MLGPWNH, 2017a.

The lack of consistent auditing of municipal accounts affects the transparency and accountability of councils. Residents are also left with no yardstick to access the transparency of council finances. Inevitably, such an environment feeds into misconceptions and allegations of financial misuse in councils.

## 1.0 INTRODUCTION

This report presents the findings of the Municipal Budgeting and Financial Management survey conducted by the We Pay You Deliver (WPYD) Consortium. The consortium consists of 10 organisations namely Danish Church Aid (DCA), Combined Harare Residents Association (CHRA), Harare Residents Trust (HRT), Bulawayo Progressive Residents Association (BPRA), Habakkuk Trust, United Mutare Residents and Ratepayers Trust (UMRRT), Women's Institute for Leadership Development, Zimbabwe Women Resource Centre Network, Masvingo United Residents and Ratepayers Alliance (MURRA) and Diakonia. Thus, the survey was conducted in the framework of the WPYD project which aims to harness citizen demand for improved service delivery and transparent use of public resources. A total of 5 cities were covered in this survey namely Bulawayo, Gweru, Harare, Masvingo and Mutare.

Primarily, the survey focused on 7 things namely: participation in the budgeting process, budget consultation meetings, understanding of budgeting, women and budgeting, councils and budgeting, council financial management and RAs/CSOs and budgeting. The Survey Report had four objectives namely to:

- a) Understand existing municipal budgeting process,
- b) Explore ways of improving citizen participation in the budgeting process,
- c) Investigate how finance is managed and spend by local authorities,
- d) Recommend an ideal budgeting process that is inclusive and more engaged.

### 1.1 WHY BUDGETING AND FINANCIAL MANAGEMENT?

Financial resources and their management are the single most important resource that aid local authorities in delivering services. In essence, the capacity and ability of a local authority to deliver services depends on the financial resources at its disposal. In other words, the revenue a local authority is able to collect is an essential ingredient that allows a local authority to deliver services. However, in order to understand the management of finance in local authorities, one requires a comprehensive understanding of the budgeting process. This explains why this survey primarily focuses on the budgeting process.

The Budget is the single most important tool in which local authorities assigns funding priorities. It is a guide in which a local authority funds its operations and assess its financial performance. Perhaps among others, budgeting is one crucial process where citizen's participation is pronounced. Thus, from a citizen perspective, the budgeting process is the main avenue to influence funding priorities of a local authority. It is a process in which citizens have the opportunity to make local authorities place their issues as core priorities of the municipality, at least in theory.

### 1.2 MUNICIPAL BUDGETING: THE LEGAL FRAMEWORK

Municipal budgeting is conducted in accordance with Part XX of the Urban Councils Act (Chapter 29: 15) and the Public Financial Management Act (Chapter 22: 19). In particular, section 288 of the Urban Councils Act stipulate how budget estimates are done. It points to the following:

- a) Drawing up of council budget estimates for the next year before the end of any financial year,
- b) Council approving its estimates with the mayor signing them off,
- c) Making budget estimate copies available for inspection by the public,
- d) Sending three copies of the budget estimates to the local government minister for his information,
- e) Copies of the estimates are available for purchase by any member of the public at a fee fixed by the council,
- f) Supplementary budget estimates can be drawn up if necessary.



### 1.3 FINANCIAL ACCOUNTS

The financial year of any urban local authority is a period of twelve months ending on 30<sup>th</sup> June of every year. Section 286 of the Urban Councils Act mandates local authorities to keep the following books and accounts: Balance Sheet, Income and Expenditure Account, Parking Account, Housing Account, Consolidated Loan Account, Rates Account, Electricity Account, and Water Account. Table 5 shows various accounts an urban local authority is supposed to maintain.

Table 5: Local Authority Accounts and uses

Account name	Main purpose
Sinking Fund	Repayment of each loan
Consolidated Loans Fund	Accounting for all monies borrowed, repayments and payments of interests.
Capital Development Fund	Financing capital expenditure and the creation or replacement of assets.
Estates Account	Land purchases, investment and initial infrastructure provision on purchased land.
Housing Account	All license fees paid in respect of animals or businesses; vehicle licensing fees; rents, fees, charges and other income raised from residents in the municipality; payments by the council for accommodation of its employees.

Source: Adapted from GoZ, 1996.

### 1.4 BORROWING POWERS AND LOANS

The procedures for councils to borrow are:

- a) Council resolution to borrow money passed (mayor has veto powers),
- b) Public notice in two newspapers of the proposal to borrow, the use of the money and inviting objections (for 21 days),
- c) Application for borrowing powers to the local government minister,
- d) Submitting the borrowing proposal to the local government minister with objections raised and comments to objections.

## 2.0 METHODOLOGY

This section responds to questions of How, When and Where the survey was conducted? This is the third survey conducted by the WPYD Consortium. The first one focused on the *State of Service Delivery in Cities* and reached 7,041 households while the second one on *Local Government Elections* reached 3,640 eligible voters. This survey reached 5,284 respondents in 5 cities.

### 2.1 SURVEY PROCESS

The survey was conducted between April and June 2018 in 5 cities namely Harare, Bulawayo, Gweru, Masvingo and Mutare. The survey process had 4 steps namely tool development, training of enumerators, fieldwork, and data analysis which are explained in detail in succeeding paragraphs.

#### 2.1.1 TOOL DEVELOPMENT

The survey tool was developed based on the legal framework guiding the budgeting process, We Pay You Deliver data needs, council obligations, experiences of residents associations and expectations of residents.

#### 2.1.2 TRAINING OF ENUMERATORS

The training of enumerators was city based. The training focused on how to use magpi, research ethics, aim and objectives of the survey, meaning and interpretation of the questions. Suggestions raised during the enumerator training were incorporated through revising the questionnaire. About 70% of the enumerators who conducted this survey also participated in two previous surveys. Hence, these are experienced enumerators the Consortium relies on in terms of data integrity and research ethics.

### 2.1.3 FIELD SURVEY, INTERVIEWS AND SAMPLING

The survey focused on households as the sampling unit. The sample size was calculated at 5% margin of error and 90% confidence level. The survey was conducted in 5 wards per city (2 high density, 2 medium density and 1 low density). Table 6 shows the number of residents reached through the survey. The selection of respondents was house based. Houses were selected through dividing the ward with least number of households by sample number of households in the ward. Before administering a questionnaire, enumerators introduced themselves and their organisation, and stated: the organisation's mission, objectives of the survey, and the confidentiality of the survey and that it is voluntary to participate or refuse to answer some questions.

Table 6: Survey Coverage

City	Wards covered	Target sample	Realised sample (# of respondents)	Number of enumerators
Bulawayo	9, 28, 2, 8, 1	1339	1182	10
Gweru	5, 9, 2, 4, 3	1168	992	10
Masvingo	1, 7, 6, 10, 9	1182	1150	10
Harare	19, 27, 23, 2, 8	1345	1139	10
Mutare	5, 17, 10, 14, 12	1208	816	10
Total	20	6242	5284	50

Source: WPYD Survey, 2018.

More than 55% of respondents were women. This was done purposefully largely because service delivery issues affect women disproportionately than men. In terms of the age structure, 38.7% of respondents were aged between 18 and 35 while 38.8% were between the ages 36 and 50. Overall, the survey had a majority age category of 18 years and above (Table 21). With regards to education, respondents indicated their highest education level as: Ordinary level (47.1%), Diploma (14.5%) and Degree (9.9%). The demographic characteristics of survey respondents is shown in Table 7.

Table 7: demographic characteristics of survey respondents (n=5284)

Issue	Frequency	Per cent (%)
<b>Gender</b>		
Female	3110	58.9
Male	2166	41
No response	8	0.1
<b>Age</b>		
Below 18	250	4.7
18-35	2038	38.7
36-50	2051	38.8
Over 50	938	17.8
No response	7	0.1
<b>Level of Education</b>		
Primary	402	7.6
Ordinary level	2489	47.1
Advanced level	794	15
Degree	522	9.9
Diploma	766	14.5
None	147	2.8
Postgraduate	157	3
No response	7	0.1

Source: WPYD Survey, 2018.

### INTERVIEWS

In-depth interviews were conducted with local authority finance staff and representative of residents associations. In this regard, officials from the following local authorities: Bulawayo, Gweru, Harare, and Masvingo were interviewed. A total of five interviews were held with representative of residents

associations. Interviews were aimed at getting an understanding of the budgeting process from the perspective of local authorities, and residents associations.

## 2.1.4 DATA ANALYSIS AND PRESENTATION

Enumerators uploaded data using field magpi on a daily basis. Magpi consolidates the data into one excel file. The excel data sheet was exported into STATA for analysis. Findings are presented according to the study focus issues namely participation in the budgeting process, budget consultation meetings, understanding of budgeting, women and budgeting, councils and budgeting, council financial management and RAs/CSOs and budgeting.

## 3.0 FINDINGS AND DISCUSSION

### 3.1 COUNCILS AND FINANCIAL MANAGEMENT

#### 3.1.1 DEBTORS AND MUNICIPAL FINANCIAL VIABILITY

On average, the 5 cities are owed about 27.9% of total debt by industry and commerce (Table 8). About 50% of the money owed to Masvingo City Council is due from government institutions (ministries, departments, agencies). The two largest institutional debtors being the Zimbabwe National Army and Zimbabwe Republic Police. *Government indebtedness to local authorities is untenable and the local government ministry should lead engagement efforts with government institutions to clear their debt and make it government norm for institutions to honour obligations to other government tiers. Local authorities are also urged to exercise courage and instil punitive measures such as pre-paid water meters on non-paying government institutions.*

One factor which led to ballooning debts is the debt cancellation directive of 23 July 2013 which was issued by the local government minister. Local authorities were 'directed to write off debts in respect of rentals, unit tax, development levies, licences, and refuse charges owed by ratepayers as at 30 June 2013'.<sup>1</sup> In fact, the ministerial directive pushed local authorities into insolvency. The directive resulted into two things. First, it discouraged those who have been paying their bills to local authorities. Second, it created anticipation of another debt cancellation by government in the process affecting the willingness to pay on the part of residents.

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<sup>1</sup> Minister of Local Government, Urban and Rural Development 'Directive to write off debts by all local authorities', 23 July 2013.

Table 8: Disaggregation of major Debtors in cities (\$)

City	Harare		Masvingo		Bulawayo		Gweru		Mutare	
	As at 30.04.18	%	As at 31.3.18	%	As at 31.1.18	%	31.03.18	%	As at 30.4.16	%
Debtors	As at 30.04.18	%	As at 31.3.18	%	As at 31.1.18	%	31.03.18	%	As at 30.4.16	%
High density	197 810 339	26.2	5 663 246.47	1.4	98 200 000	56.2	27 99 497	48.3	23 691 233	73.6
Low density	216 057 346	28.6	6 848 543.03	16.3						
Industrial/ Commercial	<b>317 907 765</b>	<b>42</b>	<b>6 976 938.91</b>	<b>16.6</b>	<b>66 600 000</b>	<b>38.1</b>	<b>9 390 551</b>	<b>16.3</b>	<b>8 483 676</b>	<b>26.4</b>
Government	10 016 608	1.3	22 456 540.84	53.5	5 900 000	3.8	1 213 926	2.1	-	-
Others	14 019 042	1.9	-	-	-	-	19 195 026	33.3	-	-
Total	<b>755 811 104</b>	100	<b>41 945 314.24</b>	87.8	<b>174 800 000</b>	98.1	<b>57 599 001</b>	100	<b>32 174 909</b>	100

Sources: Adapted from various City Budgets.

On average, all the 5 cities are owed about 50% of the total debt by residents. This is quiet worrisome in the context of the We Pay You Deliver campaign essentially because without residents paying, it makes it difficult for local authorities to perform their functions. It remains the duty of RAs/CSOs to inculcate a sense of responsibility in citizens so that they honour their obligations to local authorities.

The single most deterrent to financial viability in local authorities remains debtors. Local authorities are owed huge amounts of money by government institutions, industry and commerce and residents. A debt clearance strategy need to be pursued by local authorities at two levels namely national and city level. At national level, local authorities should engage government ministries and agencies with the help of the local government ministry to recover money owed by government agencies. For city level, local authorities should consider organising debtor dialogues with a view to understand the reasons for non-payment and co-map ways of facilitating debt clearance.

Based on the findings presented on Table 8, three things can be deduced:

- a) It is indeed residents who are financing cities,
- b) Residents are also subsidising commercial, industrial and government institutions' non-payment of services,
- c) With the other 3 actors not honouring their obligations, it means that local authorities are overcharging residents for them to remain financially afloat.

### 3.1.2 MAIN REVENUE SOURCES

The main revenue sources for local authorities are water and rates (See tables 9-12). For the City of Bulawayo, the average contribution of water and rates between 2014 and 2017 is 26% and 53.4% respectively (Table 9).

Table 9: Major Income Sources in City of Bulawayo 2014-17 (Actual)

Source	2014		2015		2016		2017	
	\$	%	\$	%	\$	%	\$	%
<b>Rates</b>	42 902 801	<b>52.7</b>	57 967 881	<b>55.8</b>	53 110 296	<b>51.3</b>	61 352 869	<b>53.6</b>
<b>Water</b>	24 827 666	<b>30.5</b>	28 636 783	<b>27.5</b>	24 123 107	<b>23.3</b>	25 938 496	<b>22.7</b>
Sewerage	7 494 604	9.2	9 789 228	9.4	9 670 602	9.3	9 219 779	8.1
Health & Community	2 573 375	3.2	3 278 425	3.2	2 953 245	2.9	3 007 585	2.6
Housing	2 251 790	2.8	3 072 808	3	3 181 660	3.1	4 559 606	4
Total Income	81 378 274	98.4	103 972 229	98.9	103 494 388	89.9	114 428 022	91

Sources: Calculated from BCC Budgets, 2014-17.

In Masvingo, water contributed an average of 41.5% between 2012 and 2015, while rates contributed an average of 14.4% over the same period (Table 10).

Table 10: Major Income Sources in City of Masvingo 2012-15 (Actual)

Source	2012		2013		2014		2015	
	\$	%	\$	%	\$	%	\$	%
<b>Water</b>	4 741 608	<b>42.1</b>	4 611 300	<b>40.6</b>	7 100 768	<b>38.9</b>	7 476 288	<b>44.5</b>
Fees	1 421 367	12.6	1 727 235	15.2	3 252 365	17.8	2 008 984	12
Rates	1 465 987	13	1 313 023	11.6	1 902 795	10.4	1 544 379	9.2
Refuse	687 227	6.1	1 297 432	11.4	1 347 840	7.4	1 339 252	8
Sewerage	-		1 773 398	15.6	1 736 769	9.5	1 932 440	11.5
<b>Total Income</b>	<b>11 260 983</b>	<b>73.8</b>	<b>11 355 381</b>	<b>94.4</b>	<b>18 245 048</b>	<b>84</b>	<b>16 781 850</b>	<b>85.2</b>

Sources: Calculated from City of Masvingo Budgets, 2013-15.

Between 2015 and 2016, water and rates contributed an average of 58.5% and 26.4% respectively to the City of Gweru's total revenue collected (Table 11).

Table 11: Main Income sources for City of Gweru (2015-16) (Actual)

Source	2015		Source	2016	
	\$	%		\$	%
<b>Service charges (Water)</b>	7 476 288	<b>44.5</b>	<b>Rates</b>	17 637 648	<b>51.8</b>
Fees	2 008 984	12	<b>Water</b>	9 539 272	<b>28.0</b>
Service charges – Sewerage	1 932 440	11.5	Refuse	3 080 320	9.11
Service charges – Refuse	1 339 252	8	Sewerage	1 449 490	4.3
Rates & Supplementary Charges	1 544 379	<b>1</b>	Properties	1 351 040	4
Total Income	16 781 870	77	Total Income	34 026 040	97.2

Sources: Calculated from City of Gweru Budgets, 2015-16.

For Harare, rates contributed to council revenue an average of 34.9% over a 5 year period between 2012 and 2017 (Table 12). From 2015 to 2017, water revenue contribution was an average of 25.7%.

It is important that local authorities develop new revenue sources taking into cognisance the resources and assets (land and business units) that local authorities have.

Table 12: Major Income Sources in City of Harare (2012-17) (Actuals).

Source	2012		2013		2015		2016		2017	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Rates</b>	<b>90 297 782</b>	<b>34.2</b>	<b>90 450 393</b>	<b>33.8</b>	<b>96 535 281</b>	<b>33.1</b>	<b>100 655 409</b>	<b>35.8</b>	<b>97 929 900</b>	<b>37.6</b>
<b>Water</b>	-		-		<b>63 555 039</b>	<b>21.8</b>	<b>60 473 942</b>	<b>21.5</b>	<b>87 895 230</b>	<b>33.7</b>
Fees	-		-		-		-		69 871 560	26.8
Rent	-		-		-		-		3 335 000	1.3
Revenue from rendering services	74 742 633	28.3	60 333 572	22.6	54 680 673	18.7	52 373 836	18.6	-	
Other Income	12 428 414	4.7	21 957 895	8.2	38 558 323	13.2	32 650 720	11.6		
Revenue arising from exchange of goods	77 899 319	29.5	73 959 697	27.7	-		-		-	
<b>Total Income</b>	<b>264 245 961</b>	<b>96.7</b>	<b>267 379 952</b>	<b>92.3</b>	<b>292 055 132</b>	<b>86.8</b>	<b>281 314 089</b>	<b>87.5</b>	<b>260 730 790</b>	<b>99.4</b>

Sources: Calculated from City of Harare Budget, 2018; Grant Thornton City of Harare Audits Reports, 2013; 2016.

### 3.1.3 PERFORMANCE OF VARIOUS SERVICE ACCOUNTS

According to the Urban Councils Act (Section 286), local authorities are mandated to maintain separate service accounts. These accounts relate to water, rates, housing and estates among others. It therefore becomes imperative to analyse the performance of various service accounts. For the City of Bulawayo, all accounts recorded surpluses between 2014 and 2017 except Health and Community Services which recorded an average deficit of \$15 362 430 over a 4 year period (Table 13).

Table 13: Performance (Surplus/Deficit) of City of Bulawayo service accounts (2014-17) (Actual)

Account	2014	2015	2016	2017
Rates	9 984 246	17 224 710	26 576 357	30 737 836
Housing	812 250	1 295 908	1 549 668	2 888 323
Estates	1 086 334	997 221	701 595	711 100
<b>Health &amp; Community Services</b>	<b>(13 036 938)</b>	<b>(13 934 934)</b>	<b>(17 149 188)</b>	<b>(17 328 660)</b>
Sewerage	4 199 683	6 144 529	4 323 167	4 075 804
Water	11 919 033	13 484 307	15 670 181	7 643 327
Solid Waste Management	-	-	3 809 640	3 896 390

Sources: Calculated from BCC Budgets, 2014-17.

Between 2012 and 2015, the City of Masvingo recorded deficits in three accounts namely rates, welfare and clinics. The deficit for clinics averaged \$835 912.75 over a 4 year period (Table 14).

Table 14: Performance (Surplus/Deficit) of City of Masvingo service accounts (2013-15) (Actual)

Account	2012	2013	2014	2015
Rates	(2 811 471)	(3 749 463)	393 315	(2 124 424)
<b>Clinics</b>	<b>(762 487)</b>	<b>(916 252)</b>	<b>(712 693)</b>	<b>(952 219)</b>
Water	2 959 514	2 750 851	5 610 562	5 683 231
Sewerage	355 798	1 069 996	1 161 668	1 244 917
Refuse	365 547	947 344	1 144 662	1 165 566
Housing	(73 913)	(173 478)	729 112	448 803
Welfare	(82 418)	(2 144)	(62 691)	62 743
Farms	54 199	70 521	50 400	66 596

Sources: Calculated from City of Masvingo Budgets, 2013-15.

For a period of 3 years, (2015-17), the City of Harare recorded deficits in three accounts namely: roads and public lighting, city health, and primary schools, Crèches and VCTs. In particular, the City of Harare recorded an average deficit of \$24 567 750 over 3 years (Table 15).

Table 15: Performance (Surplus/Deficit) of City of Harare service accounts (2015-17) (Actual)

Account	2015	2016 (budget)	2017
Waste Management	1 394 300	1 923 300	4 373 210
<b>Roads &amp; Public Lighting</b>	<b>(2 556 700)</b>	<b>(13 463 000)</b>	<b>(1 861 600)</b>
Harare Metro/Emergency	(14 295 100)	2 474 900	(393 100)
Treasury Cent. Department	89 886 200	72 005 400	70 630 100
<b>City Health</b>	<b>(24 363 900)</b>	<b>(28 475 600)</b>	<b>(20 863 750)</b>
Housing General	5 180 500	3 022 500	5 242 800
<b>Primary Schools, Crèches &amp; VCT's</b>	<b>(2 188 910)</b>	<b>(4 465 000)</b>	<b>(2 708 000)</b>
Harare Water	(16 920 940)	311 450	8 195 880
Estates Account	23 547 700	14 203 000	8 362 300

Sources: Calculated from City of Harare Budgets, 2015-17.

Based on Tables 13-15, cities are making a deficit in the provision of healthcare services. This has implications to the provision of other services as local authorities divert money from other services to fund the deficit.



### 3.1.4 UNSUSTAINABLE EMPLOYMENTS COSTS

Employment costs are a major expense incurred by local authorities. Essentially, this means that about 50% of council revenue is being used to pay salaries. Further, local authorities are spending less than 10% of their expenditure on repairs and maintenance. Essentially it means that local authorities are not maintaining their assets. *Without such maintenance of services infrastructure, the future of service delivery cannot be guaranteed.*

In 2016, the City of Gweru's employment costs were 44.38% of total expenditure (Table 16). As of July 31, 2017, Gweru city's employment costs accounted for 63.3% of total expenditure.

Table 16: Actual Expenditure for the City of Gweru (2016)

Expenditure	Amount (\$)	%
<b>Salaries &amp; allowances (Indirect)</b>	<b>5 311 783</b>	<b>15.98</b>
<b>Salaries &amp; allowances (direct)</b>	<b>9 443 171</b>	<b>28.4</b>
General Expenses	14 711 425	44.27
<b>Repairs &amp; Maintenance</b>	<b>2 216 927</b>	<b>6.67</b>
Capital Charges	1 173 720	3.53
Capital Outlay	374 050	1.13
<b>Total Expenditure</b>	<b>33 231 076</b>	<b>99.98</b>
Total Income	34 026 740	

Sources: Adapted from the City of Gweru budget, 2017.

From 2012 to 2015, the City of Masvingo's employment costs averaged 55.8% of total expenditure (Table 17).

Table 17: Major City of Masvingo Expenditure items (2013-15) (Actual)

Item	2012		2013		2014		2015	
	\$	%	\$	%	\$	%	\$	%
<b>Employee Costs</b>	<b>5 872 246</b>	<b>51.8</b>	<b>6 489 311</b>	<b>57.1</b>	<b>5 727 217</b>	<b>56.8</b>	<b>6 438 058</b>	<b>57.6</b>
General Expenses	2 860 671	25.2	2 960 503	26.1	2 715 384	26.9	3 770 265	33.7
<b>Repairs &amp; maintenance</b>	<b>1 725 420</b>	<b>15.2</b>	<b>1 075 251</b>	<b>9.5</b>	<b>791 595</b>	<b>7.8</b>	<b>860 443</b>	<b>7.7</b>
Capital expenses	884 433	7.8	832 943	7.3	856 591	8.5	103.005	1
<b>Total Expenditure</b>	<b>11 342 770</b>	<b>100</b>	<b>11 358 008</b>	<b>100</b>	<b>10 090 787</b>	<b>100</b>	<b>11 185 836</b>	<b>100</b>
Total Income	11 260 983		11 355 381		18 245 048		16 781 050	

Sources: Calculated from City of Masvingo Budgets, 2013-15.

In 2016, the City Bulawayo's employment costs constituted 52.5% of revenue collected (Table 18).

Table 18: City of Bulawayo Employment Costs (2016)

Budgeted employment costs	Revenue collected	Actual employment costs	Actual employment costs against revenue collected
59 027 923	103 494 388	54 324 667	52.5%

Source: Adapted from MLGPWNH, 2017.

As on Table 19, employment costs constituted an average of 50.32% of the City of Harare's total expenditure over a 5 year period. Incurring half of the city's total expenditure on employment costs presents questions as to whether a local authority exist to provide services or to employ people!

Table 19: Major City of Harare Expenditure items (2013-17) (Actual)

Item	2012		2013		2015		2016		2017	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Employee Costs</b>	<b>129 710 490</b>	<b>50.5</b>	<b>143 317 578</b>	<b>56.2</b>	<b>125 449 983</b>	<b>52.3</b>	<b>126 225 539</b>	<b>53.4</b>	<b>115 448 680</b>	<b>39.2</b>
General Expenses	28 779 981	11.2	31 238 151	12.3	33 731 330	14.1	-	-	135 690 060	46.1
Capital charges	-	-	-	-	-	-	29 229 573	12.2	17 923 380	6.1
<b>Repairs &amp; Maintenance</b>	<b>21 278 510</b>	<b>8.3</b>	<b>12 245 992</b>	<b>4.8</b>	<b>15 725 366</b>	<b>6.6</b>	<b>8 632 479</b>	<b>3.7</b>	<b>18 894 400</b>	<b>6.4</b>
Water	42 545 196	16.6	31 874 133	12.5	24 580 109	10.2	37 932 240	16.1	-	-
Depreciation	33 749 775	13.1	35 265 685	13.8	35 434 358	14.8	26 951 253	11.4	-	-
<b>Total Expenditure</b>	<b>257 028 538</b>	<b>99.7</b>	<b>254 828 514</b>	<b>99.6</b>	<b>239 832 451</b>	<b>98</b>	<b>236 165 298</b>	<b>96.8</b>	<b>294 221 020</b>	<b>97.8</b>
<b>Total Income</b>	264 245 961		267 379 952		292 055 132		281 314 089		260 730 790	

Sources: Calculated from City of Harare Budget, 2018; Grant Thornton City of Harare Audit Reports, 2013; 2016.

### 3.2 LENGTH OF STAY IN WARD AND PROPERTY OWNERSHIP STRUCTURE

In order to understand one's participation in budgeting processes, it is vital to know one's period of stay in the ward. As such, table 20 indicates that over 40% of respondents have lived in the neighbourhood or Ward for over 7 years and about 20% have lived in the Ward for 5 to 6 years. Cumulatively, this shows that about 80% of the survey respondents have lived in the Ward for 3 years and above. In a way, such respondents should be in a position to competently answer on budgeting issues in their respective wards.

Table 20: Length of stay in the Ward (n=5284)

Years	Frequency	Per cent (%)
Over 7	2145	40.6
1-2	586	11.1
3-4	1025	19.4
5-6	1034	19.6
No response	494	9.3

Source: WPYD Survey, 2018.

In terms of property ownership, respondents in the 20 wards are categorised as: tenants (32.8%), land owners 27.9% and relatives of property owners 29.9%. Such a property ownership structure means the views expressed in this report consist of a broad spectrum including property owners and tenants. These are the main categories of residents in cities.

### 3.3 PARTICIPATION IN THE 2017 BUDGETING PROCESS

The local government ministry through Local Authorities Circular No. 3 of 2017 gives guidelines for budget preparation. These guidelines are premised on: realistic forecasts, citizen engagement, compliance with International Public Sector Accounting Standards, cost control measures, cost recovery of services, capital investment program, management of debt, gender sensitivity among others (MLGPWNH, 2017b). In particular on citizen engagement, the ministry stipulates that:

Citizen Participation is imperative during both budget formulation, review and implementation processes.... All local authorities are required to be innovative and come up with various mechanisms to improve citizen engagement. An annexure should be attached with disintegrated data on citizens engaged (sex, age, disabled etc.) the process must also deal with restoring rate payer confidence and trust in the local authority. Engagements must be seen to be genuine and necessary not just for compliance (Ibid).

Participation in the 2017 budgeting process was low. In fact, about 30% indicated that they participated in the budgeting process (Table 21). The four main reasons put forward for not participating are: not aware of meeting times (31.7%), don't know budget issues (19.7%), not interested (18.7%) and don't know the process (21.2%).

In essence, the reasons as to why residents do not participate in the budgeting process revolve on two things namely substantive and procedural issues. *On substantive issues, residents require capacity development on budget issues, setting priorities, budget lines, reviewing budgets among others.* This is the role RAs/CSOs need to partake. *For procedural issues, local authorities, RAs and CSOs need to invest in wide dissemination of dates and venues for budget consultations and the process of raising objections to the budget.* Social media platforms are a key budget information dissemination tool.

The three main budget priorities for residents were water and sanitation (27.3%), refuse collection (21%) and roads and transportation (14.6%). Ordinarily, this means that these three should secure top priorities in the 2018 local authority budgets. About 30% indicated that their priorities were not included in the

budget while about 50% professed ignorance on final budget priorities. This shows that residents are unaware of how to check for issues prioritised in budgets by local authorities.

Table 21: Participation in Budgeting processes (n=5284)

Issues	Responses	Frequency	%
Participation in 2017 budget consultation	Yes	1575	29.8
	No	3689	69.8
	No response	20	0.4
Reason for not participating in 2017 budget consultations	I don't know the process	782	21.2
	I didn't know the venue and dates	318	8.6
	I don't know budget issues	728	19.7
	I'm not interested	691	18.7
	I wasn't aware of meeting times	1170	31.7
	No response	1758	47.7
Priorities included in the budget	Yes	1057	20
	No	1622	30.7
	I don't know	2605	49.3

Source: WPYD Survey, 2018.

### 3.4 BUDGET CONSULTATION MEETINGS

Budget consultation meetings are called by local authorities with a view to harness the input of residents on draft budget estimates. These are normally ward-based and conducted toward the end of every municipal financial year. More than 60% do not know where and when budget consultations are held (Table 22). *Therefore dissemination of schedules and venues for budget consultations is vital. Such dissemination should be done at least a month in advance to allow residents preparation and scheduling of their diaries.*

Table 22: Budget Consultation Meetings (n=5284)

Issues	Responses	Frequency	%
Accessibility of budget consultation venue	Close	1559	29.5
	Don't know	2367	44.8
	Far	482	9.1
	Very close	609	11.5
	Very far	254	4.8
	No response	13	0.2
Knows where and when budget consultation meetings are held	No	3291	62.3
	Yes	1980	37.5
	No response	13	0.2
Budget consultations have an influence on final adopted budget	No	3545	67.1
	Yes	1521	28.8
	No response	218	4.1
Reasons of not having an influence on the final budget	It's a just a formality	1862	35.2
	Council don't listen to our views	1407	26.6
	People don't raise substantive suggestions	212	4
	No response	1803	34.1
Key drivers for one to participate in budget consultation meetings	Fulfil legal requirement	715	13.5
	Influence budget priorities	1876	35.5
	Nothing	605	14.4
	Raising other issues	1039	19.7
	No response	1049	19.9

Source: WPYD Survey, 2018.

More than 65% indicated that budget consultations do not have an influence on the final budget. The two main cited reasons for this are: Consultations are just a formality (35.2%) and Councils do not listen to residents views (26.6%). The two main drivers for people to participate in budget consultation meetings are: influencing budget priorities (35.5%) and raising other issues (19.7%). *Perhaps one way of making budget consultation meetings to influence budgets is for RAs/CSOs to facilitate a coordinated and researched voice for residents during consultation meetings. Further, RAs/CSOs need to invest in pre-budget consultations where residents interrogate the previous budget performance, and set priorities for the new budget.*

Stakeholder perspectives on budget consultations include: more civic education on budgeting, mobilisation of residents by RAs/CSOs, dissemination of times and venues for meetings among others (Box1). It therefore becomes imperative to prioritise steps alluded to in this report's ideal budgeting process as a way of having budget consultations with a difference.

#### Box 1: Stakeholder perspectives on Budget Consultations

Consultations are conducted per ward, however there is a case whereby 3 wards (ward 8, 9 and 10) had one meeting, which was in town. The main challenge was the venue (Civic centre) which was a bit far for some community members. The meeting started at 5pm and was marked by low attendance. In the last budget consultation, [Masvingo] city council officials would just read out the budget as a formality. It does not even qualify to be budget consultation – Interview with MURRA Official, 12 April 2018.

It emerged that budget consultations are necessary and useful, however they tend to follow political inclinations and may not serve the intended purpose. In order to ensure that budget consultation processes are effective, there may be need to use an independent organ and not the political leadership of council. In terms of budgeting process, the RAs are knowledgeable but more education is required for their members and communities. To improve the budget consultation process there is need by RAs to be clear about their apolitical status and conduct more civic education – Interview with City of Masvingo Treasurer Department Official, 12 April 2018.

The main challenges encountered during budget consultations are that residents use it as a platform to express their grievances whilst and at times it is used as a political platform. Issues expressed by residents are dominated by complaints about tariffs and not developmental issues. This results in the need to educate communities about what constitutes a budget consultation. The budget consultation process is mainly understood by those in the business sector (industry). The process is often marked by low attendance. In 2017, attendance was as low as 5 people and in some cases consultation meetings had to be cancelled. Council also ended up merging some wards in order to engage with an increased number of people. The turnout has been observed to be dependent upon the effectiveness of the residents associations – Interview with Gweru City Council Finance Official, 17 April 2018.

The budgeting process is inclusive but there is no change in terms of content of the budget. Budget consultations are characterised by the council defending its priorities. Thus, the interaction between local authorities and residents is not a sincere and honest one as evidenced by council's reluctance to avail the budget prior to the meeting. Furthermore, issues such as the council soccer team are implemented and yet not presented during budget consultation meetings. Over the years, BPRA, like many others have not been successful in accessing the draft budget. There are no consultations in the process of drafting the budget. As a result, when residents participate, their role would be to rank pre-defined priorities – Interview with BPRA Official, 23 April, 2018.

### 3.5 RESIDENTS ASSOCIATIONS, CSOs AND BUDGETING

The key roles RAs/CSOs are performing during the budgeting process are mobilising residents to attend consultation meetings and disseminating dates and venues for such meetings. There exist much potential for RAs/CSOs to contribute meaningfully to the budgeting process. This emanates from the fact that much of the work of RAs/CSOs is on the process rather than also on substantive matters of budgeting. To be precise, RAs/CSOs have not conducted in-depth assessments of budgets and council financial statements. In fact, there was no Consortium partner who had a copy of their respective local authority budget. However, some, for example Gweru Residents Forum (GRF) had council minutes which had the budget estimate and financial statements inside.

Three main issues stand in the way of RAs/CSOs to contribute substantially to substantive budget issues. These are:

- a) Lack of access to council financial data,
- b) The belief among RAs/CSOs that budgeting issues are technical therefore requiring technical expertise,
- c) An over focus on the process leaving substantive issues of budgeting unaddressed.

Besides the above, RAs have also invested their work in understanding the budgeting process. Here, we put into perspective the work of BPRC and UMRRT. BPRC in its Local Government Policy Review Series released a study titled 'A Social Surgery of the Budgeting Making Process at Local Government Level: Bulawayo City Council in Perspective' in 2016. The study focused on stakeholder roles in the budgeting process and the weaknesses of the budgeting system. On the other hand, UMRRT conducted a Social Audit of Mutare City Council in 2016. The audit focused on the 2015 budgeting process and what was achieved, the 2016 supplementary budget, residents priority funding issues among other things.

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GRF conducts budget sensitisation meetings in 13 structures in the high-density areas. The sensitisation meetings cover issues pertaining to the budgeting process and priorities. Communities are not aware of the budgeting process and residents tend to focus on service delivery issues at the expense of articulating their budget priorities. During these meetings, GRF also records issues that they receive from the residents and take them up with council. The budgeting process does not have direct input from the residents as the initial draft is based on departmental budget submissions. As a result of this process, residents priorities are not addressed - Interview with GRF official, 17 April, 2018

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*Opportunities however exist for RAs/CSOs to play a more engaged and substantial role in the budgeting process. This include acting as a financial information bridge between local authorities and residents. To ably perform this function, RAs/CSOs need easy access to monthly, quarterly, biannual and annual budget performance reports, summarise them and relay these to residents. In addition, RAs/CSOs need to build internal budget analysis capacity and conduct residents education on both procedural and substantive issues of budgeting.*

### 3.6 UNDERSTANDING OF BUDGETING

The budgeting process (page 3) is not understood by about 68.3% of residents. This affects the participation of citizens in the budgeting process as one can only participate in a process one is aware of. More than 70% of respondents indicated that they have not had access to any council budget. Non-access to the budget is despite the fact that more than 50% of respondents are aware of the purpose and use of the budget. *Budgets along with financial information is difficult to access from local authorities. Access to financial information is vital in promoting a trustworthy relationship between residents and local authorities. Thus, local authorities are urged to avail their budgets to residents through various social media platforms.* Based on this research, budgets for local authorities studied are easy to comprehend and should therefore be availed to residents.

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Residents are more concerned about service delivery issues than the budget. During budget consultation meetings, they show a disconnect with budget issues. About 80% of issues raised by the residents will not be budget related - Interview with UMRRT Official, 9 April 2018.

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Table 23: Understanding of Budgeting

Issues	Responses	Frequency	%
Understand local authority budget processes	No	3608	68.3
	Yes	1664	31.5
	No response	12	0.2
Ever had access to a municipal budget	No	3947	74.7
	Yes	1326	25.1
	No response	11	0.2
Know the purpose and use of the budget	No	2306	43.6
	Yes	2967	56.2
	No response	11	0.2

Source: WPYD Survey, 2018.

### 3.7 WOMEN AND BUDGETING

Municipal budgets determine which services are prioritised for financing. In this regard, budgets should be gender sensitive as women are disproportionately affected by service delivery issues in comparison to men. More than 70% of the women who participated in the survey indicated that budgets do not specifically address issues that affect their gender (Table 24). *Thus, it becomes imperative for local authorities to go beyond just having Gender Focal Persons to include a framework of budgeting that promotes gender budgeting and gender responsive expenditure patterns.*

Gweru city council has a gender focal person who attends workshops on gender budgeting. In practice, gender budgeting is not as prominent as expected. It has not been taken on board – Interview with Gweru City Council Official, 17 April 2018.

Women who participated in the survey feel comfortable (76.8%) to attend budget consultations that include men. Moreover, they also do not prefer being consulted as women only (60.9%). This survey indicates that separating men from women during budget consultation meetings is not what women yearn for.

Table 24: Women and Budgeting

Issue	Responses	Frequency	%
Feels comfortable attending budget consultation meetings that includes men	No	722	23.2
	Yes	2388	76.8
Prefers being consulted as women only	No	1895	60.9

	Yes	1215	39.1
Thinks council budgets specifically addresses issues of that affect your gender	No	2352	75.6
	Yes	758	24.4

Source: WPYD Survey, 2018.

As local authorities, we expect Residents Associations to educate residents about what to expect in a budget, how to ensure council is implementing the budget and train them on gender responsive budgets.

As council, it is necessary for us to be accountable to residents as well as being able to address issues presented by residents. The current budget system does not allow us to prepare ward-based budgets and budget performance reports, which many residents want – Interview with Bulawayo City Council Accounting Manager, 26 April 2018.

### 3.8 COUNCILS AND BUDGETING

Councils lead the budgeting process as part of both statutory obligations and good practice. Thus the success or failure of citizen participation in the budgeting process largely rests on the practices of councils. Despite this, more than 80% of the respondents (Table 25) do not have confidence and trust in the budgeting process. Partly, this is because councils do not provide information concerning the performance of the previous budget (78.9%). To improve public confidence in the budgeting process, *councils are therefore urged to pursue steps such as: incorporating suggestions raised during budget consultation meetings into final budgets, and disseminating information on the performance of previous budget before consultation meetings, and budget performance reports (monthly, quarterly and annually) to residents.* In a way, these steps are aimed at equipping citizens with requisite information to actively engage in the budgeting process.

Table 25: Councils and Budgeting

Issues	Responses	Frequency	%
Confidence and trust in the budgeting process	No	4325	81.9
	Yes	947	17.9
	No response	12	0.2
Councillor comes for budget feedback meetings	No	1877	35.5
	Yes	931	17.6
	I don't know	2339	44.3
	No response	159	2.6
Council provides information concerning the performance of the previous budget	No	4168	78.9
	Yes	1103	20.9
	No response	13	0.2

Source: WPYD Survey, 2018.

## 4.0 CONCLUSION AND RECOMMENDATIONS

The aim of the survey was to understand local authority budgeting process and suggest ways to improve citizen participation in the budgeting process. *The current budgeting process is not serving its intended purpose, at least according to the objectives and aspirations of local authorities, residents, residents associations and CSOs.* Therefore, this survey has proposed an ideal budgeting process (page 4) which tries to cater for concerns raised by local authorities, residents, residents associations and CSOs.



It is clear from the survey that residents do not view participation in budgeting as a process to influence budget priorities. This stems from a number of issues namely: local authorities undertake budget consultations as a formality; unpreparedness and lack of capacity on the part of residents to understand budget issues and raise substantive issues during budget consultations.

On the other hand, the effectiveness of the budgeting process from a local authority perspective is hampered by the following: failure by residents to raise substantive issues during budget consultations; lack of coordinated voice from residents when commenting on draft budgets; inadequate dissemination of consultation dates and venues; failure by local authorities to disseminate monthly, quarterly and annual budget performance reports to residents as a way of accountability and also preparing residents for budget consultations.

From the perspective of RAs and CSOs, their role in the budgeting process is hampered by the following: lack of capacity to critically analyse city financial data and lead residents in raising substantive objections on budgets and constrained access to city financial data.

Based on the survey findings, we recommend the following:

1. LOCAL AUTHORITIES

- a) Disseminate monthly, quarterly and annual budget performance reports to RAs/CSOs and residents,
- b) Taking budget consultations as a platform to report the performance of the previous year's budget,
- c) Adopt a debt clearance strategy so as to recover money owed by industry and commerce, government and residents,
- d) Avail to the public council minutes that engages with the subject of council finances,
- e) Expand revenue sources through exploring land based financing options,
- f) Conduct staff rationalisation exercises to reduce the percentage of employee costs to total expenditure from an average of 50% to about 30%,
- g) Invest in accurate billing systems as a strategy to clear debts,
- h) Design a budget consultation process jointly with CSOs/RAs.

2. RESIDENTS

- a) Honour their obligations to local authorities i.e. paying their bills,
- b) Improve their knowledge and understanding of budget issues through attending budget education campaigns by RAs/CSOs,
- c) Actively engage in the budgeting process through attending consultation meetings, raising objections and demanding financial data from councils.

3. RESIDENTS ASSOCIATIONS/CSOs

- a) Conduct residents education campaigns explaining the aim and objectives of budget consultations to citizens,
- b) Conduct budget preparatory meetings with residents articulating and agreeing on priority issues,
- c) Coordinate the submission of written objections to draft budgets through ward level structures,
- d) Build the capacity of their staff and structures on municipal budgeting and financial management.

4. GOVERNMENT

- a) Urge its agencies to honour debts owed to councils,
- b) Consider introducing a financial subsidy to help the provision of health care services by councils,
- c) Distribute the 5% budget allocation to local authorities (population based) for capital expenditure.

## ANNEX

### Annex I: Participation in the Budgeting Process

City	Responses	Bulawayo		Gweru		Harare		Masvingo		Mutare	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Participation in 2017 budget consultation	Yes	358	30.2	426	42.9	306	26.9	320	27.8	165	20.2
	No	824	69.4	560	56.5	831	73	825	71.7	649	79.5
	No response	5	0.4	6	0.6	2	0.2	5	0.4	2	0.2
Reason for not participating in 2017 budget Consultations	I don't know the process	164	13.8	84	8.5	143	12.6	162	14.1	67	8.2
	I didn't know the venue and dates	83	7	88	8.9	35	3.1	35	3	77	9.4
	I don't know budget issues	121	10.2	160	16.1	161	14.1	154	13.4	132	16.2
	I'm not interested	131	11	54	5.4	140	12.3	239	20.8	127	15.6
	I wasn't aware of meeting times	298	25.1	217	21.9	227	19.9	205	17.8	223	27.3
	No Response	390	32.9	389	39.2	433	38	355	30.9	190	23.3
Priorities included in the budget	No response	616	51.9	332	33.5	673	59.1	497	43.2	487	59.7
	Yes	215	18.1	243	24.5	170	14.9	267	23.2	167	20.5
	No	356	30	417	42	296	26	386	33.6	162	19.9

Source: WPYD Survey, 2018.

### Annex II: Budget Consultation meetings

City	Responses	Bulawayo		Gweru		Harare		Masvingo		Mutare	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Accessibility of budget consultation venue	Close	239	20.1	328	33.1	320	28.1	316	27.5	356	43.6
	Don't know	599	50.5	441	44.5	518	45.5	462	40.2	347	42.5
	Far	126	10.6	59	5.9	131	11.5	102	8.9	64	7.8
	Very close	123	10.4	94	9.5	123	10.8	228	19.8	41	5
	Very far	93	7.8	68	6.9	47	4.1	40	3.5	6	0.7
	No response	7	0.6	2	0.2			2	0.2	2	0.2
Knows where and when budget consultation meetings are held	Yes	393	33.1	464	46.8	377	33.1	449	39	297	36.4
	No	787	66.3	526	53	762	66.9	399	60.8	517	63.4
	No response	7	0.6	2	0.2			2	0.2	2	0.2
Budget consultations have an influence on final adopted budget	No	718	60.5	674	67.9	833	73.1	768	66.8	552	67.6
	Yes	425	35.8	273	27.5	265	23.3	301	26.2	257	31.5
	No Response	44	3.7	45	4.5	41	3.6	81	7	7	0.9
	It's a just a formality	431	36.3	357	36	328	28.8	464	40.3	282	34.6
	Council don't listen to our views	206	17.4	255	25.7	456	40	257	22.3	233	28.6

Reasons of not having an influence on the final budget	People don't raise substantive suggestions	63	5.3	30	3	30	2.6	53	4.6	36	4.4
	No response	487	41	350	35.3	325	28.5	376	32.7	265	32.5
Key drivers for one to participate in budget consultation meetings	Fulfil legal requirement	96	8.1	339	34.2	188	16.5	54	4.7	38	4.7
	Influence budget priorities	342	28.8	288	29	388	34.1	435	37.8	423	51.8
	Nothing	210	17.7	47	4.7	98	8.6	178	15.5	72	8.8
	Raising other issues	280	23.6	200	20.2	171	15	151	13.1	237	29
	No response	259	21.8	118	11.9	294	25.8	332	28.9	46	5.6

Source: WPYD Survey, 2018.

### Annex III: Understanding of Budgeting

City	Issue	Responses	Bulawayo		Gweru		Harare		Masvingo		Mutare	
			Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Understand local authority budget processes	No		832	70.1	636	64.1	860	75.5	718	62.4	562	68.9
	Yes		349	29.4	354	35.7	279	24.5	430	37.4	252	30.9
	No response		6	0.5	2	0.2			2	0.2	2	0.2
Ever had access to a municipal budget	No		861	72.5	594	59.9	994	87.3	850	73.9	648	79.4
	Yes		321	27	396	39.9	145	12.7	298	25.9	166	20.3
	No response		5	0.4	2	0.2			2	0.2	2	0.2
Know the purpose and use of the budget	No response		5	0.4	2	0.2			2	0.2	2	0.2
	No		495	41.7	467	47.1	534	46.9	565	49.1	245	30
	Yes		687	57.9	523	52.7	605	53.1	583	50.7	569	69.7

Source: WPYD Survey, 2018.

### Annex IV: Women and Budgeting

City	Issue	Responses	Bulawayo		Gweru		Harare		Masvingo		Mutare	
			Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Feel comfortable attending budget consultation meetings that includes men	No		270	38.5	39	7.2	95	14.3	268	37.8	59	11.6
	Yes		431	61.5	506	92.8	569	85.7	441	62.2	450	88.4
Prefer being consulted as women only	No		289	41.7	456	87.5	330	51.6	400	57.3	390	78.3
	Yes		404	58.3	65	12.5	310	48.4	298	42.7	108	21.7
Think council budgets specifically addresses issues of that affect your gender	No		511	74.3	383	80.3	432	68.1	503	73.1	460	92.6
	Yes		177	25.7	94	19.7	202	31.9	185	26.9	37	7.4

Source: WPYD Survey, 2018.

### Annex V: Councils and Budgeting

City	Issue	Responses	Bulawayo		Gweru		Harare		Masvingo		Mutare	
			Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%

Confidence and trust in the budgeting process	No	922	77.7	735	74.1	1003	88.1	916	79.7	749	91.8
	Yes	259	21.8	255	25.7	136	11.9	232	20.2	65	8
	No response	6	0.5	2	0.2			2	0.2	2	0.2
Councillor comes for budget feedback meetings	No	232	19.5	339	34.2	306	26.9	581	50.5	419	51.3
	Yes	217	18.3	240	24.2	181	15.9	185	16.1	108	13.2
	I don't know	717	60.4	403	40.6	638	56	334	29	247	30.3
	No response	21	1.8	10	1	14	1.2	50	4.3	42	5.1
Council provides information concerning the performance of the previous budget	Yes	263	22.2	414	41.7	85	7.5	270	23.5	71	8.7
	No	917	77.3	576	58.1	1054	92.5	878	76.3	743	91.1
	No response	7	0.6	2	0.2			2	0.2	2	0.2

Source: WPYD Survey, 2018.

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