

ZIMBABWE

UNITARY COUNTRY

AFRICA

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **LOW-INCOME** Local currency - **Zimbabwe dollar (ZWD)**

POPULATION AND GEOGRAPHY

AREA: **390 757** km²

POPULATION: **15.246** million inhabitants (2014),
an increase of 2.2% per year (2010-2014)

DENSITY: **39** inhabitants/km²

URBAN POPULATION: **32.4%** of national population

CAPITAL CITY: **Harare** (9,8% of national population)

Sources: World Bank, UN World Urbanisation Prospects, <http://publications.europa.eu, ILO>

ECONOMIC DATA

GDP: **27.3** billion (current PPP international dollars)
i.e. 1 791 dollars per inhabitant (2014)

REAL GDP GROWTH: **3.8%** (2014 vs 2013)

UNEMPLOYMENT RATE: **11.3%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **545** (BoP, current USD
millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **13.2%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.509** (low), **rank 155**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

| MUNICIPAL LEVEL | INTERMEDIATE LEVEL | REGIONAL OR STATE LEVEL | TOTAL NUMBER OF SNGs |
|--|--------------------|---|----------------------|
| 86 28 URBAN COUNCILS AND 58 RURAL DISTRICTS AVERAGE MUNICIPAL SIZE: 177 279 INHABITANTS | - | 10 8 PROVINCES AND 2 METROPOLITAN COUNCILS | 96 |

MAIN FEATURES OF TERRITORIAL ORGANISATION. Zimbabwe is a unitary country with two levels of sub-national governments, composed of 10 provinces and metropolitan councils, and 86 local councils. Sub-national governments have been recognised in the new Constitution of 2013, which also introduces a new layer of government between the national and local levels (provinces, which were only administrative units until then). Urban and rural councils are further divided into wards for administrative purposes. Urban Councils have been accorded different status according to the Urban Councils Act, and are divided into 4 local boards, 8 town councils, 10 municipal councils and 6 city councils. Local boards are established in settlements with a very small population, or in centers not able to sustain themselves without central government assistance. Town councils have a sufficient size to stand alone. City Councils have the highest status in the country, and refer to large cities. Differences in status involve differences in the election system for the executive: municipal and city councils have a mayor democratically elected every four years, while local boards and town councils are headed by a chairman elected by councillors. All councillors in urban councils and rural district councils are democratically elected. The new Constitution (2013) provides for a new layer of government: provinces. According to the Constitution, provincial/metropolitan councils are granted more powers and greater independence from the central government, and 10 members of the provincial councils, as well as their chairs, are now democratically elected.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. According to the Constitution, provincial and metropolitan governments are responsible for economic development, the coordination and implementation of government programs, environmental protection, the promotion of tourism, etc. Provincial and local authorities do not have their own budgetary allocation, and are still considered sub-structures of the Ministry of Local Government, Public Works and National Housing. Urban councils' competencies include water supply, healthcare (hospitals, clinics, etc), maternity and child welfare, housing, transport, schools, libraries, sanitation, environment protection, fire brigades and municipal police, street lighting, public spaces, parks, etc. Rural district councils' competences include the provision of social services such as health and education, construction and maintenance of sewage works, roads and dams, etc.

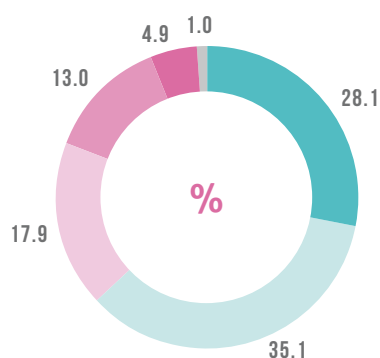
SUBNATIONAL GOVERNMENT FINANCE

| EXPENDITURE | % GDP | % GENERAL GOVERNMENT (same expenditure category) | % SUBNATIONAL GOVERNMENT |
|---------------------------------|-------------|---|-----------------------------|
| TOTAL EXPENDITURE (2013) | 2.9% | 8.8% | 100% |
| CURRENT EXPENDITURE | 2.5% | - | 85.4% |
| STAFF EXPENDITURE | 1.0% | 5.6% | 35.0% |
| INVESTMENT | 0.4% | 14.5% | 13.9% |

Zimbabwe suffers from a lack of infrastructure investments, and this is reflected in local governments' finance and expenditures. Thereby, 85% of subnational expenditures are allocated to current expenditures, against only 14,6% to capital expenditures, representing only 0,4% of national GDP. This relates to a severe lack of local finances. In most local government authorities, revenue sources are generally inadequate to finance council operations, scenarios that impedes upon local authorities' service delivery capacity.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE



Sub-national governments' main categories of spending include, by order of magnitude: economic affairs (35.1% of subnational total expenditures), general public services (28.1%), housing and community services (17.9%, representing 35.1% of total public expenditures in this sector) and health (15.7%).

| REVENUE BY TYPE | % GDP | % GENERAL GOVERNMENT (same revenue category) | % SUBNATIONAL GOVERNMENT |
|----------------------|-------|---|--------------------------|
| TOTAL REVENUE (2012) | 2.4% | 7.8% | 100% |
| TAX REVENUE | 2.0% | 7.4% | 84.0% |
| GRANTS AND SUBSIDIES | 0.1% | - | 3.7% |
| OTHER REVENUES | 0.3% | - | 12.3% |

Urban councils derive the bulk of their revenues from property, receipts from trading accounts, tariffs or fees for services rendered, registration and licensing of motor vehicles, education, health and road grants. The Harare city council also mobilises its revenue from public-private partnerships (PPPs). Rural councils' sources of revenue include taxes on landowners, mining locations, licensed dealers and permit holders.

TAX REVENUE. All of urban councils' own tax revenues come from the property tax. According to the Rural District Councils Act, rural district councils' tax revenues include taxes on landowners, mining locations, and licensed dealers and permit holders. Provinces' exact sources of revenues are not explicitly detailed in the Provincial Councils Act, and hence provinces do not benefit from any own tax.

GRANTS AND SUBSIDIES. According to the Constitution, 5% of national revenues must be allocated to provincial and local governments (however, in practice this share is not reached). The Constitution does not describe the division of these transfers of revenues between provincial/metropolitan councils and local governments. Transfers to urban/rural districts are sectorised. Local authorities benefit from education and health transfers, as well as road grants. These transfers aim at covering general administrative costs in these sectors, including the payment of recurrent expenditures such as wages.

OTHER REVENUES. Charges, licenses and fees represent a major source of revenues for local authorities in Zimbabwe. According to the Urban Councils Act and the Rural District Councils Act, local governments are able to enact by-laws in order to raise revenue through "charges made for any services, amenities or facilities provided by council". These revenues include receipts from the sale of water, registration and licensing of motor vehicles, etc.

| OUTSTANDING DEBT | % GDP | % GENERAL GOVERNMENT |
|-------------------------|-------|----------------------|
| OUTSTANDING DEBT (2013) | - | - |

Local authorities are able to borrow on the open market only with the approval of central authorities. However loans from the central government are also available, such as loans for capital expenditures through the National Housing Fund (for housing investments), the General Loan Fund (for other investments in areas such as water, sewerage, roads, etc).

A joint- study of:



Sources: National Statistics Agency: "National Accounts 2009-2014 Report" • <http://www.mlg.gov.zw/about-the-ministry>; • Gideon, Z. and C. Alouis (2013), "The Challenges of Self-Financing in Local Authorities The Case of Zimbabwe", International Journal of Humanities and Social Science, Vol. 3 • ActionAid Denmark (2014), The Dynamics of Devolution in Zimbabwe: A briefing paper on local democracy