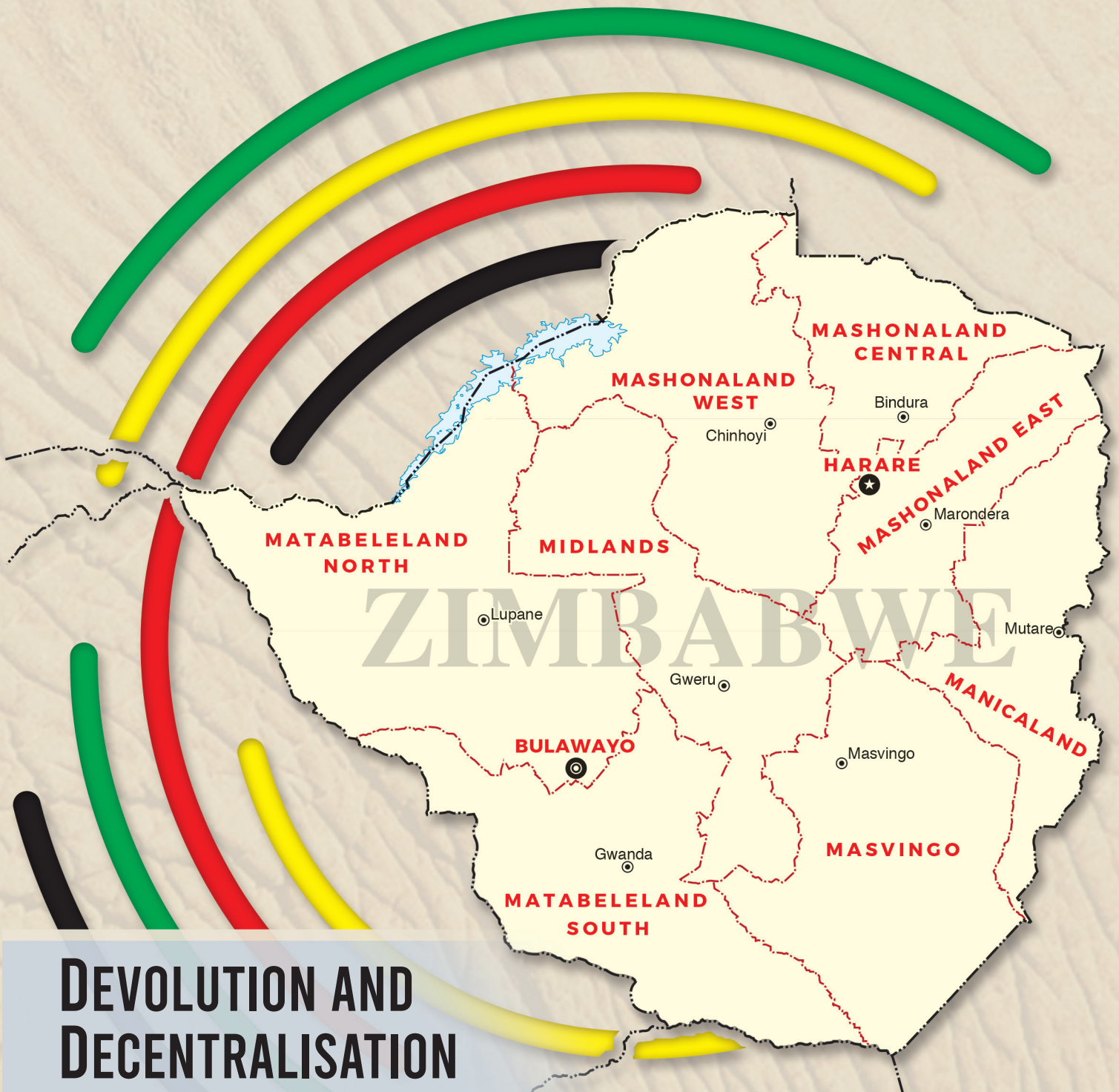




ZIMBABWE



**DEVOLUTION AND
DECENTRALISATION
POLICY**



ZIMBABWE

**DEVOLUTION
AND
DECENTRALISATION POLICY**

TABLE OF CONTENTS

Devolution and Decentralisation Policy	1
Urban Councils and Rural District Councils	3
Implementation Framework	3
Local Governance Architecture	5
Pace of Devolution	6
Devolved Functions	8
Constitution of Devolved Governance Structures	8
Interface with Central Government	9
Citizen Participation	11
Local Development Plans	11
Devolution Coordination	12
Financial Resourcing	13
Devolution and Vision 2030	15
Developing Implementation Capacity	16
Role Clarity and Devolved Service Delivery	17
Staffing Devolved Mandates	18
Financial and Administrative Capacity	20
Absorptive Capacity of Devolved Mandates	20
Fiscal Equalisation	22
Devolved Service Delivery	23
Prospects for Devolved Services Delivery	26
Service Delivery Capacity Gaps	29
Support for Regional Economic Development	30
Financial Conduct and Accountability	33
Devolved Financial Management	34
Budgets Preparation	36
Sub-national Government Sources of Revenue	37
Financial Obligations of Local Authorities	40
Accounting and Financial Reporting	41
Auditing	43
Borrowing and Investments	44
Spatial Planning and the Regional Town and Country Planning Act	45
Urban Councils Act and Rural Districts Act	47
Inter-Governmental Governance Relations	48
Conclusion	51
Annexure 1: Proposed Schematic Diagramm	56

FOREWORD

Devolution was adopted as a key component of the new 2013 Constitution of Zimbabwe which, in Chapter 14, states that it is desirable to ensure the preservation of national unity in Zimbabwe, prevention of all forms of disunity and secessionism, the democratic participation in Government by all citizens and communities in Zimbabwe, and that “**there must be devolution of power and responsibilities to lower tiers of Government in Zimbabwe**”.



*His Excellency, President of the Republic of Zimbabwe
E. D. Mnangagwa*

The policy on Devolution and Decentralisation is one of the major anchors of our unity which encompasses inclusive development. A major objective of the policy is to promote in Zimbabwe “sustainable”, representative, accountable, participatory, inclusive governance and socio-economic development.

Although the Constitution provides broad parameters on the Zimbabwe Devolution Agenda, a policy is needed to guide the process of removing ambiguities, gaps, inadequacies and impractical provisions, which might be inherent in the Constitution, particularly with regard to the ***modus operandi*** of Provincial and Metropolitan Councils.

I wish to reiterate some of the guidelines issued regarding the formulation of a sound national Devolution and Decentralisation policy, whose objectives are as follows:

- to give powers of local governance to the people and enhance their participation in the exercise of the powers of the State and in making decisions on issues affecting them;
- to promote democratic, effective, transparent, accountable and coherent Government in Zimbabwe as a whole;

- to preserve and foster peace, national unity, and indivisibility of Zimbabwe as a sovereign State;
- to provide recognition of the right of communities to manage their own affairs and to further their own development;
- to encourage and ensure the equitable sharing of local and national resources;
- to transfer local fiscal responsibilities and resources from the national government to sub-national entities in order to establish a sound financial base for each provincial and metropolitan council and local authorities in rural areas.

The resultant policy, which was approved by Cabinet on 21 July 2020, does, to a large extent, encapsulate the prescribed devolution policy formulation guidelines.

Therefore, the subsequent launch of the Devolution and Decentralisation Policy is a sign of a deep commitment by my Government, to implement devolution, as enshrined in the Constitution and in Vision 2030. Both the Constitution and Vision 2030, oblige the Central Government to devolve more powers and functions to sub-national tiers of Government. These intentions are aptly contained in this Devolution and Decentralisation Policy document.

The objective for devolving power to sub-national structures of a reconfigured Zimbabwean State is to enable a faster efficient and effective response to challenges of the delivery of public services, development, democracy, as well as the imperative of sustaining national unity and peace.

It is envisioned that devolution will not only involve a transfer of political power from Central Government to sub-national tiers of Government, but will also be augmented by a delivery of fiscal powers which enable Provincial/Metropolitan Councils and Local Authorities to spearhead economic and social development

in their respective jurisdictions using leveraged local revenues which will be enhanced by mandatory transfers of national fiscal resources to devolved entities.

We expect Provinces to become dynamic economic hubs engaged in a fierce competition to attract local and foreign direct investments. Furthermore, these Provinces should utilise their rich endowments to attract investments on which to build strong Provincial economies with explicit Provincial GDP numbers. To that end, they should transform themselves into vibrant Special Economic and Export Processing Zones.

Through a successful implementation of this policy we will recognise and guarantee the continued existence of the power of lower tiers of Government to legislate by-laws, formulate own development policies, as well as manage their fiscal affairs in a manner which complies with the Constitution and laws of Zimbabwe, which amounts to a conferment of devolution powers to eligible sub-national tiers of Government, as dictated by our Constitution.

Amongst other major deliverables expected from devolved structures of Government, will be enhanced accountability to the electorate as well as deliverance of efficient public services in their areas of jurisdiction.

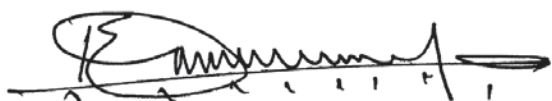
Devolution of power also comes with responsibilities, checks and balances. Through this policy a series of capacity building exercises will be undertaken, in order for Provincial/Metropolitan Councils and Local Authorities to uphold democratic, corporate governance as well as fiscal accountability standards, which are expected of all entities which draw financial resources from the Consolidated Revenues Fund.

Ministers of State for Provincial Affairs are expected to champion development programmes in their respective Provinces. The discharge of that mandate will be closely monitored by the Office of the President and Cabinet. Through their

leadership, the Government administrative machinery consisting of different decongested Central Government Ministerial officials, should operate in an efficient and coherent manner.

Finally, approval of this policy document by Cabinet has triggered a series of legislative amendments and new laws aimed at resolving conflicting Constitutional or legislative amendments and new laws aimed at resolving conflicting Constitutional or legislative provisions with regard to practical aspects of rolling out a Devolution and Decentralisation Policy. To that end, appropriate amendments to both the Constitution and other Acts of Parliament will be undertaken with a view of aligning the spirit of the Constitution and other legislated laws to practical realities demanded by the new policy, whose main thrust is to uphold existing Constitutional standards in the exercise of local governance powers.

Importantly, may I reiterate that the Devolution and Decentralisation Policy on the devolution of power to the Provinces and Local Authorities, remains one of the pillars which will sustain the unitary architecture of the Zimbabwean State. This is a progressive measure, which will enable our unitary State to respond better and faster to the demands for efficient service delivery, development, democracy, national integration and peace.



Emmerson Dambudzo Mnangagwa

PRESIDENT OF THE REPUBLIC OF ZIMBABWE

31 August 2020

PREFACE

Devolution is an integral part of that democracy which brings decision making to the very place where implementation of plans, policies, programmes and projects majorly takes place. To allow for the devolution of such power to take place in a collaborative and structured manner, the Decentralisation and Devolution Policy had to be put in place. This Policy facilitates the setting up of the context of the standards, regulatory provisions and the monitoring framework within which the devolution process is to be unpacked.



*Dr M. J. M. Sibanda
Chief Secretary to the President and Cabinet*

The Decentralisation and Devolution Policy acknowledges that with increased mandates, there will be need for greater capacitation of the lower tiers of Government. It therefore provides for the requisite capacity building to take place in order to ensure that the whole Government Machinery from the center to the lower levels, is geared to effectively and efficiently provide services to the citizens of this great nation.

That the attainment of Vision 2030 is predicated on a firm foundation, anchored on fundamental pillars amongst which is Devolution, is evinced by its being prioritised by the 2nd Republic. As we cohesively march on to prosperity with the Vision 2030 in sight – **“Towards a Prosperous and Empowered Upper Middle Income Society by 2030”**, this Policy will provide the necessary guidance to the entire Government Machinery in implementing devolution in a clear and efficient manner.

A handwritten signature in black ink, appearing to read 'M. J. M. Sibanda', written in a cursive style.

Dr. M. J. M. Sibanda

CHIEF SECRETARY TO THE PRESIDENT AND CABINET

DEVOLUTION AND DECENTRALISATION POLICY

1. The Devolution and Decentralisation Policy overcomes historical fragmentation of various policies and legislation. This is provided for in the Constitution of Zimbabwe, Amendment (20) Act 2013 and Zimbabwe's Vision 2030 which both recognise the fundamental principle of the country as a unitary State.
2. Section 264(1) of the Constitution states that whenever appropriate, Governmental powers and responsibilities must be devolved to Provincial and Metropolitan Councils and Local Authorities which are competent to carry out those responsibilities efficiently and effectively. This implies that National Government has the right to retain some functions of a national nature such as Defence and Security, maintenance of trunk highways and operation of civil aviation controls.
3. The Constitution recognises the presence of Provincial/Metropolitan Councils and Local Government structures such that what remains would be devolving powers to these through fiscalising so that decentralisation goes across the administrative, political, fiscal and market formations.
4. Under this new dispensation, consistent with Section 264(1) of the Constitution, the three tiers of Government are:
 - (i) National Government;
 - (ii) Provincial and Metropolitan Councils; and
 - (iii) Local Authorities.
5. The objectives of the devolution policy draw from Section 264(2) of the Constitution which seeks to achieve the following:

- facilitate democratic participation of people in making decisions that will affect them;
 - promote good governance;
 - maintain Zimbabwe as a single peaceful State;
 - enhance citizens' participation in the management of local affairs and development;
 - provide a mechanism for resource sharing; and
 - enable fiscal capacitation of the lower tiers of Government.
6. The basic standards by which devolved governance institutions will operate are provided for in Section 265(1) of the Constitution. These require:
- Adherence to the tenets of good governance;
 - Carrying out of functions that are assigned to devolved tiers of Local Government by law;
 - Adherence to legally assigned areas of jurisdiction with no turf wars;
 - Cooperation with each other for the good of the whole;
 - Working for the good of the people of Zimbabwe; and
 - Practicing inclusivity.
7. Government will, under the Devolution and Decentralisation Policy, create the necessary conditions and institutional capacities of Provincial /Metropolitan Councils and Local Authorities to absorb and exercise devolved powers.
8. Government also has a responsibility to ensure that devolved functions are executed efficiently and effectively. Support measures may take the form of human resources capacity building, fiscal transfers for capital

and recurrent expenditures and other material support measures, including provision of infrastructure development projects.

URBAN COUNCILS AND RURAL DISTRICT COUNCILS

9. Zimbabwe already has some devolution exercised through Local Authorities in the form of Urban Councils and Rural District Councils established to provide services to a heterogeneous citizenry in geographically defined and demarcated areas of jurisdiction.
10. The primary Acts that govern Local Authorities are the Urban Councils Act, the Rural District Councils Act, The Public Finance Management Act and the Regional, Town and Country Planning Act. These four pieces of legislation form the principal basis for the implementation of Local Government policy in Zimbabwe and establish the relationship between Local Authorities and Central Government. Local Authorities are not allowed to perform functions not specifically mentioned in their enabling legislations.

IMPLEMENTATION FRAMEWORK

11. As articulated in Vision 2030, decision-making and authority in the provision of most basic services will be delegated and decentralised to Provincial and District levels.
12. The Policy seeks to bring Government closer to communities, and make it more accessible as a way of enhancing responsiveness, accountability and participatory governance over local development agendas.
13. Decentralisation will be founded on Regional Investment and Development Plans derived from a broad National Investment and Development Master Plan.

14. This will entail strengthening Government's planning capacity through Treasury or a National Economic Planning Commission.
15. In order to monitor movement towards devolution, a Monitoring Committee made up of experts will benchmark all services so that funds can be applied equitably across Provinces while ensuring that communities are not left behind.
16. Section 273 of the Constitution provides for the establishment of Metropolitan and Provincial Councils. In this regard, Parliament will enact legislation to make provision for the establishment and functions of Provincial and Metropolitan Councils and, in particular, for:
 - (a) Operating procedures of Provincial and Metropolitan Councils;
 - (b) Functions of Provincial and Metropolitan Councils; and
 - (c) Appointment, conditions of service and removal of employees of Provincial and Metropolitan Councils.
17. Provincial and Metropolitan Councils and Local Authorities will have operational autonomy in compliance with the country's Constitution, relevant Acts of Parliament, and the unitary character of the State. In this regard, the Devolution and Decentralisation Policy delegates defined central Government powers down to lower tiers and levels of Government.
18. This entails local, political and economic governance powers to designated Provincial and Metropolitan Councils, as well as Rural District and Urban Councils. In this context and where appropriate, these entities, individually or singularly, will be referred to as Local Authorities.

19. Local Authorities will be empowered to make decisions which previously required authorisation by officials at Provincial and Ministry Head Offices situated in Harare or regional capitals. Devolving decision-making over local administration will enable Local Authorities to respond much faster to local delivery service requirements.
20. Furthermore, some responsibilities which used to be undertaken by State agencies will be devolved and assigned to Local Authorities. A notable example would include Rural Councils taking over responsibility for maintenance of rural road networks.
21. Government jurisdiction over Local Authorities to which power would have been devolved will relate to the following:
 - (a) Regulation through setting of the legal, policy and standards frameworks within which sub-national tiers will operate and such functions will be carried out through a mandated Ministry;
 - (b) Monitoring to facilitate oversight of the maintenance of standards and adherence of Local Authorities to appropriate Central Government policy and legal frameworks; and
 - (c) Facilitation through capacitation of sub-national tiers of Government, with devolved State powers to deliver quality services to the citizens within their jurisdictions.

LOCAL GOVERNANCE ARCHITECTURE

22. Decentralisation of activities by Ministries to bring Government services closer to the people will result in the review of existing Local Government architecture consisting of the following:
 - (i) National Government;

- (ii) Provincial and Metropolitan Councils; and
- (iii) Local Authorities.

23. The Devolution and Decentralisation Policy also embraces such sub-district levels as Ward and Village Committees. The policy also outlines roles and powers of Chiefs and Traditional Leaders, under whose jurisdiction falls Village Committees. Legal reforms to remove any ambiguities between and amongst the powers of hereditary leaders who are Chiefs and elected Councillors who are an overlay authority over similar administrative zones will also be undertaken.

PACE OF DEVOLUTION

24. The pace at which devolution processes will be implemented, going forward, draws impetus from the advent of the Second Republic in November 2017. This marked the beginning of a serious commitment by Government towards the implementation of the devolution policy in line with the 2013 Constitutional Amendments.
25. Implementation of the Devolution Agenda will be broad-based and inclusive of civil society and the citizenry whose bottom-up participation assisted with the design of envisaged processes.
26. The undertaking of consultative outreach programmes overcome challenges and inertia related to the slow pace of implementation of the National Devolution Policy, the necessary legislative agenda and other edicts to be undertaken by the Ministry of Local Government and Public Works.
27. The implementation of Constitutional provisions on devolution will transfer some powers from the Minister of Local Government and

Public Works to sub-national tiers of Government. These empowered entities will be supervised through policies, and Acts of Parliament, which will not be *ultra vires* to the Constitution.

28. Concurrent with that process there will be realignments of various Local Government statutes to the Constitution.
29. The undertaking of appropriate policy frameworks and legal reforms will anchor devolution policy implementation to sub-national tiers of Government underwritten by commensurate amounts of fiscal disbursements to Local Authorities. This will entail developing a complex fiscal distribution formulae, designed to achieve an equitable development status in all sub-national tiers of Government. Already, Treasury has begun distribution of not less than 5% of collected revenues to eligible sub-national tiers of Government.
30. Development of an equitable fiscal distribution formulae is an imperative which is both complex and politically sensitive in the quest for developing consensus towards implementation of a devolution policy which will create an equitable and balanced economic growth outcomes across all regions. Such a formulae will create an evidence based methodology for skewing distribution of devolution funds in favour of less developed regions.
31. A best practice model for distributing national public resources equitably would require development and implementation of a fiscal equalisation model, which will guide annual budgetary allocations to various Local Authorities.

DEVOLVED FUNCTIONS

32. Functions of all Provincial and Metropolitan Councils will include, *inter alia* the following:
- Planning and implementing social and economic development activities;
 - Coordinating and implementing government programmes;
 - Planning and implementing measures for the conservation, improvement and management of natural resources;
 - Promoting tourism and developing facilities for that purpose; and
 - Monitoring and evaluating the use of resources.

CONSTITUTION OF DEVOLVED GOVERNANCE STRUCTURES

33. Citizens will indirectly elect members who will serve on Provincial and Metropolitan Councils through a system of proportional representation, whilst Urban and Rural District Councillors will be directly elected.
34. Furthermore, the Constitution in its current form includes elected members of Parliament and Senate, including those appointed to Ministerial positions into the Provincial and Metropolitan Councils, making them eligible to participate in both Provincial and national governance institutions.
35. Accordingly, Constitutional amendments will be proposed to exclude Members of Parliament and Senators from participating in the formal business of elected Councils. In this regard, elected Provincial and Metropolitan members will be fully at the helm of local political and socio economic governance issues.

36. For coordination purposes, Ministers of State for Provincial Affairs can only serve as *ex-officio* members of Provincial and Metropolitan Councils. An appropriate legal provision might be necessary to give effect to the proposal.
37. Furthermore, the relationship between Ministers of State for Provincial Affairs and the Minister of Local Government and Public Works will be consultative.
38. His Excellency the President will coordinate the Cabinet Committee on Devolution and Development of Local Authorities (DDPLAC), which would have oversight on the implementation of the country's devolution policy.

INTERFACE WITH CENTRAL GOVERNMENT

39. The institutional interface between sub-national tiers of Government structures and Central Government revolves around functional relations over devolved responsibilities in the delivery of public services across the regions.
40. The construct of the interface will be on the basis of principles of subsidiarity of various layers of sub-national tiers of Government to Central Government structures.
41. The Cabinet Committee on Devolution and Development of Local Authorities (DDPLAC) will submit periodic reports to Cabinet on the progress made on the implementation of devolution processes.
42. The Results Based Monitoring and Evaluation framework for the implementation of the devolution policy is being developed by the Office of the President and Cabinet.

43. In this broader context of rolling out implementation processes, the Minister of Local Government and Public Works will remain seized with day to day oversight on the functioning of Local Authorities. Deployed Provincial and District Development Coordinators will remain subordinate to their parent Ministry and will also advise Provincial Ministers of State on the operations of various Government Ministries in various Local Government domains.
44. Provincial Ministers of State, Provincial and District Coordinators and deployed staff from line Ministries will provide services to Local Authorities, whilst capacity is being built for Local Governments to take over some of the functions which are currently being offered by line Ministries and the Ministry of Local Government and Public Works.
45. The Public Service Commission (PSC) will consider proposals to provide immediate posts to Provincial and Metropolitan Councils which will enable empowered Local Governments to have an immediate capacity to manage Council affairs, as well as provide administrative management services. There will be need for the Councils to have skilled manpower, as well as other administrative structures to manage personnel, procurement, and maintenance and service delivery in areas under their jurisdiction.
46. An expedited implementation of a proposed independent administrative capacity by the PSC in certain Provincial/Metropolitan and Urban and Rural District Councils, will create the necessary optics which will confirm that indeed political power has been devolved to those sub-national tiers of Government. Essentially, Council staff will not be subordinate to Provincial and District Development Coordinators deployed by the Ministry of Local Government and Public Works.

47. Appropriate legislation will be enacted to provide for procedures for recall of non-performing Councillors and Council Chairpersons, as well as for holding by-elections, in between seasons of periodic national harmonised elections.

CITIZEN PARTICIPATION

48. Local democracy can only be protected by citizens who are capable of effectively articulating their demands to elected officials. They should also be capable of acting or demanding appropriate information which enables them to perform a watchdog role over elected and employed officials. Hence, the devolution policy provides for separate capacity building initiatives targeted at local citizens, in order to empower them to hold local officials accountable over the implementation of approved regional development plans.
49. This should inculcate Provincial/Metropolitan Councils and Local Authorities interface with citizens in the management of local affairs. It is a process which will negate imposition of development plans by Central Government on local communities. Devolution requires that sub-national tiers of Government reflect an aggregation of community priorities and their development preferences.

LOCAL DEVELOPMENT PLANS

50. Notably, it is a requirement that Local Authorities exercising devolved powers should take into account National Development Plans in crafting their own Local Development Plans. Furthermore, such a dispensation will encourage intra-Local Authorities cooperation to achieve higher economies of scale in plan implementation outcomes.

51. The Devolution and Decentralisation Policy recognises the potential of various economic activities across the country's Provinces which can constitute viable regional development plans. Implementation of such plans will need to be supported with requisite financial and technical support for infrastructure development from Government, local and foreign investors, as well as public-private investment partnerships.

DEVOLUTION COORDINATION

52. The Devolution and Decentralisation Policy does not obviate the principle of subsidiarity in the practice and exercise of political powers devolved by Central Government. Hence, many of the Statutes which enable central Government to exercise oversight over Local Authorities will remain.
53. In this regard, Provincial Development Coordinators will oversee, on behalf of the respective Ministers of State for Provincial Affairs, delivery of services being performed by various Ministries and Statutory bodies. Provincial Ministers have a mandate to ensure that programmes initiated by Government in their respective Provinces are effectively coordinated and monitored. Their monthly reports to the OPC will include this imperative. In this regard, the Ministers of State responsible for Provincial Affairs will have a consultative relationship with all relevant Ministries through the Minister responsible for policy implementation in the Office of the President and Cabinet who will direct consolidated reports to the Cabinet Committee on Devolution and Development of Local Authorities (DDPLAC).
54. The Chairperson of the DDPLAC will report directly to Cabinet on material issues concerning the implementation of Zimbabwe's devolution and decentralisation policy, as well as monitoring reports on the implementation of programmes in Local Authority domains.

55. Previously, the Minister responsible for Local Government and Public Works reported on material matters and developments concerning local governance developments directly to Cabinet. Significantly, the Minister responsible for Local Government and Public Works will under the devolved political order retain power and authority over Local Governments as spelt out in various statutes and Central Government policies.

FINANCIAL RESOURCING

56. As the implementation of the country's devolution takes root, Provincial and Metropolitan Councils and Local Authorities will not have sufficient financial capacities to provide services devolved by Government to them. Critical services which require funding, with short to long term repayment tenure, include water provision, sanitation, health and education.
57. Treasury disbursements to Metropolitan and Provincial Councils and Local Authorities will complement own mobilised resources to fund service delivery across various communities. Central Government official transfers including grants for supplementary funding of devolved functions would be through Local Authorities budgets. Argumentation for financial allocations from the National Budget is defined in Section 301 of the Constitution.
58. In this regard, Local Authorities will have scope to develop their own revenue streams, including leveraging of local natural resource endowments which would target funding of specific purposes.
59. Initially, Treasury will target distributing 5% of fiscal revenues to sub-national tiers of Government towards funding Local Authorities budgets. Devolved Government structures are expected, under the Constitution,

to directly submit their estimates of expenditures as approved by their Councils to Treasury.

60. To that end, devolved sub-national tiers of Government will need to develop capacities and capabilities for preparing own estimates of expenditure to be presented to Treasury in a prescribed manner.
61. This procedure marks a major shift from the current situation where the Ministry of Local Government and Public Works submits to Treasury authorities, consolidated bids for funding from various Provincial/ Metropolitan Councils and Local Authorities.
62. Sections 301, 302 and 305 on the receipt and accountability of appropriated funds from the Consolidated Revenues Fund also applies to Local Authorities.
63. Use of funds disbursed by Local Authorities will be subject to oversight and audit by the Office of the Auditor-General, over and above accountability requirements of the Accountant-General in the Ministry of Finance and Economy Development, as well as the Parliamentary Portfolio Committee on Public Accounts.
64. Treasury financial support is in recognition that it is necessary for Government to avoid devolving responsibilities for critical service deliveries without funding to execute those mandates.
65. The implementation matrix of the devolution and decentralisation policy will benefit from inputs of stakeholders, inclusive of Councils and Ratepayers Associations with regard to fiscal policy matters and requirements of long term funding instruments for service delivery and infrastructure development across all Local Authorities.

66. This is particularly so in light of drying up of financial support from development partners and international lending agencies which used to grant long term loans to Zimbabwe Local Authorities for infrastructure development and rehabilitation. There would also be a role for local financial institutions to extend financial credit lines towards funding of capital projects critical to delivery of devolved services. Government for its part, would develop appropriate long term financing instruments, for funding critical infrastructural requirements.

DEVOLUTION AND VISION 2030

67. Notwithstanding outstanding requisite legislative alignments to the Constitution, sub-national tiers of Government have already begun to embrace devolution aspirations, in tandem with relevant provisions contained in the 2013 Constitutional dispensation on the devolution of State power and responsibilities. Hence, the development of a devolution policy implementation framework will also guide the drafting of new legislation, and the realignment of existing legislation to the Constitution as well as the execution of legal formalities in order to effect and expedite devolution.
68. The transition in the architecture of the Zimbabwean State, from a centralised to a devolved State, will not create a federated system of Government but will retain the character of a single unitary State. To this end, the devolution policy will propose appropriate Constitutional and legislative amendments, as well as other symmetrical Central Government policies designed to put devolved sub-national Government tiers on a sound, sustainable, legal, administrative and political basis. These will be enriched by an active and structured stakeholders' consultative exercises, critical for local ownership of community initiatives and policies on devolution and decentralisation. This will also bring about a shared understanding and removal of

misconceptions. Meanwhile, Government will implement uncontested legislative and Constitutional amendments.

DEVELOPING IMPLEMENTATION CAPACITY

69. Capacity building emerges as one of the key factors which will facilitate successful implementation of the devolution policy, in conformity with the Presidential Guidelines on Devolution and Decentralisation of Governance and Economic Development to Provinces and Local Authorities. Empowering devolved sub-national tiers of Government will require rigorous capacity building exercises which will also target enhancing capabilities of elected Mayors/Chairpersons and Councillors to competently assume and exercise newly acquired Constitutional mandates. Capacitation of officials will also be required for them to manage new devolved administrative responsibilities transparently and in an accountable manner. In all this, the relevant various arms of central Government Ministries will have to play an active supportive role.
70. Councillors at the devolved levels would also need to acquire skills and competences for both articulating and responding to demands from their respective communities and constituencies.
71. The Devolution and Decentralisation Policy recognises the need for the empowerment of communities to have a capacity to demand quality services from elected Councillors, including legal recall powers.
72. This draft policy also calls for the inclusion of disadvantaged groups such as the youths and women. Their participation will broaden community participation in economic activities in their respective areas. Particular attention is made with regard to support for gender participation. Therefore, a need exists for all round capacity building activities to educate communities on participation in civic matters.

73. The successful implementation of devolution and decentralisation policy advocates for election into office of Councillors with capacity to respond to devolved local community development agendas.
74. This expectation is consistent with Section 264 (1) of the Constitution calling for a standard of competence before political power can be devolved to a sub-national tier of Government. The establishment of the objective criteria by which competence is determined prior to devolving powers will ensure a transparent system that will also indicate areas for capacity building requirements prior to devolving power to designated Local Authorities.

ROLE CLARITY AND DEVOLVED SERVICE DELIVERY

75. The Devolution and Decentralisation Policy, once fully implemented, would result in empowered Councils assuming all appropriate service delivery responsibilities. However, some of those devolved mandates would not only require capacity building and short to long term Central Government funding, but more importantly also mentoring, monitoring, evaluation and management skills.
76. The Policy on devolution is not being implemented in an administrative vacuum. Targeted recipients of devolved powers already have a Central Government presence, mostly in the form of central Government service provision. Currently, Government recruits, trains and remunerates such deployed staff. Expectedly in some cases, it will be a while before devolved administrative structures can fully take over delivery of public services currently being delivered by central Government. Where the State is directly delivering services in sub-national tier jurisdictions, some of these services may be undertaken jointly by Government in partnership with the Local Authorities. Importantly, clarity over the roles of the respective parties would avoid incidents of duplication and overlap.

STAFFING DEVOLVED MANDATES

77. The current administrative status quo is that, Provincial Development Coordinators have oversight over Council operations, under mandates and various relevant statutes administered by the Minister of Local Government and Public Works. In addition, activities and operations of Local Authorities were also under the purview of an appointed Provincial Minister, as was the case with all Provincially based civil servants.
78. Handover of devolved services to empowered Local Authorities also poses issues over the employment status of Central Government officials employed by the Public Service Commission (PSC), who are currently providing the required services. This consideration is not only limited to the funding of salaries and conditions of service of officials, but includes employee career path preferences as well as financial capacities of the new employers to fund existing salary levels being paid to Government employees. Be that as it may, transfers of current Government employees in Local Government domains, is a process which will be guided by pragmatic considerations. That said, Section 273(1)(d) of the Constitution, stipulates that recruitment of staff members by Local Authorities is the preserve of the respective Provincial and Metropolitan Councils, presided over by elected Mayors and Chairpersons.
79. In this respect, Government disengagement and withdrawal of its employees, will be gradual and dependent on various factors not least of which will be Local Authorities conditions of service and ability to meet career advancement aspirations of affected staff members.
80. Therefore, the establishment of critical staff complements at Provincial/ Metropolitan Councils will necessitate adoption of transitional arrangements. Such a provision will enable the Public Service

Commission to second staff to the Provincial/Metropolitan Councils in order to facilitate processes of establishing Local Authorities staff complements. This would allow for continuity of service delivery previously provided by central Government personnel employed by the Public Service.

81. There will be flexibility with regard to retention of Ministry of Local Government and Public Works staff complements currently deployed to Provinces and districts. However, such staff would operate under the management of Councils, which progressively will become more autonomous. Such deployed staff should, by and large, also exercise mentoring roles.
82. Provincial and Metropolitan Councils and Local Authorities, which have been accorded devolved powers, are required to gradually absorb existing civil servants, over and above employment of new staff members as necessary. As already alluded to, experience elsewhere confirms limited capacity of devolved regions from the outset, to fund inherited bureaucracies without initial central Government subventions.
83. Local Authorities are already managing their own recruitment and respective payrolls for required service delivery and administrative staff albeit, many have arrears in wages and statutory obligations. This will necessitate tightened management of Local Authorities' employment costs in order to create budgetary space for service delivery mandates devolved to Local Authorities by Central Government. During the transition, Central Government will assist to create an immediate capacity to recruit, train and remunerate professionals who will manage devolved mandates. In addition, all Provincial/Metropolitan Councils and Local Authorities' elected members will require a detailed inductive programme which enables them to exercise authority over an existing and experienced but transitional bureaucracy.

FINANCIAL AND ADMINISTRATIVE CAPACITY

84. The successful implementation of the devolution policy requires that powers and functions be devolved to competent Provincial/Metropolitan Councils and Local Authorities. However, devolved mandates should be well-funded.
85. An unfunded mandate refers to devolution of functions to Provincial/Metropolitan Councils and Local Authorities which are unaccompanied by adequate financial and administrative capacities to implement those mandates in a sustainable manner. These would overwhelm and strain Provincial/Metropolitan Councils and Local Authorities' limited resources and ultimately lead to poor service delivery outcomes.

ABSORPTIVE CAPACITY OF DEVOLVED MANDATES

86. The Cabinet Committee on Devolution and Development of Local Authorities (DDPLAC) will review and evaluate the absorptive capacities of all sub-national tiers of Government proposed for devolved mandates.
87. This will, in line with Section 264(1) of the Constitution, guide identification and determination whether the devolution is “appropriate” and whether the receiving Councils have the necessary capacity. Furthermore, this will have a bearing on decisions as to which powers and responsibilities are to be devolved to an eligible sub-national tier of Government. To that end, candidates for devolution will be required to initiate applications and identification of potential powers and responsibilities, which can be devolved. Where required capacity is lacking, appropriate capacity building interventions will be instituted.
88. In addition, Central Government will also evaluate the extent to which activities within Provincial and Local Government areas of jurisdiction

are being coordinated with other relevant Provincial/Metropolitan Councils and Local Authorities.

89. The delegation of functions from a national level to sub-national tiers of governance will be an outcome of Cabinet decisions which will take into account views and capacities of devolved Councils. A condition precedent to such requests to be considered by Cabinet will be evidence or proof that Councils had held consultations with their local communities. This facilitates integrated decision-making, harmonisation of devolved initiatives, monitoring of administrative capabilities and in particular expected service deliveries.
90. Coordination across the three tiers of governance is crucial for the enhancement of integrity, efficiency and effectiveness of the whole system of devolving of powers and functions to respective sub-national tiers, in a manner which ensures avoidance of encroachments, across different delegated Constitutional mandates.
91. This endeavour will be supported by institutional clarity over implementation of devolved activities. This will entail:
 - ✓ Capacity building and support;
 - ✓ Sustainable extraction of natural resources within common jurisdiction such as the Great Dyke;
 - ✓ Information communication technology and equipment;
 - ✓ Joint investment projects and combined procurements;
 - ✓ Research and information dissemination;
 - ✓ Service delivery across boundaries;
 - ✓ Training of Councillors;

- ✓ Inter-Governmental fiscal equalisation to ensure vertical and horizontal equity in terms of both fiscal capacity and expenditure needs;
- ✓ Labour relations and human resource development;
- ✓ Financial accounting, management, reporting and auditing;
- ✓ Peer review and learning.

FISCAL EQUALISATION

92. Section 264(2) (e) of the Constitution requires that devolution of central Government powers and responsibilities must ensure equitable sharing of the country's national and local resources.
93. In this regard, review of central Government grants and transfers currently being made to the tiers of Local Government as provided for in Section 264(2)(f) of the Constitution on the basis of 5% of fiscal revenue will draw from equitable and sustainable fiscal support and transfer models that strike the right balance.
94. Equalisation fiscal models for distributing fiscal funds to sub-national tiers of Government, used by other countries include such broad parameters as the following:
 - (a) Total amount to be allocated as declared in the national budget as provided for in Section 301(3);
 - (b) Poverty index (considered here as the equivalence of the Poverty Prevalence Rate);
 - (c) Population size or density of the area;
 - (d) Infrastructure quality and deficit;

- (e) The size of the local economy measured as a proportion of the national GDP (determined using the revenue/GDP ratio) to be published by ZimStats;
 - (f) Estimated extracted natural resource value of the area; and
 - (g) The local tax base of each sub-national tier of Government.
95. Constitutional dictated fiscal revenue distribution parameters to Local Authorities will also take into account both projected costs of mandated public service deliveries as well as Local Authorities' capacity to generate and raise local revenues. The aim will also be to ensure that the taxation burden is equitably shared.
96. The Policy recognises that devolution and decentralisation are not an event but a process. Hence, in line with Section 264(1) of the Constitution, determination of what services are best undertaken by lower tiers of Government will take a pragmatic approach, guided also by appropriate National Budget appropriations.

DEVOLVED SERVICE DELIVERY

97. The vast differences in the breadth and composition of Provincial/ Metropolitan Councils and Local Authorities also mirrors their respective service delivery capacities and capabilities.
98. Section 270(1) of the Constitution provides that each Provincial/ Metropolitan Council is responsible for the implementation of social and economic development programmes in its domain, which include:
- (a) Planning and implementation of social and economic development activities in its province;
 - (b) Co-ordination and implementation of Governmental programmes in the Province;

- (c) Planning and implementing conservation measures in order to improve management of natural resources in its domain;
- (d) Promoting Provincial tourism as well as developing facilities for that purpose;
- (e) Monitoring and evaluating sustainable use of resources in its Province; and
- (f) Exercising any other functions, including legislative functions that may be conferred or imposed on it by Government under an Act of Parliament.

99. Section 301 of the Constitution obliges the State to provide funds/grants meant for inter-Governmental fiscal equalisation. In a broader context, specific services to be provided by Urban Councils are provided for in the Urban Councils Act [*Chapter 29:25*], whereas those of Rural and Local Authorities are provided for in the Rural District Councils (RDCs) Act [*Chapter 29:13*]. The nature and forms of such services are listed in the Second Schedule of the Urban Councils Act and in the First Schedule of the Rural District Councils Act.

100. Existing Local Government Acts already contain a variety of powers which regulate operations of Local Authorities. The selected Local Government bodies are given the powers for providing services to residents within their jurisdiction. These powers also include regulating the affairs of their local areas. The granting of such powers will vary according to the nature and capacity of the territory to exercise delegated powers.

101. In general, Local Authority functions can be divided into mandatory and permitted categories. Mandatory functions are those that are compulsory for Councils to perform, and are stated in the respective Acts as “shall”. Permissive functions, on the other hand are not obligatory and are stated as “may” in the Act. Be that as it may, Local Authorities

are allowed to perform any functions other than those predefined, provided they do so within their areas of jurisdiction and in conformity with the law.

102. The fundamental powers and functions of Local Authorities are:

- ✓ Developmental and service delivery functions;
- ✓ Physical planning functions;
- ✓ Financial functions;
- ✓ Governance; and
- ✓ Regulatory functions.

103. There are other pieces of legislation not administered by the Ministry responsible for Local Government, which extend powers and functions of Local Authorities. The important non-Local Government legislation which define the powers and functions of Local Authorities includes but not limited to:

- ✓ The Environmental Management Act [*Chapter 20:27*];
- ✓ The Public Health Act [*Chapter 15:09*];
- ✓ The Shop Licenses Act [*Chapter 14:17*];
- ✓ The Vehicle Registration and Licensing Act [*Chapter 13:14*];
- ✓ The Education Act [*Chapter 25:04*];
- ✓ The Roads Act [*Chapter 13:18*];
- ✓ The Road Traffic Act [*Chapter 13:11*];
- ✓ The Water Act [*Chapter 20:24*]; and
- ✓ The Regional Town and Country Planning Act [*Chapter 29 : 12*].

104. In addition, Local Authorities can make by-laws which are applicable only in their areas of jurisdiction, as stated in the Third Schedule of the Urban Councils Act and the Second Schedule of the Rural District Councils Act.
105. Bye laws which impose financial levies are subject to the approval by the Minister of Local Government and Public Works [Urban Councils Act Section 228(3) and Rural District Councils Act Section 90(1)]. The Minister, after holding consultations with the Local Authority, can modify or approve the by-laws. Where an Urban Council is directed by the Minister to make by-laws and fails to do so, the Minister may institute proceedings to make and impose such by-laws on behalf of the sub-national Government.
106. The Devolution and Decentralisation policy could cause a review of some of the powers held by the Minister responsible for Local Government which can thwart due exercise of discretion by Local Authorities because of constraints imposed by bureaucratic procedures in their decision making processes. This includes some laws which compel Local Authorities to seek the Minister's approval even for routine and mundane matters.

PROSPECTS FOR DEVOLVED SERVICES DELIVERY

107. The implementation of the Policy on Devolution and Decentralisation of service delivery to the country's Urban Councils and Rural District Councils recognises the history of unsatisfactorily poor performance, such as:
- ✓ poor governance;
 - ✓ poor budgeting and budget performance emanating from weak linkages between planning, financing and the budget as well as financial management;

- ✓ inadequate Government financial support and unfunded mandates;
- ✓ diseconomies of scale posed by over-centralisation of powers by central Government, which hindered Local Authorities' autonomy especially in economic and administrative spheres of management;
- ✓ massive population growth and movement;
- ✓ lack of local participation and civic responsibility;
- ✓ short supply of functioning equipment and machinery;
- ✓ failure or inability of ratepayers to pay charges and taxes;
- ✓ human resources constraints among professional staff;
- ✓ incompetency of some Councillors; and
- ✓ skewed priorities which were biased away from service delivery.

108. Devolution envisages improved service delivery through autonomy from Central Government, especially in economic and administrative domains. The policy will reduce diseconomies of scale and improve efficiency and effectiveness of devolved Provincial and local tiers of Government, leading to improved service delivery.
109. Central Government will play an oversight and supervisory role to mitigate potential leakages posed by inefficiencies, corporate governance malpractices and corruption.
110. Expectations of benefits from granting devolution and decentralisation powers to Local Authorities include provision of effective local development and grassroot level of initiatives that address context-specific needs of the people. Such governance structures facilitate local governance decision-making, with regards to the allocation of resources towards priority development activities.

111. Devolution will also result in the development of local capacities to manage Local Government institutions which are transparent, accountable and provide local citizens with quality services.
112. Devolution will also allow for division of labour between central Government and optimally funded Local Authorities, which are closer to the people, in the provision of basic services.
113. Measures will also be instituted to guard against duplication between Central Government and Local Authorities in the delivery of some services. Hence, establishment of single systems in each area of service delivery will remove parallel delivery of services in identified particular areas. Most notable is the current funding structure in education that leaves disparities between central Government and Local Authority funded schools.
114. Where some Local Authorities simply do not have capacities to replace current services provided by central Government, withdrawal of Government provided services will either be phased or deferred. Such capacities could either be human or financial.
115. Treasury transfers of Constitutional mandated devolution funds will be disbursed on the basis of evidence based fiscal equalisation models which would allocate more resources to deserving Provinces and local tiers, whose expenditure needs exceed their revenue inflows. Funds transfer computations from fiscal equalisation models would result in some Provincial/Metropolitan Councils or Local Authorities receiving no fiscal transfers from Central Government.
116. Such regions would be in a position of funding their development plans from own resources. However, if they remain with surpluses, beyond standard reserve holdings, negative transfers could be effected in order

to achieve a balanced national economic development. Such actions would be aimed at achieving an equitable and balanced national economy.

SERVICE DELIVERY CAPACITY GAPS

117. The successful devolution of central Government powers and responsibilities to Provincial/Metropolitan Councils and Local Authorities, in terms of Section 264 of the Constitution, will require these entities to demonstrate competency to carry out such responsibilities effectively and efficiently.
118. Currently, there are notable gaps in some sub-national Government's capacities in executing their mandates effectively. Most capacity gaps are in the following areas, among others:
 - ✓ Policy making;
 - ✓ Spatial and development planning, land surveying and GIS;
 - ✓ Engineering and analysis of local services value chains;
 - ✓ Designing correct cost recovery systems for delivered services;
 - ✓ Conducting baseline surveys and analysis of the data;
 - ✓ Establishing viable revenue streams and effective revenue collection mechanisms;
 - ✓ Streamlining local investment with national development plans;
 - ✓ Promoting ease of doing business and capacity to develop bankable project proposals at the Local Authority level;
 - ✓ Ability to operate modern accounting and financial management systems and packages; and

- ✓ Preparation of revenue estimates for submission to fiscal authorities as well as generating appropriate financial statements, in approved formats, to enable audits of Local Government entities to be audited in accordance with the Constitution.

119. Hence, periodic reviews of capacity needs assessment and the analysis of capacity gaps will need to be undertaken in order to inform designs of appropriate capacity building interventions. In the same context, important capacity development exercises such as induction and routine training of Councillors and refresher courses for managers to appreciate new trends and technologies will ensure effective execution of devolved functions.
120. It will be the responsibility of every mandated Ministry to cascade training programmes in areas of their responsibility and to budget for such training. Civil Society Organisations and other International Cooperating Partners can also augment local capacity building resources.
121. Elected Councillors will require some capacity building in order for them to carry out their functions in as much as the electorate will also require capacity to hold elected Councillors accountable.

SUPPORT FOR REGIONAL ECONOMIC DEVELOPMENT

122. Devolution of governance and economic power and functions to Provincial/Metropolitan Councils and Local Authorities is a major aspect of Zimbabwe's economic development agenda.
123. In order to achieve this mandate, Provincial/Metropolitan Councils and Local Authorities will be required to fulfill the following central functions:

- (a) Local Authorities will formulate local investment and development plans, which are in tandem with National Investment and Development Master Plans;
- (b) To undertake broad-based stakeholder consultations involving local communities, traditional, political and civic leaders, private and public enterprises as well as other Government agencies operating in each Province, right from the ward to the Provincial level to allow them to import into local investment and development plans;
- (c) In this context, Provincial and local tiers of Government will develop local level development plans which take into account, inter alia:
 - Natural resources endowment
 - Environmental impact assessment plans
 - Infrastructure plans for supportive utilities.
 - The Public Sector Investment Plan which is disaggregated into each or continuous Provinces.
 - Investment opportunities and beneficiation plans (value addition chain linkages).
 - Central Governments modus operandi on the Ease of Doing Business.
 - Evolve and promote local investment opportunities in each area or in combination with other Provinces, where available economies of scale offer more competitive investment attraction possibilities.

124. A central requirement will be that Provincial/Metropolitan Councils and Local Authorities and other lower tiers of Government should evolve implementable economic and social development plans. These plans must target exploitation of natural resources and other endowments including skilled and unskilled labour resources.

125. In support of that endeavour, Central Government will deploy personnel to Provinces to assist with the crafting of appropriate economic development and spatial development plans. Seconded personnel to Provincial structures to build local capacities will be drawn from entities charged with developing National Development Plans, namely: the Office of the President and Cabinet, ZIDA and the Ministry of Finance and Economic Development. It is a basic National Development planning requirement that Regional, Provincial and Local Plans should have symmetry and complementarity with National Development Plans. Personnel with Ease of Doing Business expertise will also be part of the teams deployed to develop regional economic capabilities.
126. ZimStats will publish Provincial GDP data, inclusive of monthly data on Provincial Datum Lines, which quantifies poverty income levels for defined persons in a family in each Province.
127. This will enable policy makers to have a sense of differential impacts of economic development policies across different Provinces. Such data if combined with unemployment figures will assist in designing targeted remedial interventions and evidence based safety nets.
128. In time, complete macroeconomic data for each Province will be collected and published. The information will also assist in the development of fiscal distribution transfers to each region which will be commensurate with financial burdens arising from Central Government devolved mandates and the socioeconomic status of each sub-national tier of Government. Such methodology can also result in negative transfers of resources from well-endowed regions to poor regions in need of upliftment and development. This will be in line with the devolution policy on achievement of equitable development across the country's regions.

129. Capabilities of the ZimStats will enable Provincial/Metropolitan Councils and Local Authorities to understand and appreciate their own local economy/GDP and its contribution to the national GDP. It is envisaged that local development efforts and investments will promote establishment of value added industries, micro, small and medium enterprises, PPPs, and special economic zones, being guided by their respective factor endowments and their entrepreneurial abilities.
130. In pursuit of regional and development plans, Provincial/Metropolitan Councils and Local Authorities will be empowered to make policies, by-laws, rules and regulations for revenue collection and expenditure at local levels in accordance with the law. Measures will be necessary to oblige authorities to submit timeous requests for timely consideration of local taxation proposals to be approved by fiscal authorities.
131. A spatial decentralized budgetary system will be instituted in order to underpin the formulation of symmetrical and coordinated Provincial and local investment and development plans to be funded through the national Public Sector Investment Programme.

FINANCIAL CONDUCT AND ACCOUNTABILITY

132. The Office of the Auditor General is an integral component of the fiscal management systems of Zimbabwe, and derives its legal existence from Sections 309-314 of the Constitution, which empowers the Auditor General to act as a watchdog over public funds.
133. The Auditor General's office will be capacitated to effectively discharge its mandate and to facilitate Parliamentary oversight on the management of public resources in sub-national tiers of Government. The Office of the Auditor General must be legally protected from any political interferences. Attempts to obstruct the office from carrying out its constitutional mandate will contravene the Constitution.

134. In the same vein, Councils will be required to establish their own independent audit committees to monitor the implementation of remedial actions proposed in the audit reports and observations made by the Auditor-General.
135. The Public Finance Management Act will be amended to criminalise the non-production of final accounts within a prescribed legal audit cycle.
136. This will complement the operationalisation of the Commercial Crimes Courts which will prosecute abusers of public funds, a scourge which is presently rampant across the public sector.

DEVOLVED FINANCIAL MANAGEMENT

137. In order to deliver devolved services, a robust financial management system will be established to achieve the principles of public financial management as set out in Section 298 of the Constitution. Section 276 (2) (b) of the Constitution provides for Local Authorities to generate local revenue streams. In addition relevant existing Local Government Acts have similar provisions to achieve similar objectives. However, there was no provision in the Constitution which provides for revenue raising by Provincial/Metropolitan Councils.
138. The Public Finance Management Act establishes the accounting modus operandi to be implemented by all tiers of government in the management of public funds.
139. A fiscal management capacity building exercise will be undertaken to assist Local Authorities to manage public funds in support of public service delivery to communities.

140. The scope of public financial management at sub-national tiers of government is broadened by the dispensation to raise own revenue streams from various sources as specified in the Constitution and other relevant legislation. Hence, in the medium to long term, sub-national tiers of Government will be required to enhance their financial management capacities. They should also establish robust and credible accounting systems as prescribed by relevant statutes and Constitutional provisions. Various layers of financial accountability are illustrated in Annexure 1 (page 56).
141. Provincial and local tiers of Governments are subject to fiduciary oversight by structures outlined in section 308 of the Constitution. Thus, Local Authorities will be required to comply with accounting and audit requirements stated in section 39 of the Public Finance Management Act as read with Public Finance Management (General) Regulations of 2019.
142. These law designate all Local Authorities as public entities. Section 299 of the Constitution also gives Parliament an oversight role for State revenues and expenditures including those incurred by Provincial/ Metropolitan Councils and Local Authorities, in order to ensure that:
- (a) All revenue is collected and accounted for;
 - (b) All expenditure has been properly incurred; and
 - (c) Any limits and conditions on appropriations have been observed.
143. Therefore, financial management, accounting and auditing of devolved sub-national Governments are governed by the Chapter 17 of the Constitution, Urban Councils Act, Rural District Councils Act, Public Finance Management Act and all other regulations in the Act. Provincial and Local sub-national tiers of Government must be able to show that public funds are being used wisely for their intended purposes.

143. The avoidance of devolving “corruption” will also entail establishment of additional safeguard measures to enforce accountability over public funds. This includes transparency requirements for devolved entities to make public their annual Financial Statements.

BUDGETS PREPARATION

144. All sources of revenue/income of sub-national Governments must be identified in their respective budgets. Budgets of a sub-national entity, are at law regarded as budgets of public entities. Therefore, their format must follow guideline prescribed in sections 46 and 47 of the Public Finance Management Act [*Chapter 22:19*] as well as the Urban Councils and Rural District Councils Acts.
145. Furthermore, they stand guided by the Central Government through the Ministry of Finance and Economic Development, which includes sub-national Governments’ provision in its annual budget documents as specified in the Public Finance Management (General) Regulations of 2019 as follows:
- (a) Revenue estimates for the next financial year should contain information on the current year revenue estimates and the previous year actual;
 - (b) Financing estimates and finance Bill for the next financial year including:
 - i. Plans for external financing in the form of borrowing and grants;
 - ii. Plans for domestic issuance of Government debt and any other financial liabilities;
 - iii. Plans for issuance of guarantees to public or private entities;

- iv. Plans for divestment of Government assets;
- v. Plans for the approval of new public private partnership contracts;
- vi. Other financing modalities that the Minister of Finance considers necessary;
- vii. All contracts to be funded using public funds shall be subject to the Accountant General's warrant in accordance with section 23 of the Public Finance Management Act [*Chapter 22:19*];
- viii. Cash flow projections covering all expected payment schedules including accessory costs such as those of service delivery; and
- ix. Expenditure estimates for a next financial year with information on current year estimates and previous year actual expenditure for each public funds sub-national tier of Government. This will also include expenditures to be incurred by Ministries and its related bodies, rendering delegated or deconcentrated services to Provinces and Districts.

SUB-NATIONAL GOVERNMENT SOURCES OF REVENUE

- 146. The Devolution and Decentralisation Policy envisages Provincial/ Metropolitan Councils benefiting from the generation and retention of local income revenue streams.
- 147. The income sources for Local Authorities, though they differ are set out in the Local Government Acts and are broadly as follows:
 - (a) Grants – These are funds from Government for specific projects or activities, e.g. health grant to pay nurses salaries or road grant

from ZINARA. A Council does not need to pay this money back, but these funds must be used only for specified purposes and must be acquitted. When other non-Governmental parties provide funds to Councils, such funds are not considered to be grants but donations.

- (b) Rates – Such funds are raised from residents of a Council area and are often levied on land or buildings, there are often referred to as property tax.
- (c) Levies – such funds are raised from a specific group of citizens who reside within a Council jurisdiction, development levies fall under such a category.
- (d) Special Levies– This is money raised for a specific purpose from the people who will benefit from infrastructure. These could be user charges for building a new classroom, or a special levy for tarring local roads.
- (e) Fees and Service Charges – These are charges levied by Councils for provision of services. Normally they would take the form of water bills, bus parking fees for using the terminus and refuse removal fees among others. These charges should be based on the principle of cost recovery.
- (f) Rent and Hire Charges – These are revenues raised by Council from payment made for using Council land, buildings or equipment, e.g. rentals for Council housing or using a Council hall for a meeting or wedding.
- (g) Licenses and Permits – These are fees paid to Council for being allowed to do certain business or activities within Council area, e.g. trading license, vendor permits, building permits.
- (h) Loans – These are loans which Council borrows from Government or a registered financial institution, after obtaining borrowing powers from the Minister.

- (i) Profits – This is net income from Council’s income-generating projects e.g. liquor outlets, farms.
- (j) Donations – These are transfers received from any person or organisation for use by the Council in the delivery of services or for capital development. Councils are advised to develop policies on acceptable and non-acceptable donations. In the absence of such policies, approved by Council, some donations could be fraudulent.
- (k) Utilisation of Natural Resources – These are fees earned by Council from using its natural resources or from allowing others to exploit those resources and paying Council for doing so e.g. pit and river sand extraction, hunting and photographic safaris and timber exploitation. Such income streams sometimes called Royalties are paid either to Government or Local Authorities. Royalties levied from various exploited resources can be aggregated into Community Development Trusts. The later were launched a few years back with great publicity and fanfare, but nothing seems to have been achieved.
- (l) Interest – This is income received from investing Council funds in registered financial institutions.
- (m) Sale of Council Assets – This is income received from selling Council property e.g. old vehicles, broken equipment. The disposal of Council property is governed by the Public Procurement and Disposal of Public Assets Act [*Chapter 22 : 23*]

148. The general legal basis for Local Authorities revenue mobilization is provided for in the following statutes;

- (a) Section 276(2) (a) of the Constitution empowers Local Authorities to levy rates and taxes, raise sufficient revenue for them to carry out their objective and responsibilities.

- (b) Section 44 of the Public Finance Management Act [*Chapter 22:19*] empowers the Accounting Officer of a public entity to take effective and appropriate steps to collect all revenues due to the public entity and manage the resources in a cost effective manner.
- (c) Parts XII and XIII of the Rural District Act and Parts XIX and XX of the Urban Councils Act also outlines additional sources of revenue for Local Authorities.

FINANCIAL OBLIGATIONS OF LOCAL AUTHORITIES

- 149. Inter-Governmental transfers provided for under section 301 of the Constitution to sub-national tiers, are recognised as disbursements to public entities in terms of the Public Finance Management (General) Regulations of 2019, and the Public Finance Management Act [*Chapter 22:19*].
- 150. These legal instruments have an objective of enforcing transparency and accountability. In order to ensure transparency and accountability, oversight of such transfers or grants to public entities are a responsibility of the Central Government through the Accountant General and in consultation with the Auditor-General.
- 151. It is provided for in the Public Finance Management (General) Regulations of 2019; that an Accounting Officer [the Secretary in the case of Provincial/Metropolitan Councils and the Town Clerk or Town Secretary or Chief Executive Officer in the case of Local Authorities], shall maintain appropriate measures to ensure that transfers to entities are applied towards their intended purposes, where such purposes are specified and such measures may include:
 - (a) Regular reporting procedures;
 - (b) Internal and external audit requirements and submission of audited statements;

- (c) Regular monitoring procedures;
 - (d) Scheduled or unscheduled inspection visits or reviews of performance;
 - (e) Acquittals of grants; and
 - (f) Other control measures an Accounting Officer considers necessary.
152. Moreover, the Ministry of Finance subject to the terms and conditions applying to a transfer may withhold or reduce the transfer to an entity if satisfied that:
- (a) Financial assistance is no longer required;
 - (b) That agreed goods or services have not been delivered or a standard of performance has not been attained; or
 - (c) The transfer does not provide value for money in relation to its purpose.
153. The devolution and decentralisation policy requires prudential expenditures of all Council revenues and income given that the ultimate financial burden was borne by the public.

ACCOUNTING AND FINANCIAL REPORTING

154. The Accountant-General shall, in consultation with the Auditor-General, prescribe and maintain a uniform chart of accounts applicable to sub-national tiers of Government as per Public Finance Management Act, Urban Councils Act and Rural District Councils Act. The chart of accounts shall incorporate standard terms and classifications for fiscal, budget, and performance information of sub-national tiers of Government, including information on revenues, expenditures, and a suitable classification for performance information.

155. For uniformity and consistency purposes, the Accountant-General shall prescribe and maintain the account codes for recording Government transactions and shall ensure consistency of the account codes with the budget classification and Government accounting standards. Furthermore, the chart of accounts and budget classification shall be the basis for identifying, aggregating and reporting to Government all transactions subject to Government compliance and information requirements. Accounting Officers of Provincial/Metropolitan Councils and Local Authorities should ensure that all transactions are recorded, accounted for and reported in accordance with prescribed procedures.
156. Moreover, the Accountant-General shall ensure that the accounting standards and policies for all tiers of Government as required under Chapter 17 part 1 of the Constitution and relevant Acts of Parliament are implemented. Lastly, the accounting standards and policies for Local Authorities shall be prescribed in terms of the Public Finance Management Act and other relevant statutes. The Accountant-General and the Ministry responsible for Local Government shall work jointly to establish appropriate local compliance capacity as well as to monitor the implementation of the prescribed standards.
157. According to the Public Finance Management Act, read with the 2019 Public Finance Management (General) Regulations and relevant statutes regulating sub-national Governments, the following reporting procedures must be observed:
- (a) The annual and quarterly reporting outputs shall be directed to the Accountant-General or through the Ministry of Local Government and Public Works to the Ministry of Finance and Economic Development.
 - (b) For consistent purposes, the Accountant-General, in consultation with the Auditor-General, may prescribe special reporting formats and consolidation procedures for reporting by sub-national Governments.

AUDITING

158. Auditing, both internal and external is required in order to examine books of accounts and systems, processes and procedures of sub-national tiers of Governments. This is done in order to ensure that resources are used efficiently and effectively. Provincial/Metropolitan Councils and Local Authorities, are required under section 80 and 84 of the Public Finance Management Act [*Chapter 22:19*], Urban Councils Act [*Chapter 29:15*] and the Rural District Councils Act [*Chapter 29:13*] to have an internal audit section and an audit committee, respectively.
159. Additionally, the Public Finance Management Act section 81, provides for the Auditor-General, as an external auditor, to audit or cause conduct of an audit of all financial statements prepared by Accounting Officers, receivers of revenue, statutory funds, designated or specified public entities and other Constitutional entities.
160. The Councils, in terms of the Public Finance Management Act [*Chapter 22:19*], will appoint an internal auditor who will be facilitated to operate without hindrance. The Urban Councils Act and the Rural District Councils Act will be amended and aligned to Section 80(1) of the Public Finance Management Act which provides for the appointment of an internal auditor, so as to avoid misinterpretation by sub-national tiers of Government who might hire their own employees as auditors. Councils will be required to put in place financial regulations and procedures and ensure adherence to the same.
161. It will be a Council's responsibility to undertake the following:
- approval of the audit and audit charters,
 - consider audit reports and take appropriate action, and
 - account before Parliament.

162. Audit Committees will be required to exercise oversight over the operations of Councils.
163. Section 311 of the Constitution provides for the appointment of the Auditor General who is independent and not part of Civil Service and whose functions are synonymous with those of an external audit. This appointee will:
- (a) Audit the accounts, financial systems and financial management of all departments, institutions and agencies of Government including Provincial/Metropolitan Councils and Local Authorities;
 - (b) At the request of the Government, to carry out special audits of the accounts of any statutory body or Government-controlled entity;
 - (c) To order the taking of measures for the rectifying of any defects in the management and safeguarding of public funds and property; and
 - (d) To exercise any other functions that may be conferred or imposed on him or her by or under an Act of Parliament.
164. In line with section 82 and 83 of the Public Finance Management Act [*Chapter 22:19*], after adoption of external audit report the Provincial/Metropolitan Councils and Local Authorities will produce an annual report for the preceding year for submission to the Ministry of Local Government and Public Works for review by Parliament.

BORROWING AND INVESTMENTS

165. Section 300 of the Constitution gives provisions for limits of State borrowings, public debt and State guarantees. Rural District Councils have far more limited powers than Urban Councils with regards to revenue raising and borrowing capacities. The Rural District Councils Act, sections 124, 131 and 132 specifies that any of their planned

borrowings should only be from Central Government. However, Municipalities and Cities can borrow from many other sources, including money markets.

166. The Urban Councils Act has stringent borrowing provisions, which also require consent of the Minister responsible for Local Government and the Minister responsible for Finance. These authorities can under specific circumstances raise the necessary funds by issuing stocks, bonds, debentures or bills and other funding instruments, which are or from any other source not mentioned in section 290 and 291 of the Urban Councils Act. Penalties for illegal borrowing are provided for in Section 294 of the same Act.
167. Therefore, in order to create equitable borrowing circumstances, new legislative provisions will be formulated to give Rural District Councils greater powers to borrow funds, similar to those afforded by the law to Urban Councils.

SPATIAL PLANNING AND THE REGIONAL TOWN AND COUNTRY PLANNING ACT

168. Local Authorities are charged with responsibilities for preparing and implementing their spatial economic development plans. This is regulated through the administrative powers and arrangements which are specified in the Regional, Town and Country Planning Act, the Rural District Councils Act and the Urban Councils Act.
169. In Zimbabwe, the Ministry of Local Government and Public Works is responsible for the Departments of Spatial and Physical Planning. In some cases, it approves spatial plans submitted by Local Authorities. This includes preparation of layouts for residential, commercial and industrial purposes, development control, preparation of regional,

master and local plans, and change of use, including sub divisions and other related technical work.

170. Hence, there is a direct link between the Regional, Town and Country Planning Act, and other relevant Local Government laws and regulations. It is recommended that, this time tested legal order must be maintained in a new Local Government context created by the devolution policy.
171. An example of important linkages between the Regional, Town and Country Planning Act and the Local Government Acts relates to the power given to Local Authorities for estate developments. This involves laying out land for service and for residential, commercial and industrial purposes. This also includes the development of housing projects.
172. Local Authorities are obliged to first submit their plans for Ministerial approval, a process which ensures that overall planning considerations are taken into account. It is clear that the Minister (through the Department of Spatial Planning and Development) maintains an overall enabling power for spatial planning.
173. The Devolution and Decentralisation Policy requires that there be clearly defined legislative roles for Provincial/Metropolitan Councils in the planning cycle, as they are not mentioned in the Regional, Town and Country Planning Act. This will entail power to monitor the allocation and use of State Land in both rural and urban areas, given that land was an important finite natural resources. Such measures would be consistent with Section 270(1) (a), (c) and (e) of the Constitution.
174. Given increased cases of unprocedural illegal allocations of State land, effective monitoring of allocation of State Land is necessary. This will ensure that allocation of land by the Provincial/Metropolitan Councils

is equitable, professionally valued and in compliance with other laws such as those which protect wetlands.

175. In order to maintain planning integrity there will also be need for some plan approvals to be done at a national level. For example plans covering developments with a 'National Project Status' as well as those combining multiple Provinces. However, it is being recommended that some appropriate planning and approval processes be devolved to Provincial/Metropolitan Councils.
176. In addition, as was the case with special budget approvals, there will be a statutory time limit within which the Minister of Local Government and Public Works should conclude requests for approvals. Devolution of political power also implies that Local Authorities will be granted institutional mechanisms for contesting, in a Court of Law or Arbitration, Ministerial decisions deemed to be unfair by affected Local Authorities.
177. The Devolution and Decentralisation draft policy also proposes the creation of a conflict resolution mechanisms which could be used in cases of negotiated dispute settlements between and amongst Local Authorities, as well as in cases of contested decisions made by the Minister.

URBAN COUNCILS ACT AND RURAL DISTRICTS ACT

178. The Local Government system in Zimbabwe has been dualistic in nature. It consists of urban Local Authorities which comprise of Local Boards, Town Councils, Municipalities and City Councils as provided for in the Urban Councils Act, [*Chapter 29:15*].
179. The status of Rural Local Authorities, that is Rural District Councils, is provided for in the Rural District Councils Act, [*Chapter 29:13*].

180. The devolution policy recognises the need to amend the current Local Government Acts in order to provide a greater level of Local Authorities' autonomy and to minimise interference in the local affairs of sub-national tiers of Government by the Central Government. It is, however, necessary that the Minister responsible for Local Government retains power to intervene where the actions of Local Authorities are not in the national interest and where there is noncompliance. However, caution will be required to ensure that the responsible Minister does not act in an ultra vires manner.
181. The Local Government system in Zimbabwe has also been underpinned by, and predicated on a decentralised mode of governance, premised on the principle of 'subsidiarity'. The new devolution dispensation will significantly shift policy and administrative authority to Local Councils. In the context of the new proposed order, central Government interests will be coordinated at District and Provincial levels by District Development Coordinators and Provincial Development Coordinators.
182. Therefore, all relevant current Acts of Parliaments, including the Local Government Acts, will be amended to cater for the devolution of functions which are specified in the Constitution to Provincial/ Metropolitan Councils and Local Authorities.

INTER-GOVERNMENTAL GOVERNANCE RELATIONS

183. In line with the Constitution, legislative amendments will be undertaken to provide for the creation of multiple sets of formal and informal institutional arrangements, structures, processes, and channels for interaction, disputes resolution and settlement within and between various tiers of Government during the establishment phase of the devolution process. This will complement Section 265(3) of the Constitution requiring that an Act be put in place to establish modalities

for efficient and effective cooperation amongst National, Provincial and Local Government tiers with other agencies of Government.

184. In this regard, the guidelines for the inter-Governmental relations framework system will seek to accomplish the following:

- ✓ Facilitation and promotion of cooperative decision-making;
- ✓ Enhancement of policies and programmes that foster smooth flow of information between and within tiers of Government, and between communities and tiers of Government;
- ✓ Prevention and resolution of disputes and conflicts;
- ✓ Alignments of policies, budgets, activities and priorities, as well as their co-ordination across interrelated sectors and functions;
- ✓ Enforce partnership-orientated, participatory and integrated planning management and governance;
- ✓ Devolution of power, resources and responsibilities should go beyond tiers of Provincial and Metropolitan Governments levels;
- ✓ Enhance cross boundary co-operation between Councils in the same tier in order to facilitate shared development as well as realise economies of scale in service deliveries; and
- ✓ Devolved entities should exercise their functions in a manner which does not encroach on the geographical, functional or institutional integrity of another tier of government (Section 265(1)(c) refers);

185. These guidelines are derived from the devolution objectives articulated in Section 264(2) of the Constitution. This requires that devolution gives ‘powers of local governance to the people and enhance their participation in the exercise of the powers of the State and in making decision affecting them’, and that the process should be implemented to “promote democratic, effective, transparent, accountable and coherent

Government”. Furthermore, in light of the country’s multicultural and multi-ethnicity nature, devolution will “preserve and foster the peace, national unity and indivisibility of Zimbabwe”.

186. Although central Government remains at the core of the State, the devolution policy recognises “the right of communities to manage their own affairs and to further their own development”. In this regard, design and implementation of the devolution policy will “ensure the equitable sharing of local and national resources”.
187. Furthermore, to achieve a bottom-up driven development process, as opposed to the top-down approach, the devolution policy will provide for transfer of “responsibilities and resources from the national Government in order to establish a sound financial base for each Provincial and Metropolitan Council and Local Authority”.
188. Section 264(2), section 265(1), of the Constitution gives the general principles of Provincial and Local Government. These demand specific and measurable deliverables from sub-national tiers of Government. The Constitution further obliges Local Authorities, within their jurisdictions, such as Provincial and Metropolitan Councils and Local Authorities to “ensure good governance by being effective, transparent, accountable and institutionally coherent’. They must ‘assume only those functions conferred on them by the Constitution or an Act of Parliament”.
189. These sub-national tiers will, in terms of the Constitution also “exercise their functions in a manner that does not encroach on the geographical, functional or institutional integrity of another tier of Government”. They will be required to co-operate on matters of common interest, and harmonise and co-ordinate their activities.
190. Regardless of possession of devolved powers, sub-national tiers are supposed to “preserve the peace, national unity and indivisibility of

Zimbabwe”. Always, they must thrive to ‘secure the public welfare; and to ensure a fair and equitable representation of people within their areas of jurisdiction’.

191. In order to give effect to outcomes inferred from Section 265(d) and Section 265(3) of the Constitution, legislation and appropriate mechanisms and procedures to facilitate co-ordination between and amongst all tiers of Government; an Act of Parliament will be instituted. This will establish and provide for structures and institutions which promote inter-Governmental relations and co-operative governance.
192. The necessary inter and intra-Governmental relations framework will be provided for through an Act of Parliament which will provide certainty and clarity with regards to inter and intra-Governmental relations at the Executive levels of the three tiers of Government. The Office of the President and Cabinet will spearhead such a legislation.

CONCLUSION

193. In conclusion, the country’s Constitutional arrangement where Local and Provincial spheres of Government and their functions are distinct and partially devolved from the direct control of national Government, should conform to the dictates of a democratic State.
194. The powers currently exercised by these sub-national tiers of Government are derived from numerous Acts of Parliament which include inter alia; Urban Councils Act [*Chapter 29:25*], and the Rural District Councils Act [*Chapter 29:13*], Regional, Town and Country Planning Act [*Chapter 29:12*], the Public Health Act, the Environmental Management Act, the Water Act, the Roads Act and the Shop Licensing Act to name a few. All these Acts will be aligned to the Constitution

in order to provide for structures and decisions which conform to the principles of a three-tier system of devolved Government.

195. In this regard, the Devolution and Decentralisation Policy advocates for:
- (a) preservation of unity across the country and prevention of all forms of disunity and secessionism;
 - (b) promotion of citizenry and communities' democratic participation in Government programmes and activities; and
 - (c) the equitable allocation of national resources and the participation of local communities in the determination of development priorities within their areas;
196. The integrity of each tier of Government will be observed as the State fosters co-operative governance systems for a complex modern democratised society.
197. Cohesive functioning of all the complex components of a devolved State will deepen Zimbabwe's democracy, as well as excite unfettered participation of citizens in the affairs of their national and local economies.
198. Already, various sections of the Constitution, notably 264(2), 265(1), (d)(i) and (ii), and 265(3), provide for co-operative governance. These require:
- ✓ Collectively harnessing all public resources behind common goals and within a framework of mutual support;
 - ✓ Developing a cohesive, multi-sectoral perspective on the interests of the country as a whole, and respecting the discipline of national goals, policies and operating principles;

- ✓ Coordinating Governmental activities to avoid wasteful competition and costly duplication;
 - ✓ Utilising human resources effectively;
 - ✓ Settling disputes constructively without resorting to costly and time-consuming litigation; and
 - ✓ Rationally and clearly dividing the roles and responsibilities of Government, so as to minimize confusion and maximize effectiveness.
199. The implementation of the Decentralisation and Devolution Policy will further articulate the areas of co-operation amongst the three tiers of Government.
200. Central among the potential areas identified for coordination, as the country implements devolution, will be Resource Availability, with central Government committing to observe the principle of never devolving unfunded mandates. This is in recognition of societal expectations that successful implementation of a policy of devolution will not be realised without provision of adequate resources that foster efficiencies and effectiveness of sub-national tiers of Government in service delivery.
201. The full implementation of the country's Devolution and Decentralisation Policy will also serve to pre-empt perceptions that communities were being excluded from accessing benefits from natural resources located in their region. In some countries such perceptions have caused conflicts between Governments/Investors and communities. In this regard, Government will need to define respective roles of devolved authorities with regard to accessing benefits for local communities from the exploitation of local resource endowments discovered within their jurisdictions.
202. Thus, it is imperative for the State to define "rules of the game", which will articulate yardsticks for defining levels of criterion for assigning

public or Local Government ownership of identified local resources. Ownership could be Local, Provincial and National, as the case may be, particularly when it comes to concentrated strategic mineral resources such as platinum, gold, diamonds, lithium among others, the State would claim ownership, making the resource a national resource.

203. The exploitation of natural resources in all local communities will require a delicate balancing of local community rights and those of investors: both local and foreign. That said, unexploited resources do not create any value either for Local Authorities or the Central Government. Investors have the entire globe in which to invest. Lessons have been learnt by Zimbabwe from its past application of empowerment and indigenous policies, which made Zimbabwe a risky place for both local and foreign investors.
204. Hence, a delicate balancing of interests will be required between interests of investors and “owners” of resources whose value can only be accessed if investors commit funds for their development or extraction. In that case, significant national status resources, Government and investors will be primary stakeholders.
205. Provincial/ Metropolitan Councils and Local Authorities are expected to formulate their own local investment and development plans derived from the National Investment and Development Master Plans. Such planning programmes for each tier must be integrative in nature, especially with regard to infrastructure investments and development plans of Provincial/Metropolitan Councils and Local Authorities which might duplicate national infrastructure investment and development plans.
206. The master plans will be prepared through combined efforts by the OPC and the Ministry of Finance and Economic Development.

The first National Development Strategy will cover 2021–2025, which will be followed by the 2025–2030 National Development Strategy. Implementing a National Development Strategy, entails the implementation, of local plans, in the domains of Local Authorities, which will give traction to the national plan implementation processes.

August 2020

Annexure 1: PROPOSED SCHEMATIC DIAGRAM OF INTERFACES AMONGST SUB NATIONAL TIERS OF GOVERNMENT STRUCTURES WITH CENTRAL GOVERNMENT, LINE MINISTRIES DELIVERING DIRECT PUBLIC SERVICES TO REGIONS THROUGH MODALITIES OF DECONCENTRATION AND DELEGATED GOVERNMENT AUTHORITY

