

# Models and Strategies in Budgeting in Zimbabwean Urban Local Authorities: Towards Meaningful Citizen Engagement for Resilience

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## Abstract

This article is based on a study that examined urban local authorities and the models and strategies they are employing in their budgeting processes in Zimbabwe. Urban local authorities are governed by the Urban Councils Act (UCA) in Zimbabwe. Both primary and secondary data collection methods were employed. These were predominantly desk review and key informants' interviews. The study examines four cases of urban local authorities in Zimbabwe and these are Kwekwe, Beitbridge, Harare and Gweru. The literature reviewed indicates that various budgeting models and strategies can be used by urban local authorities. These include traditional Line-item Budgeting, zero-based budgeting, gender-based budgeting, performance-based budgeting, participatory budgeting (PB) and the planning programming budgeting systems. Results indicate that most urban local authorities in Zimbabwe have migrated to the use of a participatory budgetary system. However, urban local authorities are finding it difficult to fully embrace the PB model. The study recommends further research into the challenges faced by the urban local authorities in fully embracing their adopted PB processes to derive sustainable, effective and targeted solutions for good governance.

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## INTRODUCTION

Over the years, participatory budgeting (PB) has been projected as good governance enhancing process in terms of budgeting in local authorities (Moynihan, 2003). PB was quickly adopted throughout the world as a best practice (Goldfrank, 2012; Cabanes and Lipietz, 2017; De Oliveira, 2017). Zinyama (2014) argues that world leaders at the 1992 Rio Earth Summit emphasised the need for the communities to take joint responsibility for development decisions. Proponents of the PB system argue that the system provides citizens with a direct role in the governance system (Wampler, 2000; Ganuza and Baiocchi, 2012; Cabannes. 2014). Traditional methods involve a focus on inputs, not outputs and outcomes and generate a short-term perspective. The use of poor information about costs, outputs and outcomes was also cited as their weakness (Caiden, 1998; Ouda, 2011).

One of the most important functions of an urban council is to construct and maintain the public works infrastructure within its spheres of influence. A wide range of negative impacts is likely to be felt by service users that rely on local governments for service delivery if poor budgeting models are adopted. This happens when most budgetary tasks are viewed as a chore and are mechanically administered instead of being proactively constructed. The citizens' participation approach in budgeting rebuilds the relationship between service users and urban authorities which eliminate citizen boredom negatively affecting service delivery (Poverty Reduction Forum Trust, 2017).

The need to promote resilience is achieved when authorities work together with communities to encourage flexibility in budgeting. In PB, urban authorities work together with elected representatives to develop policies and budgets to meet the needs of their communities (Economic Justice Update, 2001). Urban council budgeting systems evolve and change according to the dynamics of public sector management and claims that arise in the community that allows flexibility. In most

communities, the process has been well-established and any proposed change or reform is likely to formulate resistance among participants.

The budgeting process is the one that creates the budget. Qi (2012) posits that a budget is used as a management tool for planning and managing the finances of an institution. Zhou *et al.* (2016) describe a budget as a technique for setting the organisation's priorities by giving first preference of the scarce resources to those activities that are considered most important. It also shows how the council expects to raise the revenues and income and what it is going to be spent on. Until now, there are several types of budgeting models and strategies. Line-item Budgeting developed in the early 1920s (Ibrahim, 2013) and is widely used in developing countries and the Planning Programming Budgeting System developed in the 1960s. Zero-based Budgeting developed in the 1970s, and, finally, Performance-based Budgeting, which was developed in the 1990s.

Gender budgeting ensures that councils have considered gender issues in restructuring revenues and expenditures to promote gender equality. Osborne and Plastrik (1997) argue that results-oriented governments shift accountability for inputs to outcomes or results. Many local governments have also introduced different performance budgeting systems in the USA (Poister & Streib, 1999; Melkers & Willoughby, 2005). It is in line with these budgeting models that this article seeks to scrutinise and identify models and strategies being used by Zimbabwean urban local authorities in their budgeting processes with the major aim of promoting citizens' participation for resilience. The results of this study will be used to understand and improve budgeting systems used in Zimbabwe urban councils.

## **BACKGROUND AND OVERVIEW**

The initiative of citizen engagement in the budgeting process originated in the city of Porto Alegre, Brazil in 1989 (Wampler, 2000; World Bank, 2007). The major aim of coming up with a participatory budgetary process was to provide the citizens with a direct opportunity to get engaged in government activities to improve government systems (Wampler, 2000). The system emanated in Brazil in an attempt to resuscitate a municipality that was full of bankrupt and disorganised

bureaucracy. Citizens' engagement through PB quickly spread across the world, being embraced as a best practice (De Oliveira, 2017). The system promotes resilience by bringing social justice and fairness. It allows flexibility as it allows the population to make decisions on issues that concern them, especially those to do with public resources.

The system was then transferred and simulated in other cities, like Belo Horizonte, Brazil. The system gained popularity and was later spread to Europe, Asia North America, Latin American and Africa. Results across the world varied from place to place and from time to time (Manduma *et al.*, 2015). Coming down to sub-Saharan Africa, the system was adopted with or without alteration. However, the result yielded no success in some parts due to conflicting conditions with those who were initially satisfied (*ibid.*). Thus, the success of the system is associated with the contingency theory which states that the implementation of a budgeting model is dependent on prevailing contextual variables in a given local authority. Chaeruka and Sigauke (2007) postulate that Zimbabwean local authorities are hooking on to the fashionable concept of PB.

Before 1996, all urban local authorities in Zimbabwe lacked fiscal autonomy. Central government often tilted the balance of power in its favour. Urban local authorities were denied their constitutional recognition and the subsequent fiscal authority that comes with an elevated position. The Urban Council Act (UCA) of 1973 was inconsistent with government policies on urban local authorities following the attainment of independence in 1980. According to Matumbike (2009), the UCA of 1973 was amended in 1980 with the major aim of removing the racial element in the provision of urban council services in line with the government's thrust of achieving true democracy by removing restrictions. Budgeting by urban local authorities is a statutory requirement in Zimbabwe, conducted by Part XX of the UCA (Chapter 29: 15) and the Public Financial Management Act (Chapter 22: 19). The PB (PB) system in local authorities was introduced through the UCA (Chapter 29: 15) of 1995 that assigned the power of its administration to the Minister of Local Government.

The Poverty Reduction Forum Trust (2016) has noted that very few urban local authorities in Zimbabwe have embraced a PB approach. Urban local authorities in the country are established in terms of the UCA [Chapter 29:15]. There are four different status of urban local authorities: cities, municipalities, towns and local boards. Currently, there are 32 urban local authorities in Zimbabwe. Each urban council is considered in terms of size and function ( Table 1).

**Table 1:** Urban Local Authorities in Zimbabwe, Urban Councils Association of Zimbabwe

Cities	Municipalities	Town Councils	Local Boards
Harare	Redcliff	Chiredzi	Ruwa
Bulawayo	Chitungwiza	Chipinge	Chirundu
Gweru	Chegutu	Lupane	Epworth
Masvingo	Chinhoyi	Plumtree	Hwange
Kadoma	Gwanda	Norton	
KweKwe	Marondera	Shurugwi	
Mutare	Bindura	Zvishavane	
Victoria Falls	Beitbridge	Gokwe	
		Rusape	
		Karoi	
		Chipinge	
		Mvurwi	

The statute made it mandatory that before the end of any financial year the Finance Committee has to compile and present the income and expenditure on revenue and capital accounts for the next financial year for the approval of council (Chikerema, 2013; UCA, Chapter (29:15)<sup>2</sup>). When the presented estimates are approved by council and signed by the Mayor or chairman of council, copies of the estimates are immediately made available for review by the public.

According to Chikerema (2013), urban local authorities are required to make available three copies of such estimates within two months of their approval by the Council to the Minister responsible for local government for approval of rates. Supplementary budget estimates can be drawn up if necessary. The legislation does not, however, prescribe the process to be

<sup>2</sup> The Urban Councils Act, Chapter 29: 15 of 1995, Sec 288 (1)

followed in crafting the budget. This provides room for flexibility, leaving the responsibility of preparing the budget under the umbrellas of the council's Finance Committee and approval by council. Coutinho (2010) postulates that the statute prohibits Councils expending unbudgeted money unless it is covered under supplementary estimates approved in terms of the statute, hence less resilience.

Central government used to avail budgets of the cities of Harare and Bulawayo in intergovernmental financial transfers over the years. The funding allocation was decided by central government officials who determined the needs of each urban council in the absence of a constitutionally protected formula. Although the intergovernmental financial transfers inject much-needed revenue, the continued reliance of urban local governments on them has embedded much dependence on urban local authorities. According to Marumahoko and Fessha (2011), the Ministry of Local Government enforced a wage-service bill ratio of 30% to 70% that provided a formula<sup>3</sup> for managing the budgets of urban local authorities and releasing more resources towards capital development. Urban local authorities are forced to demonstrate compliance with this requirement before the Minister gazettes their tariffs. This weakens the expenditure discretion on urban local authorities that often battle with service delivery backlogs with no ability to express demands of residents, yet they are always blamed for not being active.

## **THEORETICAL FRAMEWORK**

This section provides an overview of theories that explain how budgeting is done in institutions, urban local authorities in this context. The following theories explain the implementation of budgeting models.

### **CONTINGENCY THEORY OF IMPLEMENTATION**

According to the Contingency Theory of Implementation (Ingram, 1990; Matland, 1995; Scheberle, 1997), there is no one-size-fits-all approach to implementation. The implementation of a budgeting model is a dependent variable to the prevailing contextual variables (independent variables) in a given local authority.

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<sup>3</sup> See Ministry of Local Government (2009)

Every local authority budgets according to the number of resources available. This provides authorities with the power to decide what is best for the urban area, bringing resilience. This explains why the success or failure of the budgeting system varies from one urban local authority to another the world over. For instance, the success of the PB system in Latin and North America, Britain and other European countries is attributable to the friendly environment presented by the prevailing contextual variables in these continents.

Human and financial resources, information, time and material were adequate; and communication between key stakeholders was effective and efficient in countries where budgeting models were successful. Personalities of implementers and politicians were also positively tilted to the success of the budgeting system. Organisational structures were friendly to the successful systems. However, these contextual variables may not be present in African urban local authorities. This means resources are scarce, communication between stakeholders is terrible, characterised by limited political will and bureaucratic buy-in towards the success of a budgeting model. According to the theory, contextual variables, as independent variables, have a strong bearing on the success or failure of a budgeting model. This theory then brings the view that citizens' participation may be part of the budgetary process, but other critical factors influence the budgeting process.

#### THE GOAL-ORIENTED RATIONALITY APPROACH TO BUDGETING

This is characterised as the central approach to budgeting. Budgeting is seen as an instrument in the hands of administrators to achieve goals. It assumes that urban local authorities are rational organisations with objectives they want to achieve under certain constraints assuming that resources are not substitutable. The approach links budgeting to incentive systems and strategic decision-making. Jongbloed (2007) underscores that institutions, like urban local authorities, have no power to borrow in Zimbabwe, but implement internal budgetary systems allowing them to best answer policy pressures from the government. The theory brings out the view that administrators do not budget from nowhere. What the budget is is subject to the goals which are citizen-centred. They ask

citizens what they want first to establish the goals, hence there comes the concept of flexibility in budgeting which brings resilience.

#### THE POLITICAL MODEL: BUDGETING AS POWER-BASED NEGOTIATION

This theory argues that the use of power is very pertinent in periods where resources are scarce. When conflicts arise in urban local authorities on how resources should be allocated, departments need to use power in getting resources. The theory also predicts that in times of scarcity those departments with more power can get the lion's share. In times of abundance, flatter allocations are adopted. As literature reviewed the tightening of urban areas expenditure discretion still exists because of power in different hierarchies. Marumahoko and Fessha (2011) postulate that the enactment of the UCA of 1973 did not improve the status of urban local authorities since the latter remained subservient to central government. This theoretical perspective provides the view that budgeting in local authorities is subject to power distribution. Sometimes what is budgeted in local authorities is not what is followed. That department that has more power gets more in times of scarcity, whilst in times of abundance, there is equal distribution of resources. This brings the view that budgeting is only done as a mandate in local authorities. However, it shows that there is flexibility in the process of budgeting.

#### LITERATURE REVIEW

Shah and Shen (2007) argue that the traditional Line-item Budgeting arises due to the lack of control on spending that contributed to the creation of an environment that can increase corruption. Traditional Line-item Budgeting presents expenditures based on inputs or resources utilised. The main characteristic of the Line-item Budget System is that it sets an upper limit line item in the budget allocation process and ensures that the unit does not exceed the expenditure ceiling or upper limit (*ibid.*).

Ouda (2011) has quoted Caiden (1998) noting that there are several criticisms of traditional budgets. Briefly summarised, they are problematic because they result in uncontrollable and unpredictable budgets. The author also argues that this model produces incremental budgetary growth that does not link to strategy and focuses on inputs, not outputs and outcomes. More so, the model produces a short-term outlook,



produce rigidity and waste due to little incentive for efficiency. The use of poor information about costs, outputs and outcomes produce budgets that are unresponsive to politicians and public demands. In short, this budget system does not satisfy the information needs of an efficient and effective government.

It is stated that the assumptions underlying the model input budgeting are a finite resource and control over spending levels and the distribution of resources will be able to increase efficiency (Rubin, 2007). Therefore, the power Line-item Budgeting is strict control over public spending through the input specification details (Shah and Shen, 2007). Another feature of the traditional budget is incrementalism. With the approach of incrementalism, the number of items in the budget in a fiscal year is determined by adding or subtracting the amount of the previous year's budget by a certain margin.

The initiation of the Planning Programming Budgeting System (PPBS) was meant to correct the weaknesses of the Line-item Budgeting system. This is, especially, in the absence of a balanced connection between the amounts of the budget set by the results or objectives to be realised and the budget expenditure corrected with the advent of PBSS (Diamond, 2003). The system was tried and implemented for the first time by the United States (US) Defence in 1961. It was then applied to all federal government agencies and spread rapidly in the state and local governments (*ibid.*). In this system, much attention is focused on the preparation of plans and programmes. Plans are drawn up in line with the national goal for people's wellbeing. This is because the government is responsible for the production and distribution of goods and services, including the allocation of economic resources.

An increasing number of local authorities throughout the world have enhanced the responsiveness, transparency and accountability of public investment and public service delivery by introducing participatory planning and budgeting. PB originated in the municipality of Porto Alegre, the capital of Brazil's southernmost state, Rio Grande do Sul, in 1989 (Leduka, 2009). This accommodates greater public input and participation. In Brazil, participatory planning and budgeting have

increased municipalities' responsiveness to many previously isolated problems in poor neighbourhoods.

According to Baiocchi *et al.* (2005), in Porto Alegre, service deliveries, such as access to water, sewerage coverage and participation in municipal schools increased. In addition to improving services, Souza (2001) argues that participatory planning and budgeting also enabled better municipal resource utilisation compared to cities with less participation by citizens. Local government revenue collection per person increased in Belo Horizonte and Porto Alegre. Despite the promise of participatory planning and budgeting, its benefits are not instantaneous or inevitable (Raich, 2005).

Besides the three forms of budgeting system already mentioned above, there is also a budgeting system called zero-based budgeting. The zero-based budgeting system is based on estimates of activities. It does not depend on what has been done in the past. This budgeting system requires an evaluation of all activities or expenditures and all activities starting from a zero base, there is no specific minimum expenditure level. Zero-based budgeting offers a better approach to cover the deficits that exist, especially in the traditional Line-item Budgeting (Cheong, 2010).

Unlike incremental budgeting, zero-based budgeting is a form of the budgeting process that does not start from the previous year's budget. In this system, the effectiveness of the budget is emphasised, in which emphasis is on the incremental system of expenditure control. Zero-based budgeting aimed to justify the allocation of resources as an individual budget scheme. The preparation of zero-based budgeting is not based on historical data and starts each budget period from zero. Each item must be justified, total budgeted costs required and the total benefits obtained. According to Cheong (2010), zero-based budgeting is designed to avoid behaviour that always makes inflation adjustments.

A Performance-based Budgeting System was developed in line with the shifting paradigm of public sector management from the traditional model of public administration to new approaches to public management.

One of the main ideas contained in the new public management approach, as stated by Hughes (1998), is any fundamental changes to traditional public administration by giving great attention to achieving results. Surianti (2015) carried out a study on the implementation of performance-based budgeting in the public sector, using Indonesia as a case. The author noted that the Government has committed to the implementation of performance-based budgeting. This is done by taking into account the relationship between funding and outputs and expected results, including efficiency in achieving results and outcomes. By focusing on the outcomes expected relative to the amount of money that spent and then comparing the statutory outcome with the expected outcome.

Surianti (2015) concluded that the grand design of performance-based budgeting set by the Indonesian government is by existing literature. However, other studies previously conducted in Indonesia showed that the implementation of performance-based budgeting, both at central and local government level, are still not by a predetermined grand design (Wydiantoro, 2009; Rahmiyati, 2009; Cipta, 2011; Madjid, 2013). Rasul (2003) argues that the main problems arising in Indonesia are caused by the implementation of traditional Line-item Budgeting.

In the case of Zimbabwe, local government system, according to the local government Acts, budget proposals are published in three issues of a newspaper to provide the public a chance to scrutinise the budget. As outlined in the Urban Councils Act (2006), PB is part of the effort to promote local democracy in local authorities. The major objectives of PB include promoting civic interest and participation in local governance. More so, PB seeks to involve the community in generating self-sustaining income options and to promote integrity in local public finance and budgeting. As a process of democratic deliberations, decision-making and participatory democracy, ordinary citizens decide how to allocate part of a municipal or public budget in PB.

Hence, this ensures a guided budget in a decentralised form of governance and as well ensuring participation and promotes local democracy within

the local government system. Nkala (2004) views the budget as a public fiscal policy instrument which is essentially a mechanism of how fiscal resources will be mobilised and public goods and services allocated. Similarly, Doerr (1998; 45) defined the budget as a statement of expected revenues and laid expenditures for a fiscal period. Citizens should be part of the budget process of their areas so that they can put their desires and ensure that money is also spent on their needs.

## **RESEARCH METHODOLOGY**

The article uses primary and secondary research methods to assess models and strategies of budgeting being employed by urban local authorities in Zimbabwe. Using the survey methodology, the article draws on the experiences and insights of urban dwellers on the implementation of PB. This was based predominantly on desk review and key informant interviews held virtually. Informal interviews were conducted through the telephone to gather information from the key informants. In cases where telephonic interviews were impossible, electronic mails with questions were sent to the informants. Among those targeted for interviews were citizens, local authorities finance managers and other stakeholders. The random sampling method was used to choose those who participated in the study. In addition, the article draws on literature in books, journal articles and other publications in assessing models of budgeting being implemented by Zimbabwean urban local authorities.

## **RESULTS**

While recognising the importance of embracing modern budgeting methods that suits the country's conditions, the scope of this study was limited to the identification of models and strategies in budgeting used by urban local authorities in Zimbabwe. The study identified several budgeting methods, such as Zero-based Budgeting, Performance-based Budgeting, Planning Programming Budgeting System and PB. Based on the assessment made in this study, results showed that the majority of urban local authorities in Zimbabwe are using PB processes.

## GENERAL BUDGETING PROCESSES IN ZIMBABWE URBAN LOCAL AUTHORITIES

Urban local authorities in Zimbabwe report to the Minister of Local Government. However, the current organisational structures still reflect an ongoing transition of the inherited pre-independence era. As alluded to earlier on, the majority of local authorities practise PB. The budget cycle usually starts in mid-August with the Heads of Departments (HODs) meeting the Finance Committee to review the present budget performance. Then the HODs, together with their Committees, are expected to formulate their departmental budget estimates that are then used by the Treasurer to compile budget guidelines for the coming year. Budget guidelines are submitted to the Finance Committee in mid-September in meetings that are held together with randomly selected representatives of stakeholders. These usually include civil society, charity-based organisations and business organisations, cross-border traders, farmers' unions and residents' associations, among others. This provides stakeholders with a hands-on platform in setting up the tariffs and lobby for their interests in the budget for the coming year.

The Treasurer and the Finance Committee then combine the budget before presenting it to Full Council for consideration. The Full Council is made up of all councillors and is the policy-making organ of a local authority. It is assisted by several committees (Marumahoko *et al.*, 2020). After consideration by Full Council, the drafts are then taken out to the residents for consultation in late September. After residents' consultations, the objections are considered by the Finance Committee that then presents them to Full Council for consideration. A final budget is then made and sent for advertisement by the end of September each year.

## CASE STUDIES

### CASE 1: BUDGETING SYSTEM IN BEITBRIDGE MUNICIPALITY

The urbanisation of Beitbridge was seen as a need to have a Town Council that will govern the operations of Beitbridge urban. After the declaration in 2007, a commission was set up to run the affairs of the town before an elected body of councillors took over. The town was formed after realising that without a rural component, the town

component of Beitbridge could govern its affairs. Several factors were considered to accord such status. These included revenue collection strength, structures, population and resources. Beitbridge Town Council reports to the Ministry of Local Government. Its structure currently reflects an ongoing transition of the past structures. The Council starts its budgetary processes in August and usually ends in late September. The budgeting process consultations with the community are made during the budgeting process. This provides stakeholders with an opportunity to air their views and submit their contribution to the final budget of the local authority.

The Council aims to increase public ownership in development projects and enhances the spirit of oneness through the use of PB. PB results in better management of resources, reduction of vandalism and increase in voluntary support and services. It promotes the unity of purpose and matches priorities to available resources. In implementing this budgeting model, Beitbridge Town Council is facing challenges, like the resistance of ratepayers, political interference and ineffective communication, lack of staff, lack of resources, poor service delivery and rate instability, among other challenges. However, the Town Council has tried to implement several strategies, including ward-based revenue collection, 10 percent contingency as an adjustment to inflation and setting up a budget taskforce to undertake budget consultative meetings. The Town Councils' budgeting model proved to work well under the dollarisation period (2009-2016) when the Council was capable of preparing realistic budgets with a stable currency and fewer deviations between the forecasted and the statutory expenditures.

#### CASE 2: PB IN THE CITY OF KWEKWE

PB became one of the platforms in which the Zimbabwean local government system has given space to ordinary citizens to influence any amendments and input that may result in development. The Urban Councils Association of Zimbabwe (UCAZ, 2006) postulates that budgeting in the City of Kwekwe Urban Council begins with the Treasurer presenting budget guidelines. These are then presented to departmental heads budget guidelines meeting. Each department is then obliged to prepare its bid for the coming year. Bids from each department

are then combined by the departmental heads of the Council into a document that contains proposals for all departments. The consolidated proposals are then presented to the Budget Committee where they are revised before presentation to the wards for discussion by the city's residents. Each ward is then allowed to bring forth its contributions into the budget at the council chambers. The Budget Committee then presents the proposed budget to a special Finance Committee comprising all the councillors. The proposed budget is then presented to the Council for authorisation. After approval, the budget is then accompanied by a certificate signed by the Mayor as a confirmation that residents were consulted. As a requirement of section 288 of the UCA (Chapter 29:15), the budget is forwarded to the minister in charge of local government for approval of the tariffs in the budget.

The budget-making process in the City of Kwekwe is said to be participatory, but the orientation of the structures of the Council is far from being configured to facilitate participatory processes. Decision-making processes are still ideal for top-to-down decision-making, rather than down to top. Decision-making is still in the traditional sense, vertical and unfriendly to PB, the devolution of power and shared decision-making (Thomas, 2013). The city is dominated by the absence of an institutional framework to guide implementation, lack of political will and the absence of instruments for the city's inhabitants to make city officials accountable. These have all reduced the concept of PB in the City of Kwekwe. The Council needs to reconsider its model by placing ordinary people at the centre for the budgeting process to be participatory. The current model does not show any difference from the past traditional system in which citizens hardly participate.

### CASE 3: BUDGETING SYSTEM IN HARARE

Harare is Zimbabwe's capital city, with a population of approximately two million. The city's structure consists of two arms. The supreme policy-making body is the political structure in the urban council. The second is the administrative arm that is responsible for providing technical support and implementing the Councils' activities. In Zimbabwe, local governance is governed by the Urban Councils Act (Chapter 29:15). However, the Zimbabwean constitution does not recognise local

governance (Marumahoko and Fessha, 2011). It is through the UCA, that the city is required to consult the community during the budgetary process. Citizens have taken keen interest in the way the city is run and residents' associations have been formed.

The City of Harare recognises the PB process as mandated by the UCA. Tension has grown between citizens and urban authorities due to mistrust of the city's authorities. To ensure full participation of stakeholders, civil society organisations (CSOs), in collaboration with the Urban Councils Association of Zimbabwe (UCAZ), have occasionally conducted training for councillors, council officials and the private sector. This creates community participation in budgetary activities and enhances key stakeholders' knowledge about the budget formulation, interpretation, review, implementation and management process.

Key features of the participatory process in Harare are:

- i. Preparation (input from city councillors and officials),
- ii. Outreach (consultations with stakeholders),
- iii. Execution (operationalisation of objectives), and
- iv. Monitoring and evaluation.

The process starts with the collection of information by technocrats, led by the City Treasurer. In doing so, the technocrats also review the previous budget performance and status of projects that were implemented. Councillors from different wards then bring project proposals for incorporation into the budget proposals by the city's administrative departments. The Council should hold consultative meetings with the community, CSOs and various stakeholders to reflect the provisions in the proposed budget. This is meant to enhance ownership by the community.

The city seeks to improve accountability, transparency and efficiency in its way of doing business. The Council then revises the first draft in line with feedback from the community and Full Council. The Council is mandated to advertise the draft budget in three issues of a national newspaper over a month in advance, in which period complaints are lodged by stakeholders to any of the draft's provisions. The complaints, if any, are addressed by Council either in explanation or by amendment of



the draft. The city then finally submits a budget proposal to the ministry responsible for urban governance. This is accompanied by a certificate of proof of consultation for the ministry to finally approve the rates. Once approved, everything is implemented in various phases.

The Town Clerk makes periodic reports to Council that cascade to various wards and other stakeholders, through councillors and the office of the Mayor. Regardless of various consultations made during the budgetary process, Chaeruka and Sigauke (2007) posit that the budgetary process in the city had minimum if not insignificant citizen participation. The scholars concur with arguments made by the Combined Harare Residents Association (CHRA) in its report on the 2004 Harare City budget that the budget did not reflect the aspirations of the city's residents. The report underscored that the process did not seek comprehensive input from residents and was the product of technocrats within the municipality with minimal or no input from Councillors who rubber-stamped it (Masiya, 2009). UNHABITAT (2008) alluded to 'role conflicts' between the Council and its stakeholders on how revenue ought to be expended.

The city has an obligation through Urban Councils Act (Chapter 29:15) to produce audited accounts annually and promptly. These audited statements inform the community as to how its money had been spent. According to Masiya (2009), the city failed to produce the accounts in 2001 and 2006. This was also exacerbated by corruption that has also reached alarming levels (Transparency International Zimbabwe, 2009).

#### CASE 4: BUDGETING IN THE CITY OF GWERU

Formal budget cycle processes in Zimbabwe are established by law and by informal processes adopted by local authorities that build on experience developed from wider participatory practices. An example is the budget cycle in the City of Gweru that includes both formal and informal approaches. In Gweru, the participatory budgetary processes have resulted in a more simplified budget format that is easier for citizens to understand. Citizens have been involved in developing a strategic plan that shapes the city's future and guides the budget process. There is also an increased sense of ownership and belonging regarding the budget process and a reduction in suspicions of abuse of funds and lack of

transparency. As citizens are more involved, budgets are produced more quickly and implemented on time. The budgetary process in the City of Gweru is undertaken in the following four stages:

**Stage 1.** Identification of needs and priorities: Five-year strategic development plan with annual priorities are used to determine and adjust the priorities. National guidelines are received and incorporated into the local budget. The Executive Committee then issues budget guidelines for the Council to adopt. Key stakeholders review the guidelines with Sub National Government (SNG) and agree on impacts to be incorporated into the SNG budget.

**Stage 2.** Costing and determination of global funding requirements: Manpower committee negotiates with labour unions on the level of wages and salaries. The Finance Committee meetings are then held to determine global funding requirements and set the level of charges and capital programmes and their financing. The broad stakeholder committee delegates detailed budgeting to a stakeholder Budget Committee it elects. The committee works closely with the Treasurer and finance committee.

**Stage 3.** Budget finalisation process: Council meeting adopts recommendations of the finance committee, advertises the budget in two issues of a newspaper to allow for public objections. Council considers objections before finalising budget. Budget sent to Ministry of Local Government.

**Stage 4.** Budget implementation: The budget is implemented, monitored and evaluated. Councillors hold regular ward meetings to consult on the budget with stakeholder Budget Committee.

Having assessed the four case studies above, it is agreed that lack of urban local authorities' ability to fully embrace the PB model poses a great threat as residents may resist taking part in the next financial year.

## **DISCUSSION**

Many insights can be harnessed from the results of the desk review study presented. The desk review has provided insights into the various models

employed by urban local authorities in other countries and the specific strategies being used in Zimbabwe. Chaeruka and Sigauke (2007) have underscored that urban local authorities in Zimbabwe have migrated from traditional methods to the use of PB processes. However, participation by a citizen in the budgeting system is passive, rather than participatory. Before 1996, urban local authorities had no fiscal autonomy.

The budgeting process in Zimbabwe urban local authorities is conducted following Part XX of the UCA (Chapter 29: 15) and the Public Financial Management Act (Chapter 22: 19). The PB (PB) system in local authorities was introduced through the UCA (Chapter 29: 15) that assigned the power of its administration to the Minister of Local Government. Budgeting was done by central government on behalf of the Town Councils, which means town councils were only an extension of central government. The UCA gave the town councils the power to do their budgeting as local authorities, but this has to be consultative. Urban local authorities have adopted the consultative budgetary process as alluded to. Harare City Council, Gweru City Council, Kwekwe City Council and Chitungwiza Municipality have already adopted the strategy, though not fully embraced.

Ratepayers' and residents' associations play a critical role in the adoption of strategies and models used in urban local authorities. Some local authorities were forced to adapt their current budgeting models by residents' and ratepayers' associations through petitions to the local government minister after they were not consulted. It was noted through desk review that stakeholders in the City of Gweru even organised demonstrations against increases in charges, forcing the local authority to move into a participatory gear for local decision-making and budgeting. The citizens' demands were finally accommodated through profiling its stakeholders and conducting workshops with them for strategic planning and annual budgeting. This partnership improves relationships between the local authority and its citizens and reduces objections to the budget, thereby enabling timely budget implementation and lower defaults in payments.

Urban local authorities in Zimbabwe experience many problems in fully implementing the PB model in the country. Some of these problems are caused by the fact that there seems to be a tendency of mixing strategies used in past systems with the strategies that are required in the current system. The failure of the budgetary processes is exacerbated by the issue of corruption that has affected service delivery in the majority of the town councils over the past years. Although the information on corruption cases was limited in desk review, this can be indirectly deduced from the failure to produce audited accounts by some city Councils as required by law in the country. A good example is when authorities from the Harare City Council failed to produce audited books of accounts in 2001 and 2006 (Masiya, 2009).

Failure by some urban local authorities to follow the requirements of their budgeting processes and meet their budget allocations is generally because of a weak economy operating in a hyperinflationary environment that erodes the value of budgeted monies. This then coerces the authorities to adopt a mixture of strategies in budgeting to make things work. In implementing budgeting models, Beitbridge Town Council is facing challenges, like resistance of ratepayers, political interference and ineffective communication, lack of staff, lack of resources, poor service delivery and rate instability, among other challenges.

The orientation of the structures of the Council is far from being configured to facilitate the current budgetary processes. The currently existing structures are still ideal for traditional methods. Decision-making processes are still ideal for top-to-down decision-making, rather than down to top. The current decision-making process is vertical and unfriendly to PB, the devolution of power and shared decision-making (Thomas, 2013). The absence of an institutional framework to guide implementation, lack of a political will and the absence of instruments for inhabitants of cities to make city officials accountable are some of the problems making the budgetary systems useless. These have all reduced the concept of participation in budgeting in cities, like Kwekwe. There is need to reconsider budgeting models in some of the cities by placing ordinary people at the centre for the budgeting process to be

participatory. This is because current models do not show any difference from traditional systems in which citizens hardly participate.

## **CONCLUSION AND RECOMMENDATIONS**

Urban local authorities are restricted in deciding alternative financing options. Urban local authorities are assigned with weak revenue powers, leading to a wide gap between revenue and expenditure figures. The majority of urban local authorities in Zimbabwe have moved from their traditional ways of budgeting to PB. Citizens have taken keen interest in the budgeting process and residents associations have been formed to represent citizens in monitoring the way cities are run. Training programmes are conducted by CSOs, in collaboration with the UCAZ, for councillors, council officials and the private sector to ensure the full participation of all stakeholders. However, models being implemented hardly counts as participatory. They seem to be dominated by top to bottom in their orientation that allows budgeting only by bureaucrats. Active participation is required to ensure that they get knowledge about the budget formulation, interpretation, review, implementation and management process. Problems, like lack of political will, limited scope for participation, lack of transparency, communication breakdown, political difference insufficient resources and non-availability of institutional frameworks have condensed citizen participation in the budgeting process.

Local authorities should establish a well-defined mechanism for urban inhabitants to participate in budgeting processes. This means councils need to revisit their models of budgeting so that they become truly participatory, by placing ordinary people at the centre of the formulation of their annual budgets from formulation through to evaluation. For their budgeting strategies and models to be successful, urban local authorities should mobilise residents to attend budget meetings, strive to ensure that residents participate in all budget consultative meetings through advertising and public awareness when important meetings draw close. The budgeting strategies can also be improved by continuously reminding authorities of urban local authorities of their mandate to promote service

provision. On communication, urban local authorities can improve through attaching brochures on invoices that are sent to the residents monthly.

To ensure that consultations are successful, urban local authorities should make sure that copies of budgets are accessible from Council and are availed on their websites. This creates trust and ensures transparency, accountability, consistency in the budgetary process. Urban local authorities should also increase the quality of feedback to residents, as this increases the feeling of ownership. Councils have to embrace modern budgeting models that promote good governance through participation, transparency, accountability and quality service delivery.

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