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ADEQUACY OF CITIZEN ENGAGEMENT IN THE 2019 FISCAL POLICY
DEVELOPMENT PROCESS IN HARARE, ZIMBABWE.

BY

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
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Abstract

The key objectives of this research were to establish the adequacy of citizen engagement which was done in the 2019 fiscal policy development process in Zimbabwe and to examine Zimbabwe's state of preparedness in successfully implementing austerity measures as an economic policy. It also sought to establish alternative fiscal policy thrusts that the government can focus on outside austerity measures. The study population consisted of citizens of productive age operating in Glenview 8 Manufacturing Industries, Harare. To meet these objectives, wide literature review was conducted, in-depth interviews with experts in the sector like renowned economists, and a survey was undertaken. A total of 600 questionnaires were distributed to sampled entrepreneurs working in the Glen View 8 Furniture Industries. Of these, a total of 506 questionnaires were returned, giving a response rate of 84%. The research established that the government of Zimbabwe fell short in the quest to fulfil the principles of citizen engagement in fiscal policy formulation as stipulated by the International Monetary Fund (IMF) through what are known as the Global Initiative for Fiscal Transparency (GIFT) Principles. With regards to these core principles only 5% of the citizens operating in Glenview 8 Complex felt this is respected by the government. The research further established that Zimbabwe is not ready and prepared to successfully implement austerity measures, especially as there are high levels of mistrust of government among the citizens, and general lack of confidence in the system. 77% of the study population felt that austerity is a good policy on paper, but the leadership in Zimbabwe is the key challenge. Only 7% of the participants actually felt austerity measures represent a good policy thrust in Zimbabwe, and only 8% of the people felt it is better for people to suffer now through austerity as government prepares for a better future. The research established four key alternative fiscal policy thrust that government can take to revive the economic fortunes of the country, among them, solving the political question and restoring public confidence in the leadership. The research recommends that government need to explore alternative ways of promoting citizens of productive age's participation in fiscal policy making processes like digital based consultation processes, invest in the restoration of public confidence in community engagement processes so that people see value in participation, solve the political question in Zimbabwe through political dialogue and lastly explore alternative fiscal policy thrusts beyond austerity.

Key Words: Austerity Measures, Fiscal Policy, Community Participation, Citizen Engagement, Public Consultation.

Declaration Page

I declare that this dissertation is my original work except where sources have been cited and acknowledged. The work has never been submitted, nor will it ever be submitted to another university for the award of a degree

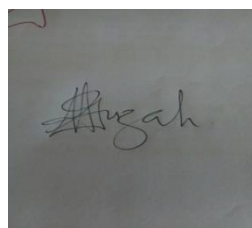
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To my supervisor, and my classmates who loyally walked with me throughout the journey of obtaining this Master's Degree, I say thank you!

Dedication

To the victims of Cyclone Idai in Zimbabwe. May your beautiful souls rest in eternal peace.

Definition of Terms

Austerity Measures:	A set of economic policies, usually consisting of tax increases, spending cuts, or a combination of the two, used by governments to reduce budget deficits. Austerity measures can in principle be used at any time when there is concern about government expenditures exceeding government revenues (Bondarenko, 2019)
Public participation in fiscal policy:	Refers to the variety of ways in which the public – including citizens, civil society organizations, community groups, business organizations, academics, and other non-state actors – interact directly with public authorities on fiscal policy design and implementation (Petrie, 2017)
Fiscal Policy	Is the use of government spending and taxation to influence the economy. Governments use fiscal policy to promote strong and sustainable growth and reduce poverty (IMF, 2009).
Community Participation	The redistribution of power that enables the ‘have-not’ citizens, presently excluded from the political and economic processes, to be deliberately included in the future (Arnstein, 1969)
Citizen Engagement	The two-way interaction between citizens and governments or the private sector that give citizens a stake in decision-making, with the objective of improving development outcomes. The spectrum of citizen engagement includes government sharing information with citizens, and citizens drawing on this information to take action and communicate, including providing feedback to government, both solicited and unsolicited (McNeil, 2018)

List of Acronyms and Abbreviations

FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIFT	Global Initiative for Fiscal Transparency
GMB	Grain Marketing Board
GNP	Gross National Product
GOZ	Government of Zimbabwe
IMF	International Monetary Fund
MoFED	Ministry of Finance and Economic Development
NAC	National AIDS Council
NSSA	National Social Security Authority
PRFT	Poverty Reduction Forum Trust
RBZ	Reserve Bank of Zimbabwe
TSP	Transitional Stabilisation Program
UN	United Nations
UNGA	United Nations General Assembly
WB	World Bank
ZIMRA	Zimbabwe Revenue Authority

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CHAPTER 1. INTRODUCTION

1.1 Introduction

This chapter outlines the introduction to the study. It gives the background of the study, statement of the problem, research objectives, the research questions, significance of the study and assumptions of the study. As such, the chapter puts into context the key facets of this research, especially regarding the background underpinnings of the study, including the macro-economic and socio political context under which austerity measures were introduced in Zimbabwe. The chapter further gives a brief account of the statement of the problem, highlighting the rationale and significance of the study against the background of the prevailing economic environment and global guidelines and policies on formulation and implementation of austerity measures.

1.2. Background to the Study

On the 22nd of November 2018, Zimbabwe's Finance Minister announced his maiden budget for 2019. The budget, which was a curious test of Zimbabwe's economic trajectory post the 37-year rule by President Robert Mugabe meant the Minister was faced with a dual challenge of pleasing the conservatives, but at the same time proving to be the reformist whom citizens can trust in turning around the struggling Zimbabwe economy. Zimbabwe has been facing severe economic challenges. The African Development Bank (AfDB, 2018) notes that Zimbabwe's fiscal deficit was estimated at 10.7% of GDP in 2018. Added to that are low investment inflows due to uncertainty low economic growth rate of 4.2% in 2019 among other negative economic performance indicators, (RBZ, 2016). Faced with these challenges, the Finance

Minister announced the 2019 budget with the thematic focus of it being “Austerity for Prosperity.” Austerity measures are acts of deficit cutting, reduced spending, and slashed public services (Kuepper, 2016). The Minister presented a number of austerity measures, notably the 2% tax on electronic money transfers, 5% salary cuts on top officials in the civil service and other measures to reduce government spending, (Ncube, 2018). But the market responded negatively to the budget and the proposed austerity measures. Notably, price increased, civil unrest, fuel shortages, shortage of imported products like medical supplies and the charging of basic commodities in United States (US) Dollars. This raised questions on whether adequate consultation was done with all the stakeholders in Zimbabwe to ensure the successful implementation of the measures. This research study explored citizens of productive age’s participation in fiscal policy formulation in Zimbabwe. As austerity measures are one of the major highlights of the current fiscal policy, the research explored if the level of community participation that took place in the process of developing and now implementation of the policy can lead to the success of the austerity measures.

According to Petrie (2017) direct engagement between citizens and governments is increasingly recognized as a critical link in the chain between fiscal transparency, more effective accountability for public financial management, and better fiscal and development outcomes. The importance attached to public participation reflects the acceptance that citizens and civil society organisations are important agents of good governance and sustainable development, alongside markets and the state, (Public Financial Management Blog, 2017). This means for Zimbabwe, the announcement of ‘Austerity Measures’ as a critical component of the fiscal policy had to have adequate community consultation and involvement as a show sign by the government to its

commitment to accountability. In a country where citizens doubt the sincerity of government policies including those purported to be directed towards economic transformation, investment in building public confidence in the policy is key. Consulting citizens in the process is one key avenue of building that confidence

It is important to note that public participation in fiscal policy formulation is a recommendation adopted at the United Nations General Assembly in 2012 (UNGA Resolution 67/218), which encouraged member states to intensify efforts to enhance transparency, participation and accountability in fiscal policies, including through the consideration of the principles set out by GIFT; and encouraged discussions, cooperation and information sharing between all stakeholders to assist Member States to build capacity and exchange experiences. The resolution thus endorsed the Global Initiative for Fiscal Transparency (GIFT) principles to encourage member states to ensure public participation in fiscal policy issues. The principles are as follows:

1. **Accessibility** - facilitate public participation in general by disseminating complete fiscal information and all other relevant data, in formats and using mechanisms that are easy for all to access, understand, and to use, re-use and transform, namely in open data formats.
2. **Openness:** provide full information on and be responsive with respect to the purpose of each engagement.
3. **Inclusiveness:** pro-actively use multiple mechanisms to reach out to engage citizens and non-state actors.
4. **Respect for self-expression:** allow and support individuals and communities, including those directly affected, to articulate their interests in their own ways.

5. **Timeliness:** allow sufficient time in the budget and policy cycles for the public to provide inputs in each phase.
6. **Depth:** support each public engagement by providing all relevant information, highlighting and informing key policy objectives, options, choices and trade-offs.
7. **Proportionality:** use a mix of engagement mechanisms proportionate to the scale and impact of the issue or policy concerned
8. **Sustainability:** all state and non-state entities conduct on-going and regular engagement to increase knowledge sharing and mutual trust over time.
9. **Complementarity:** ensure mechanisms for public participation and citizen engagement complement and increase the effectiveness of existing governance and accountability systems.
10. **Reciprocity:** All state and non-state entities taking part in public engagement activities should be open about their mission, the interests they seek to advance.

This research was therefore an attempt to examine if these principles are followed in Zimbabwe in fiscal policy formulation, particularly examining if there was this level of engagement between government and the citizens of Zimbabwe when austerity measures were introduced in the fiscal policy

1.3. Statement of the Problem

Zimbabwe's economy has been underperforming since the year 2000. One of the key challenge facing the economy is budget deficit, which at a projected \$2, 86 billion is 11, 7% of the gross domestic product (GDP) (RBZ, 2018). Simply put, the government of Zimbabwe has for a long time been consuming more than it is producing, which is in the form of revenue generation and foreign currency inflows in the form of exports

and foreign direct investment. Presenting the 2019 budget (which is part of the fiscal policy) Finance Minister Mthuli Ncube noted that by year end (2018) collections of US\$5.5 billion were anticipated but on the other hand, total expenditure during the same period stood at US\$6.5 billion, against a target of US\$4.1 billion. Accordingly, expenditure outturn to year end was estimated at US\$8.2 billion against a budget of US\$5.3 billion, implying an expenditure overrun of US\$2.8 billion. To try and reign in this situation, the government of Zimbabwe, through the Finance Ministry, introduced austerity measures. Austerity measures are basically reductions in government spending and increases in tax revenues, or both. These harsh steps are taken to lower budget deficits and avoid a debt crisis. These reductions in government spending have a documented history of causing massive social unrest, with examples from Zimbabwe during the Economic Structural Adjustment Program (ESAP) Argentina in 2001, Greece on 2010-2011. Jacpo (2015) argues that with every additional percentage point of Gross Domestic Product (GDP) in spending cuts, the risk of unrest increases. As such, developing such a policy requires wide stakeholder engagement or community participation to secure buy in from all stakeholders and attain public confidence in the policy. In Zimbabwe, negative implications of the policy were already witnessed within less than 100 days of implementing the measures; mass violent demonstrations occurred which left more than 600 people arrested (Newsday, 2018). At the same time, prices of basic commodities skyrocketed, with imports, including medical supplies vanishing. The 2019 budget presented by the finance minister is themed Austerity for Prosperity, an argument that austerity measures will lead to increase in economic performance in the country. This raises a curious question into whether adequate community participation among citizens in urban areas takes place when the fiscal policy is being formulated in Zimbabwe and

whether the country is prepared to take such an economic trajectory against history of failure of such similar measures in the previous years, and in the prevailing macro-economic environment. This research therefore explores prospects for the success of austerity measures, against the background of the levels of community participation that took place in the process leading to the adoption of the economic policy

1.4. Research Objectives

1. To establish the adequacy of stakeholder engagement done in the 2019 fiscal policy development process in Glenview 8, Harare
2. To examine Zimbabwe's state of preparedness in successfully implementing austerity measures as an economic policy
3. To establish alternative fiscal policy measures that government can take to revive the economy of Zimbabwe

1.5. Research Questions

1. To what extent was the adequacy of engagement among citizens in Glen View 8 in the development of the 2019 fiscal policy?
2. To what extent are the key stakeholders in Zimbabwe prepared to adopt austerity measures as part of the economic growth strategy?
3. Outside austerity measures, what are other alternative fiscal policy measures that the government can take to revive Zimbabwe's economy?

1.6 Assumptions

This research study made the following assumptions:

- Government engaged in some level of consultation in the process towards establishing the 2019 fiscal policy
- Government will be guided by the relevant laws and policies in both formulation and implementation of austerity measures as an economic policy

1.8. Significance of the study

Austerity measures are largely associated with Europe, as they were introduced as part of the key strategy to turn around economies of European countries during the period of economic recession that hit the region from 2007 (Raita 2017). However, there is limited research around austerity measures in the context of African economies. Thus, this research will provide a body of knowledge in terms of systems, policy frameworks, and process that have to be followed and established if austerity measures are to be successful in Zimbabwe, particularly the consultative processes that needs to be done in coming up with the fiscal policy. Ultimately, the research will also give an informed position into whether austerity measures are the best possible solution to turn around the economic fortunes of Zimbabwe. While doing so, this research shall provide policy guidelines and recommendation to the Ministry of Finance and policy makers in Zimbabwe, giving strategic input into what needs to be changed, corrected, or addressed if austerity measures are to lead to economic growth in Zimbabwe by 2022 including the possible options to ensure community participation in Fiscal Policy formulation in Zimbabwe among citizens in urban areas

1.8. Delimitation of the study

The study was delimited to the 2019 fiscal policy statement presented by Zimbabwe Finance Minister on the 22nd of November 2018. This statement was themed Austerity for Prosperity. In addition, the study was further delimited within Harare Metropolitan Province, with a specific focus on Glen View 8. The study was further delimited to a population of citizens of productive age that is those between the ages of 18-65 years old. Further, for the purposes of this study, among all the austerity measures that were introduced, the study focussed primarily on the following:

- Reduction in Bonus Payment:

- Retirement of Youth Officers:
- Public Service Retirements:
- 2% Tax on Electronic Money Transactions:

The study focused on the 2019 fiscal policy as it is the first statement in the country that clearly spelt out austerity measures as the key strategy to deliver economic objectives pursued in the country. It was further delimited within the productive age as they are the most directly affected by impact of government reduction in expenditure and the key group that feels the heat of economic policies employed by the government. Harare province, specifically Glen View 8 has also been chosen as it is one of the suburbs that is considered a key centre of youth entrepreneurs in the country, dominated mostly by carpentry business. The specified austerity measures under focus in this study were selected as they form the core of the strategies that are most likely to have a direct impact on the study population under focus-the productive age.

1.9. Limitations

Time and resources proved to be constraints beyond the control of the researcher. It is common cause that graduate research projects tend to be carried out in four months, and when one considers the challenge of mobilising resources and participants this limitation begs to be acknowledged. However, the researcher deployed a methodology that was meant to optimise the generation of data by choosing the survey design that meant data could be collected from many respondents, in the shortest possible time and one general location in the form of Glenview 8 Furniture Industries.

In as far as the researcher is based in Harare, it was almost certain that for the sake of efficiency and convenience data would be gathered from that metropolis geographical

location. This can have the effect of opening the study to the limitation of being unrepresentative. However, the choice of local business people in the furniture industry sector was deliberate in that it mitigated this possible limitation in as far as such furniture industries exist across the countries' major cities in the same configuration. As such, the isolation of the particular participants from Harare is confidently expected to be representatives of the views of other possible participants in similar economic spheres.

Methodologically it can be argued that the choice of the quantitative methodology as the overall study methodology can be faulted at the point of providing non-contextual data devoid of enlightening explanations. However, the study mitigated this by including an open ended section in the survey. While none of the participants opted to utilise it, its very inclusion was meant to off-set this limitation. Additionally, the identification of key informants whose input was accessed in the very discursive data collection method of in-depth interview greatly mitigated the possible limitation as it gave the study access to rich and expert data from that study participants cohorts. Additionally, the key informants spoke to matters across the geographical location of the primary sample.

CHAPTER 2: REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter explores the relevant literature in the discourse of community engagement among citizens of productive age in fiscal policy formulation in Zimbabwe. The chapter explains key concepts in the research and puts into context austerity measures in Zimbabwe and community participation. The chapter helps in further dissecting the topic by examining definitions and exploring past researches that also examined issues under study in this research. Most importantly, this chapter digs deeper into the key matters of the research, examining relevance and applicability to the Zimbabwean situation, especially on the processes involved in the development of austerity measures as a fiscal policy. As such, the chapter explores the theoretical and conceptual framework, with concepts like participation and austerity as the focus of the chapter

2.2.1. The Systems Theory: An Overview

The Systems Theory was founded by Jay Forrester to analyse and understand complex processes. A system is “a set of elements or parts that is coherently organized and interconnected in a pattern of structure that produces a characteristic set of behaviours, often classified as its ‘function’ or ‘purpose’ (Meadows, 2008, p. 188).

Meno, (2016) notes that changing the elements (the most visible part of the system) has the smallest effect on altering the state of the system. He further highlighted that while changing the interconnections is more impactful than the elements, the purpose of the system holds the most power to change it. According to Meno (2016) the foundation of any system is its stock, which is the state of the system which is a quantity of a material or information that has built up over time. Stocks change over time depending on the flow, which is the action that causes stocks to enter (inflow)

and leave (outflow) a system). Outflows of one system can become the inflow for another system. Even if the flow changes, stock usually change very slowly leading to stocks acting as buffers, delays or shocker absorbers (Meadows, 2008).

The behaviour (or control mechanisms) of a system is based around the system's structure, more specifically, feedback loops. A feedback loop is a closed chain of causal connections from a stock, through a set of decisions or rules or physical laws or actions that are dependent on the level of the stock, and back again through a flow to change the stock" (Meadows, 2008, p. 27).

Reinforcing feedback loops (also known as positive feedback loops) are one kind, which reinforce the direction of change of the stock in the system. The other kind is balancing feedback loops (also known as negative feedback), which regulates the stock flow by counteracting the direction in the change imposed on the system (*ibid*).

Every system has a goal (whether stated or not). The difference between the current state and the goals of the system is the discrepancy (Meadows, 1999). Over time, systems tend to produce bounded rationality, which are premises that make sense within the behaviour of the system, but which are not logical within a wider context (Meadows, 2008). This effect contributes to the overall difficulty of changing entrenched system behaviour and processes.

2.2.2. Relevance of the Theoretical Framework

Zimbabwe has been under the rule of one political party since independence in 1980 to today. The ruling party, won the elections in 2017, extending its rule by a further five years to 2023. In all these years, fiscal policies have always been formulated, although by different finance ministers who took office at almost every election period.

This research hypothesised that a fiscal policy measure like austerity will only be successful if relevant stakeholders have been adequately engaged and consulted as guided by the GIFT Principles. But in a country that has been under the rule of one party, the government (led by ZANU PF) may have its own definition of relevant stakeholders. It may further have its own belief systems, interests and goals that altogether influence who gets involved in the fiscal policy formulation and what kind of a fiscal policy to establish at any given time.

From the overview of the systems theory, it has been noted that changing the elements or the most visible parts has limited impact of the system as the changed elements still must adhere to the rules and flow paths established within the system. Meno, (2016) notes that this phenomenon could explain why, even though many understand what mechanisms lead to greater inclusive participation, there still remain very few cases of it. To understand public participation in as far as fiscal policy formulation in Zimbabwe, a critical understanding of the system surrounding the Ministry of Finance and Economic Development is of paramount importance.

According to Meno, (2016) adopting a Systems Theory lens, the following section distils leverage points which are the four major spheres. These are discussed below

1. The goals, values, and paradigms of the system: The critical question which remain unanswered is that from whom the government, through its Finance and Economic Development Ministry derive its goals, values and paradigms. An understanding of this helps us establish whose interests austerity measures are going to serve. It further helps in understanding if austerity measures are a people driven policy framework or it is a product established to push the selfish agendas of the government, detached from the fundamental macro-economic environment and the realities ordinary men and women are facing

2. The legal framework in which participation takes place: One of the critical question again remains is there a legal framework that mandates the Ministry of Finance and Economic Development to consult stakeholders in the development of fiscal policies. Suppose the law is there, does it specify who these key stakeholders are and in what way they should be consulted and engaged?
3. The political environment: In a country where politics lead economics, and not the other way round, in the supposed public consultations that takes place in the budget consultation processes, are they real, or a tokenistic approach to give a smokescreen of a listening government. In the process of public consultation, if submissions that are deemed politically wrong are put forward, do they stand a chance to be included as part of the policy or their fate is a forgone conclusion? This gives us to a deliberate discussion on whether austerity measures were adopted for their economic potential or for their political muscle.
4. The public's capacity to engage in inclusive: While it is vital to engage the public, do the public have the capacity to engage meaningfully in the fiscal policy formulation discussions. It is a challenge to the government and the civil society to build the capacity of the citizens to engage in policy matters. Was this done in the process of formulating the fiscal policy, which carries with it a major economic shift in the form of austerity measures

This research sought to answer these questions as it applies the systems theory in understanding fiscal policy formulation in Zimbabwe, with a particular focus on the announcement of austerity measures as part of the fiscal policy

2.2.3. Other Relevant Participation Theories

While this research is largely informed by the Systems theory, it is important to give a brief account of other relevant theories that help explain the concept of participation. Skare and Drazeta (2015) argues that no general agreement has emerged from the polarized debate about the economics of austerity about what austerity is, when it should be applied or in whose interest it is presumed to operate. As such, stakeholder engagement becomes key if such an economic policy is to be successful, and as such, an account of the relevant theories that relates to participation is important. These are as follows:

- **Shery Arnstein's (1969) ladder of participation.**

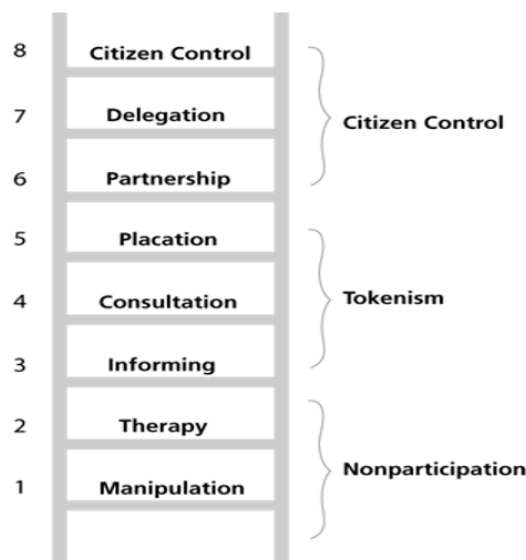


Figure 1: Arnstein's Ladder of Participation (Arnstein, 1969, p45)

Her conception of the levels of public participation revolves around the distribution of power and the role of individual citizens. Arnstein (1969) understands citizen participation as a term for citizen power and puts forward a definition for participation as “the redistribution of power that enables the ‘have-not’ citizens, presently excluded from the political and economic

processes, to be deliberately included in the future” (Arnstein, 1969, p. 216). She argues that unless citizens have a genuine opportunity to affect outcomes, participation is mainly concerned with ‘therapy’ and ‘manipulation’ of participants. Arnstein conceived of power in public participation as a ladder of eight rungs, ranging from ‘degrees of non-participation’ through to ‘degrees of citizen power as shown in Figure 1.

- **Choguill (1996)’s ladder of community participation:**

Choguill (1996), similar to Arnstein, uses an eight-rung ladder beginning with the highest level of participation at the top. The top three rungs on Choguill’s ladder of community participation, are considered the degrees of government support. These are followed by three rungs: dissimulation; diplomacy; and informing, which she regards as manipulation. The seventh level in Choguill’s ladder is called conspiracy, in which no participation in formal decision-making is allowed or even considered, as the government seems to reject any idea of helping the poor sectors of society. Choguill (1996) differs with Arnstein (1969) in two ways. First, contrary to Arnstein’s emphasis on the role of individual citizens in public participation, Choguill emphasises the role of organized community. Choguill argues that the participation of individual citizens in decision-making would bring little benefit for the community, especially in the context of underdeveloped countries. Hence, Choguill suggests the term ‘community participation’ and not ‘citizen participation’, considering individual citizens as members and representatives of a fully organized community. Second, Choguill (1996) also highlights the strategic

importance of assistance from outside in the process of community participation whether it comes from government or non-governmental sources

2.3 Explaining Austerity Measures

Bondarenko (2019) notes that austerity measures are a set of economic policies, usually consisting of tax increases, spending cuts, or a combination of the two, used by governments to reduce budget deficits. Austerity measures can in principle be used at any time when there is concern about government expenditures exceeding government revenues. These harsh steps are taken to lower budget deficits and avoid a debt crisis.

These reductions in government spending have a documented history of causing massive social unrest, with examples from Zimbabwe (during ESAP) Argentina in 2001, Greece on 2010-2011. Jacpo (2015) argues that with every additional percentage point of GDP in spending cuts, the risk of unrest increases. In Zimbabwe, this has already been witnessed as within less than 100 days of implementing the measures, mass violent demonstrations occurred which left more than 600 people arrested (Newsday, 2018) At the same time, prices of basic commodities skyrocketed, with imports, including medical supplies vanishing. The 2019 budget presented by the finance minister is themed Austerity for Prosperity, an argument that austerity measures will lead to increase in economic performance in the country.

Often, however, governments delay resorting to such measures because they are usually politically unpopular. Instead, governments tend to rely on other means, for example, deficit financing, which involves borrowing from financial markets to mitigate budget deficits in the short run, a decision that usually necessitates the adoption of harsher austerity measures in the long run Bondarenko (2019).

2.3.1. Zimbabwe's Austerity Measures

Zimbabwe's Austerity Measures were presented by the Finance Minister Mthuli Ncube in his 2019 budget statement. He expressed optimism in the impact of these measures including a boost in revenue generation. The Minister highlighted that:

With nominal GDP projected at US\$31.6 billion in 2019, the economy can generate revenues amounting to US\$6.6 billion for 2019, including retentions (US\$400 million), taxes (US\$6.037 billion), and non-tax (US\$162 million). Expenditures are projected at US\$8.2 billion, out of which capital expenditures are estimated at US\$2.018 billion, leaving a balance of US\$6.1 billion for current expenditures. Consequently, a deficit of US\$1.6 billion or 5% of GDP is projected, (Ncube, 2018).

While a deficit is still expected, it is important to note that this is a better improvement from past years where unimaginable budget deficits used to be witnessed, owing to government's insatiable appetite for spending (including on luxury cars and endless travelling)

A number of measures were announced in the budget statement and these include the following:

Salary Cut: Government decided that with effect from 1 January 2019, a 5% cut on basic salary be effected for all senior positions. However, scholars like Magaisa (2018) questioned the sincerity of this as most senior officials exorbitant pay offs are not in the form of salaries but allowances, including travel allowances.

Reduction in Bonus Payment: A compromise was reached in paying out the 13th cheque in which while civil servants got their bonuses, they did not receive the full amount they used to. Traditionally, payment of the 13th Cheque was computed as the sum of Basic Salary, Housing and Transport allowances. Previously, the Budget incurred expenditure of around US\$174.6 million in bonus payment. In light of the

resolve to ensure that expenditure commitments do not further worsen challenges associated with deficit financing the Cheque was computed based on Basic Salary only (excluding housing and transport allowances) (Mthuli, 2019)

Rationalisation of Foreign Service Missions: Government resolved to reduce the number of Foreign Missions, thereby optimising the utility value realised from the remaining missions as well as avoiding accumulation of arrear. According to the finance minister, the foreign missions were gobbling around US\$65 million, which is above available 2018 Budget capacity of US\$50 million.

Retirement of Youth Officers: A total of 2 917 Youth Officers who were still on the payroll, were retired and the posts removed from the establishment, by end of December 2018.

Public Service Retirements: Government departments were ordered to start facilitating the retirement of civil servants who are now 65 years and above.

2% Tax on Transactions: A 2% intermediated money transfer tax, effective 13 October 2018 was instituted. At the time of introduction, the government was expecting raise about \$50 million per week from the tax which translate to \$2.6 billion per year but this will depend on the purchasing power of the people. Cross (2018) notes that the 2 cents per every dollar is a huge increase and it will definitely reduce ability to buy goods because people already have numerous taxes, it's a tax upon tax.

Other measures introduced include the removal of ghost workers in the pay roll through a biometric registration system for all civil servants, new fleet management rules to reduce cost.

2.3.3. The Economics of Expansionary Fiscal Contraction

The notion of whether Fiscal Contractions can be Expansionary was first questioned by (Giavazzi and Pagano, 2000). The authors hypothesised that a large reduction in government spending would change the future expectations about taxes and government spending that will result in an overall fiscal expansion by increasing the private consumption. The authors argue that the effects of fiscal contractions with both the Keynesian view and the expectation view; that “stresses the role of current changes in taxes or in government spending as signals of possible future changes” (Giavazzi and Pagano, 2000).

Konzelmann (2012) notes that the research on ‘expansionary fiscal contraction’ produced three competing schools of thought about the economics of austerity, the first two being informed by studies purporting to find support for the idea that austerity has short-term expansionary (non- Keynesian) effects. The ‘Ricardian’ view’s notion is that government borrowing is deferred taxation. From this perspective, in response to government deficit spending, taxpayers could be expected to save in order to pay for expected higher future taxes, and because any income created through government stimulus was assumed to be saved, the net effect of fiscal stimulus would be zero, (Konzelman, 2012) Thus, because rational consumers were theorized to base their consumption decisions on expected lifetime income, government deficits would have no long term effect on consumption. However, short term expansionary effects might arise if fiscal austerity improved economic agents’ expectations about their future wealth and income and/or contributed to enhanced labour market efficiency and the competitiveness of the economy (Briotti 2005).

2.3.4. Why Austerity Measures are Controversial

In the years following the global financial crisis of the mid 2000s, many European governments have been implementing sizeable austerity measures. These measures include both spending cuts and tax increases and are implemented in order to confront mounting concerns about rising levels of public debt or outright solvency issues (Dellas and Niepelt, 2015). Austerity policies have been accompanied by heated controversies, political unrest and, at times, the resignation of governments. In Greece, Zimbabwe, Portugal and other countries, austerity measures sparked widespread demonstrations from citizens. This is because fiscal consolidation measures have strong distributional consequences. In particular, the composition of austerity, that is, whether budget deficits should be reduced mainly through higher taxes or lower expenditures and on whom the burden should fall is hotly debated (Dellas and Niepelt, 2015).

Dellas and Niepelt (2015) further noted that the key issue is that austerity might hurt growth and more strongly so during deep recessions when economic slack is pervasive. As a consequence, the timing of austerity is also widely discussed. Some commentators have been arguing for delaying austerity until after the slump, while others have been arguing for frontloading consolidation because of spiralling financing costs. The authors further ask whether financial markets, at least, do reward austerity. Given that austerity remains controversial in many respects but is frequently implemented in response to financial market pressures, one should think that austerity is surely rewarded by financial markets and pays off in terms of reduced sovereign yield spreads. Accordingly, the argument is that they react positively to news of fiscal consolidation, but then react negatively later, when consolidation leads to lower growth – which it often does.

2.3.5. Impact of Austerity Measures on Economic Growth

Alesina and Ardagna (2010) notes that fiscal austerity measures did not hurt economies, instead, it actually helped the countries' recovery from the Euro crisis. When mentioning fiscal stimuli, the authors state that tax cuts are more likely to increase economic growth than fiscal stimuli based upon spending increases. Alesina and Ardagna (2010) study fiscal adjustments in rich countries and find that that belt-tightening that relied on reductions in government spending could actually increase growth, even in the very short term. In contrast, the IMF study finds that such adjustments are contractionary: a fiscal consolidation equivalent to 1% of GDP leads on average to a 0.5% decline in GDP after two years, and to an increase of 0.3 percentage points in the unemployment rate (Wachtmeister, 2015)

According to Alesina, Favero and Giavazzi (2015), in the policy debate there are two camps, the pro-austerity camp claims as discussed above that the main function of "austerity" is to help establish signal a government's level of creditworthiness and thus, suppress sovereign debt default premia and increase the flow of fresh funds. Consequently, such confidence-inspiring policies increase investment and thus foster rather than hamper economic performance even in the short run. They have an even stronger positive effect on medium-long term growth (Alesina, Favero and Giavazzi, 2015). The opponents of austerity, on the other hand, while recognizing its direct contribution to credibility argue that this effect may be overwhelmed by negative macroeconomic implications. Austerity is thought to depress economic activity through standard spending (Keynesian) multiplier effects and thus to lower a country's debt repayment ability. Consequently, in their view severe austerity could actually reduce the flow of fresh funds by making default more rather than less likely (ibid)

2.4. Understanding Community Participation

Arnstein (1969) defines participation as the redistribution of power that enables the ‘have-not’ citizens, presently excluded from the political and economic processes, to be deliberately included in the future. Thus, according to this definition, participation becomes a strategy by which the ‘have-not’s join in determining how information is shared, goals and policies are set. Applying this to the context of this study, this means that community participation among citizens in urban areas would mean a platform through which even the often excluded citizens are given a voice and chance to contribute to the overall national strategic direction, especially through the formation of a people driven fiscal policy.

According to Arnstein (1969), there are three broad categories of participation approaches. There are:

Deliberative democracy: Which means participation is a process through which citizens exercise ever-deepening control over decisions, which affect their lives through a number of forms and in a variety of arenas

Neo-liberal market-oriented approach: This supports the continued weakening of the state through a combination of decentralisation and privatisation (Gaventa, 2007). These citizens exercise little ‘real democratic power over state policies.

Liberal representative model: This puts a great deal of emphasis on getting the institutions and procedures of representative democracy right, especially as measured through competitive, multi-party electoral processes. In this view, the role of citizens remains somewhat passive. Citizens participate through elections and enjoy certain rights, but these are primarily the individual rights of freedom from interference by the state in matters of private property, expression, and political association (*ibid.*).

2.4.1, Community Participation vs Citizen Engagement

This research deliberately opted to use community participation in discussing fiscal policy formulation in Zimbabwe is concerned. The choice is mostly informed by the writings of

Choguill (1996) in the theorising of citizen engagement. According to Choguill, for participation to take place, there has to be government support or outside support, which this research acknowledges as a critical element if citizens are to fully participate. Outsiders may include the civil society who play a critical role in fostering democracy and promoting community participation in policy making, especially to those that impact directly on their lives. This view further differs from Arnstein (1969) Ladder of participation in that Arnstein's emphasises on the role of individual citizens in public participation, but Choguill emphasises the role of organized community. Choguill argues that the participation of individual citizens in decision-making would bring little benefit for the community, especially in the context of underdeveloped countries. Hence, Choguill suggests the term 'community participation' and not 'citizen participation', considering individual citizens as members and representatives of a fully organized community.

Indeed, in the context of Zimbabwe, participation in policy making is largely through organised groups and not in individual capacities. Informed by this reality, the research adopts Community Participation as a more relevant and applicable terminology in as far as public involvement in fiscal policy making in Zimbabwe is concerned

2.4.2. What is public/community participation in fiscal policy and why it is important?

According to Petrie (2017) public participation in fiscal policy refers to the variety of ways in which the public – including citizens, civil society organizations, community groups, business organizations, academics, and other non-state actors – interact directly with public authorities on fiscal policy design and implementation. The interactions range from one-off consultation, through face to face deliberation, to ongoing and institutionalized relationships. Public participation covers both macro-fiscal policy – the main fiscal aggregates, the appropriate size of the deficit and so on – as well as micro-fiscal issues of tax design and administration, and the allocation and effectiveness of spending. According to Petrie (2017) it encompasses engagement in four main domains:

- Across the whole annual budget cycle, from budget preparation, legislative approval, budget implementation, to review and audit.
- Related to new policy initiatives or reviews (for example, of revenues or expenditures) that extend over a longer period than the window for preparation of the annual budget.
- In the design, production and delivery of public goods and services.
- In the planning, appraisal, and implementation of public investment projects.

According to GIFT (2015) direct public participation in government fiscal policy and budget making has been established as a right in the High Level Principles of Fiscal Transparency, Participation and Accountability, promulgated by the Global Initiative for Fiscal Transparency (GIFT).ⁱⁱ Principle 10 establishes: ‘Citizens and non-state actors should have the right and effective opportunities to participate directly in public

debate and discussion over the design and implementation of fiscal policies.’ The GIFT High Level Principles were endorsed by the United Nations General Assembly in 2012 (UNGA Resolution 67/218), which encouraged member states to “intensify efforts to enhance transparency, participation and accountability in fiscal policies, including through the consideration of the principles set out by GIFT;” and encouraged discussions, cooperation and information sharing between all stakeholders to assist Member States to build capacity and exchange experiences. Thus participating in fiscal policy formulation in Zimbabwe should not be taken as a privilege for few individuals, or an option for government to choose to do it or not to. Rather it is a citizen’s right to do so.

It is further to note that the constitution of Zimbabwe guarantees the right for citizens to participate where in Chapter 14, in Preamble (b) states “where it is desirable to ensure that the democratic participation in government by all citizens and communities of Zimbabwe; there must be devolution of power and responsibilities to lower tiers of government in Zimbabwe.”

Community participation in fiscal policy formulation is very important. Ott (2015) notes that the participation of the citizen in fiscal policy and budgetary processes is necessary for public finances to be sound, effective and equitable, to be harmonised with the capacities and requirements of the society. Ott (2015) further notes that this entails various ways in which citizens can directly communicate with the authorities about issues of public finances (for instance, the extent to which the tax burden will be borne by the wealthy, or by the poor, whether more or fewer public resources will be

spent on education or healthcare, whether the state will take on more or less debt, who is going to shoulder the burden of this borrowing, and so on). Citizens have to be enabled to say what they think and to take part in decision making about these very significant issues, particularly in countries with very grave fiscal and budgetary problems. Zimbabwe is among those countries with fiscal and budgetary problems.

Petrie (2017) notes that engagement between citizens and governments is increasingly recognized as a critical link in the chain between fiscal transparency, more effective accountability for public financial management, and better fiscal and development outcomes. She further notes that the importance attached to public participation reflects the acceptance that citizens and civil society organisations are important agents of good governance and sustainable development, alongside markets and the state.

2.4.3. Citizen Engagement in Fiscal Policy Formulation in Zimbabwe

In coming up with the 2019 Budget, the government of Zimbabwe, through the Ministry of Finance and Economic Development came up with the Pre-Budget Strategy Paper. The 2019 Budget Strategy Paper (BSP) presents proposals on key policies and priorities, with a view of facilitating discussions and preparations of the 2019 National Budget and the Medium Term up to 2021, (Ministry of Finance and Economic Development, 2018). This strategy however fails to outline a deliberate attempt to ensure sufficient community participation in this process among citizens in urban areas

The government does make public announcement, inviting interested stakeholders to join the budget consultation processes, mere announcement of such events does not

constitute adequate community participation. While the encouragement has been for citizens to ensure their participation through organised groups, the representation of such groups has been subject to scrutiny as people even doubted the capacity of them to represent the true interests of the ordinary men and women. Nevertheless, the countrywide budget consultations are done, and it is after the consultations that the fiscal policy is formulated. Whether the established fiscal policy, with its elements like austerity measures, are a true reflection of the people's will is what this research sought to establish and examine if measures announced like austerity will lead to their desired outcomes

2.5. Summary

This chapter has examined the relevant literature to the study. It has unpacked the key concepts in the research, including austerity measures and community participation. The chapter further explained the key concepts underpinning the research, mostly the concept of community participation. It is a chapter that tries to deepen understanding of the topic by explaining key components of the research, including past studies on the same subjects under study in this research. The next chapter explores the methodology used in this research.

CHAPTER 3: METHODOLOGY

3.1 Introduction

This chapter presents a narrative of how data for this research were collected. It explains the research design, the population instruments used, ethical considerations, how data was analysed and other key components that speaks to the whole data gathering and analysis process for this research. The chapter details the sampling methods used in the research, especially as it was based on a dynamic population group, with the focus being entrepreneurs based at Glenview 8 Manufacturing Complex. The chapter feeds into the data presentation and analysis section of the research, highlighting the processes done to come up with the specific results that will be presented in this he chapter feeds into the data presentation and analysis section of the research, highlighting the processes done to come up with the specific results that will be presented in this research.

3.2. Research design

This research follows a descriptive research design particularly expressed through a mixed-methods approach to the data gathering and analysis methods. This research is largely based on analysing processes done in formulating and implementing the austerity measures, and systems in place to ensure the measures yield the desired outputs. This means that while the study sought input from a survey, in-depth interviews with key informants were also being carried out by the researcher. The purpose for this methodology was to ensure that public attitudes and perception, knowledge and confidence in austerity measures are measured, and establish if the public feel they are being involved when these economic policies are being established or not. The key informants helped in providing context and specialised technical

aspects of the subject matter. These were primarily sampled from people with an economics, public policy, finance and political science background.

3.3. Population and Sampling

The study focus was citizens of productive age (18-65) who are operating at the Glen View 8 Complex Furniture Manufacturing Industries. In this case the total of these units of analysis came up to 2 000 furniture manufacturing entrepreneurs. According to ZIMSTAT (2013) there are approximately 2 000 people operating at this complex.

Population Sampling

The researcher targeted 30% of the total population by targeting 600 of the 2000 entrepreneurs operating in Glen View 8 Complex. These were chosen through Stratified Random Sampling and Systematic Sampling.

Stratified Random Sampling

In this study, the researcher divided the population into three groups, according to the sectors that the entrepreneurs focus on in the furniture business. The researcher grouped them according to:

- Those focussing on Kitchen Ware (Kitchen Units, Kitchen Tables and Push Trays)
- Those focusing on Dining Room Suites (Sofas, Dining Table, Room Dividers, TV Stands)
- Those focusing on Bedroom Suites (Beds, Headboards, Wardrobes chest of drawers)

Simple Random Sampling

The clustered, stratified population were then selected using simple random sampling in which members grouped into four strata described above will stand an equal chance of being selected. Practically, this was one by collecting the table numbers of all the entrepreneurs belonging to each of the stated categories. These were placed in separate

units and table numbers picked randomly from each unit until the desired and set quantity was reached. In Glenview 8, each operator is given a stand number (table number) allocated by the committee in the complex.

Expert Sampling

In as far as the study used mixed methods, part of its participants were necessarily drawn from the qualitative methods of sampling. In particular, the study targeting as it did the input of experts in economics and public policy used a non-probability sampling method in the form of expert sampling. The economists and public policy experts chosen as key informants are people of acknowledged expertise in the sectors deliberated in this study.

Questionnaire Response Rate

- Table 1: Response Rate to Questionnaire

Category of Respondents	Sample Size	Number of Responses	Percentage
Those focussing on Kitchen Ware (Kitchen Units, Kitchen Tables and Push Trays)	200	147	73.5%
Those focusing on Dining Suits (Sofas, Dining Table, Room Dividers)	200	171	85.5%
Those focusing on Bedroom Suits (Beds, Headboards, Wardrobes chest of drawers)	200	188	94%
Total	600	506	84%

- There was generally a high response rate to the survey as most of the entrepreneurs in Glen View 8 complex expressed high interest in the subject. The response rate was at 84% with the carpenters focusing on bedroom furniture scoring highest response rate at 94% while those focusing on kitchen furniture scored the lowest at 74%. The high interest expressed by the participants is attributed to general lack of spaces to be heard and be consulted. Austerity measures, according to the respondents, was largely a subject they only heard about in the media, and participating in this research was one strategic way they identified as an opportunity to speak out and share their views on the matter.

3.4. Data Collection Instruments

At the level of data collection instruments, the research study accordingly deployed quantitative and qualitative instruments in the form of a questionnaire and a key informant interview guide. This mixed approach was adopted to ensure that comprehensive data is gathered, giving both descriptive analysis as well as quantitative data to establish solid conclusions on the levels of community participation in fiscal policy making in Zimbabwe. The data collection instruments used in this research are fully described below

Questionnaire: To conduct the survey, the researcher developed a questionnaire, which was distributed to the specified sample in Glenview 8 Manufacturing Industries. The questionnaire had a set of questions which were carefully designed to give the quantitative data that would be used to measure people's attitudes and perceptions towards the consultations done by government, while also measuring the actual participation in the consultations by the target group for the research.

Key Informant Interview Guide: To give a more qualitative details of the research objectives, the researcher developed a key informant guide, which provided a set of strategic questions meant to explore further policy dynamics in the public consultations done in fiscal policy formulation in Zimbabwe. This key informant guide was used to guide interviews done with experts in public policy, economics, politics and finance.

3.5 Data Collection Procedure

In this study a total of 600 questionnaires were distributed to the targeted population. These were administered through distribution of the questionnaires to the respective tables that were selected to be part of the sample. The distribution was assisted by volunteers from the complex. This was done to get quantitative, measurable data that answers the specific questions set out in this study. At the same time, qualitative data was also collected in this study, and this was done through key informant interviews. The key informant interview guide was developed and responses recorded in transcripts. These transcripts were then analysed using Nvivo, to come up with specific themes that addressed the qualitative aspects of the research. Table below gives a summary of the data collection methods used and the instruments used in each respective method

Table 2: Data Collection Instruments

Method	Target Group	Instrument
Key Informant Interviews	Policy Makers, Government Officials, Retailers, the business sector, small to medium enterprises , economists, bankers, lawyers	Key Informant Interview Guide

Survey	Entrepreneurs operating at Glenview 8 Manufacturing Industries.	Questionnaire
Thematic Analysis	Policy Makers, Government Officials, Retailers, the business sector, small to medium enterprises , economists, bankers, lawyers	Nvivo software was used to identify themes from the interview transcripts

3.6. Analysis and Organization of Data

The following data analysis techniques were used in the research

- Thematic Analysis: Responses from the Key Informant Interviews have been grouped into specific themes to deduce key highlights and issues being brought about by the respondents. These key themes were defined with the research objectives in mind, and as such the following are some of the themes that were identified
 - Proposals on alternative fiscal policy direction (apart from austerity measures)
 - Relevance of austerity measures as a fiscal policy in Zimbabwe
 - What government should have done for austerity measures to work
- SPSS: Data from the questionnaires were analysed through SPSS. Questionnaire coding was done and responses captured in the system for analysis. Distributive frequencies were then generated to be able to interpret meaning of the data. SPSS was used to analyse the responses from the questionnaires to come up with relevant information that answers the questions set in the research objectives. As such, through the data, data on citizen

knowledge, attitudes and perceptions among others were able to be measured by looking at distribution of responses given by the study population through questionnaire.

3.7. Ethical Consideration

The following are the key ethical considerations considered in this research

- **Respecting People's Views:** This subject attracts varied opinions and views from the respondents. The researcher did not coerce people to give information biased towards any narrative regarding austerity and economic growth in Zimbabwe
- **Remaining Apolitical:** The subject also had potential to take political tone during discussions with respondents. The researcher remained apolitical in all the engagement processes with the research participants.
- **Participants' Confidentiality and Anonymity:** This study assured the participants that their views would be held in confidence and not shared with anyone else who is unrelated to the study's academic purpose. In addition, the names of the participants were not linked to responses in order to protect participant anonymity.
- **Informed consent:** the participants were all given a full disclosure of the purposes of the study in writing and verbally in languages of their choosing. The researcher only extracted participants' explicit and written consent to participate after the foregoing.

3.9. Summary

This chapter has presented the research methodology for this research. The chapter explains how data which is to be presented in the next chapter was collected and how

it was analysed. In data collection, the chapter also presented the tools used and the population that was sampled for the purposes of this study

CHAPTER 4: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter gives an account of the results collected through the research data collection processes. In this research, key informant interviews, and Survey were used as key data collection methods. The researcher consulted with technical experts in business, economics and political fields who have a better appreciation of the concept of participation and the economics of austerity in general and in the context of Zimbabwe. At the same time, the researcher converts the data from the survey into useful information, giving it meaning through presenting the information in the form of graphs for analysis purposes. Various thematic focus areas were developed to come up with interpretative presentation of data which can be used to inform strategic processes by key stakeholders like government through the Ministry of Finance and Economic Development. The results from this process are discussed in this chapter.

4.2. Data Presentation and Analysis

This section of the research presents a detailed account of the results from the research. Using presentation methods like pie charts and bar graphs, results are presented and analysed to give meaning to the responses that were given by the study population.

4.2.1. Demographic Information of Research Participants

One of the objectives of this study is to examine adequacy of the consultations done by the government in process to come up with austerity measures as a fiscal policy. As such, it is important to explore the demographics of the respondents to this research in a bid to qualify and categorise the population while at the same time examining whether sufficient representation was mainstreamed in the consultation processes to come up with austerity measures in Zimbabwe.

4.2.1.1. Sex of Participants

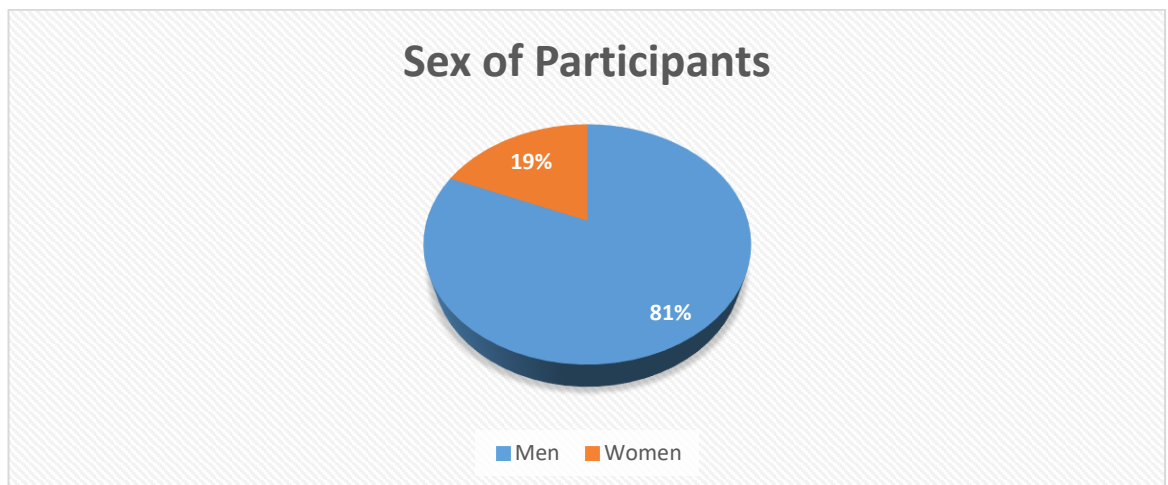


Figure 4: Sex of Participants

Glen View 8 complex is a male dominated environment. 81% of the respondents were male, while only 19 percent being female. This is largely attributed to patriarchal norms and values in which jobs like carpentry are largely viewed as preserves for men. However, this researcher identified a lot of opportunities in the value chain of the industry where women could participate in the sector, including supply chain management, marketing and sales, transport management and other services needed in the industry. The few women who took part in this research are already doing some of these tasks.

This chapter will present data on statistical information on various thematic issues asked in the questionnaire among these participants.

4.2.1.2 Age of Participants

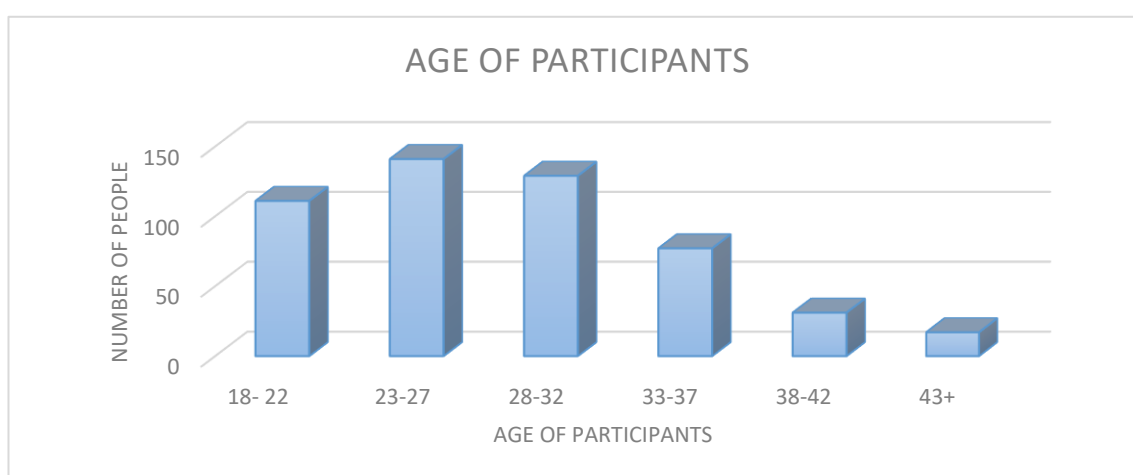


Figure 5: Age of Participants

In line with one of the objective of the research, which is to establish the adequacy of consultations done in the process of coming up with austerity measures as a fiscal policy, the research also tried to determine if young people were consulted. Glen View 8 complex is a youth dominated industry with over 90% of the participants to this research between the ages of 18-35. This is in line with the general trend in the country, in which the population is largely dominated by the youths (ZimStat 2012). The majority (28%) are between the ages of 23 and 27. Entrepreneurs like those working at the Glen View 8 industry are indeed part of the much anticipated harnessing of the demographic dividend and if government comes up with sustainable economic models to tap into the youthful energy and expertise they have, this can be part of the huge economic turnaround for the country. Thus, in line with the focus of this research, even in fiscal policy development processes, such groups of young people must never be excluded.

4.2.1.3. Participants' Level of Education

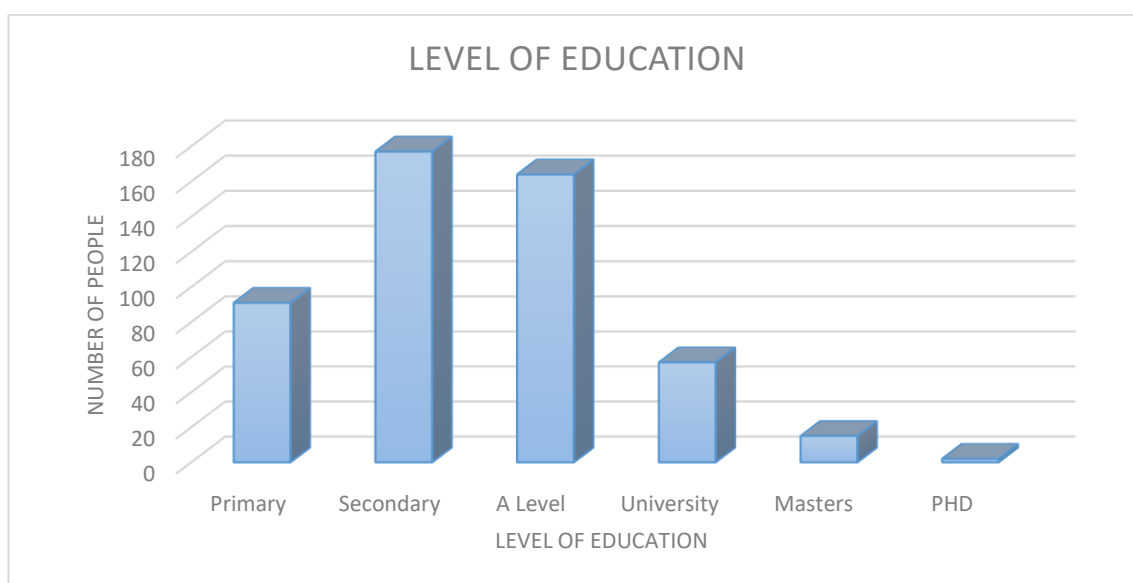


Figure 6: Participants' Level of Education

As one of the objective of the research is also to identify the level of participation and establish who were the people consulted, it is key to understand the level of education of participants and establish if level of education was a determining factor in choosing who gets consulted and who is not. Contrary to general perception in the society, Glen View 8 complex is actually dominated by youth with high levels of education including some with university degrees. 33% of the participants actually reached A Level with about 11 percent being holders of university degrees. In a country with unemployment rate of over 90%, it is not surprising that in this research, the researcher came across two people with PhDs, working in Glen View 8 complex and 15 people with Masters Degrees. The results points to a recommendation to the Ministry of Finance and Economic Development that such sectors must never be excluded in the fiscal policy debate in the country, not just for their level of education but for the total output and their contribution to the fiscus in the country. Working in informal sector like Glen View 8 complex should not be associated with one's lack of education. This

research could not find the correlation as evidenced by the number of people working in the area who actually have high education qualifications

4.2.1.4. Marital Status of Participants

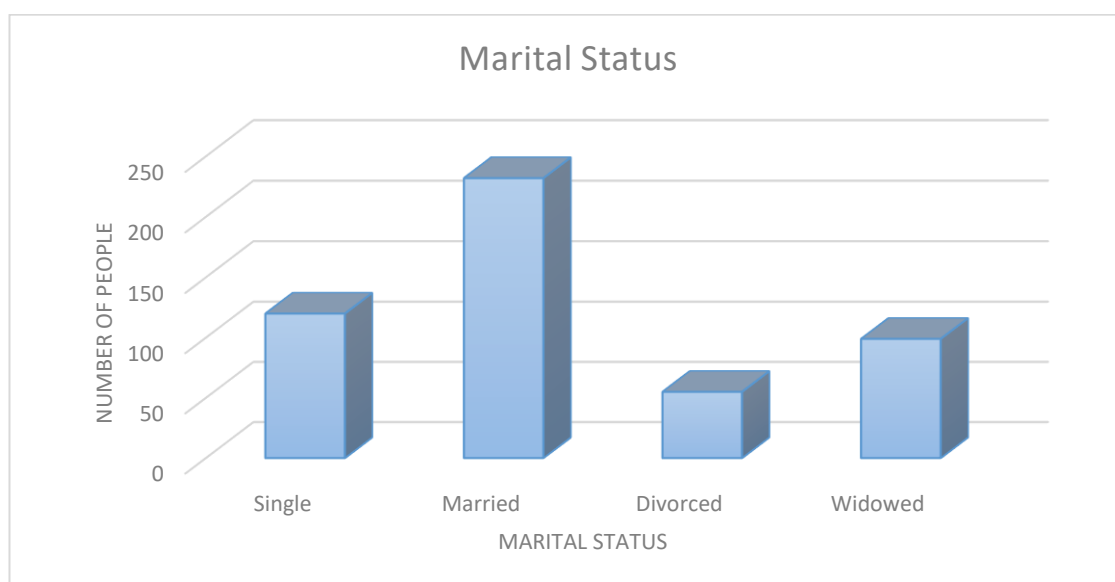


Figure 7: Marital Status of Participants

While the majority of the people working in the area are youthful, the research established that they are also family people. 232 of the 506 respondents noted that they are married, while 99 of them said they are widowed. The high number of widowed is a reflection of high death rate in the country which is at around 10.2% (ZimStats, 2017). The rate could be even higher; especially as economic hardships have worsened with health service delivery reaching its worst amidst consistent strikes by medical practitioners in the country over salary increment disagreements with the government. From a government perspective, youths in Glen View 8 complex and other informal sectors, must be viewed in the deserving consideration of being sectors where breadwinners work, persons with family responsibilities and part of those that contribute to the overall household income levels in the country

4.2.2 Impact of Austerity on Glenview 8 Industries

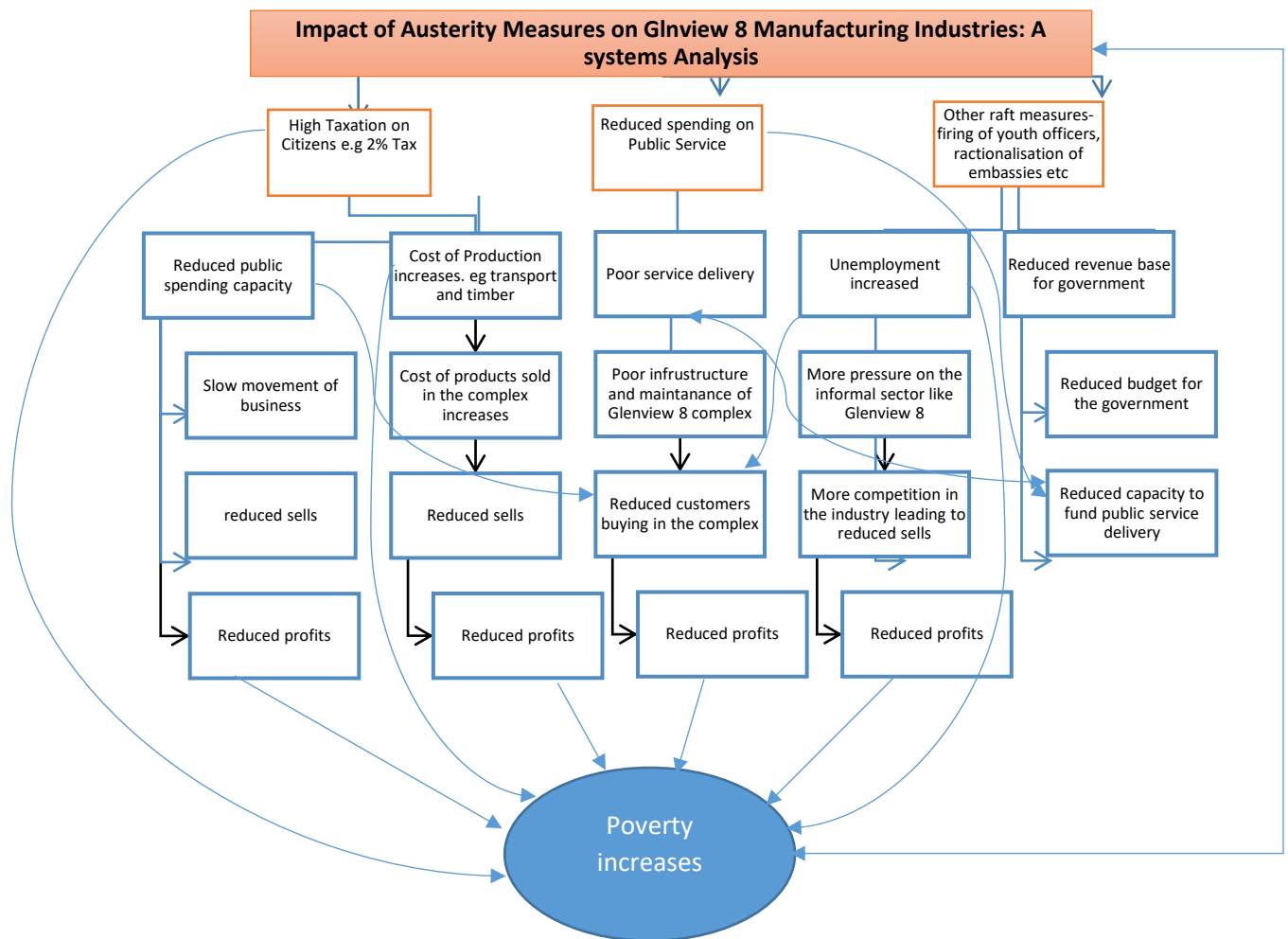


Fig8: How Austerity Measures affected the Entrepreneurs in Glenview 8 Complex

Stuckler (2013) argues that austerity measures kill, literally. This statement can be argued to be particularly relevant when examining how austerity measures have negatively impacted on the business of the entrepreneurs operating in Glenview 8. While the policy may seem to be very distanced from the people, its impact is actually almost direct. The measures put forward by the Finance Minister, which are the primary focus of this research, particularly the 2% tax, the firing of youth officers, retiring of persons above 60 years old and others have resulted in more pressure in the society. Unemployment has increased, meaning more young people are pushed into the informal sector like Glenview 8. However, because austerity would mean reduced

public spending reduction, the government has not been able to sufficiently upgrade the complex to accommodate the increase in population operating in the area and provide the necessary facilities. Among the results witnessed is that Glenview 8 complex has had 4 fire outbreaks in the last two years that wiped out the goods of the people operating, resulting in huge loses. Austerity measures also saw the government introducing the 2% tax and as already argued in this research the 2% tax results in increased tax burden on the citizens. This weakens their purchasing power, and the ability of them to buy goods produced by the entrepreneurs is also reduced. This and other factors presented has resulted in reduced sells, leading to reduced profitability of the business. Ultimately, austerity measures have resulted in increased poverty within the population, including those young people operating in Glenview 8 as well.

4.2.2. Citizen Participation in Consultation Programs

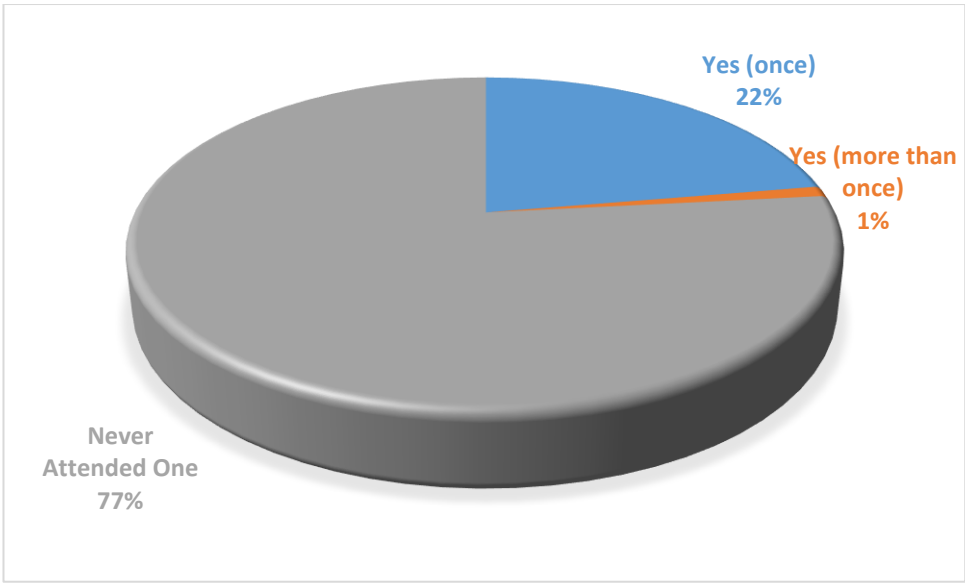


Figure 9: Citizens' Participation in Public Consultation Programs

In line with the first objective of study, which is to examine the adequacy of citizen engagement processes in establishing austerity measures as a fiscal policy, this research established evidence that there is very little public participation in participation of citizens in public consultation initiatives by the government. 77% of the respondents noted that they have never attended any public consultation programs.

Interestingly, only 22 percent said they have attended such programs once and only 1 percent said they have attended more than once. This raises questions on why the huge drop from 22% to 1%, an indication that those who attend the consultations will find no reason to attend yet another. Upon probing further by asking citizens to give more reasons, majority indicated that government will only be doing these meetings just to tick the boxes with only politically correct views from citizens are given any attention by the government.

4.2.3. Citizens' Willingness to Participate in Fiscal Policy Making Processes

To further interrogate the views of the citizens, the research asked further if the citizens are actually willing to participate in these consultation programs given the fact that 77% have never attended such. The research thus asked citizens if they will be willing to take part in the consultations if they hear such is happening somewhere close to them. Only 18% said they will be willing to participate. Program officer for Southern African Parliamentary Support Trust (SAPST) highlighted that for some citizens, especially those in the informal sector, they may find this a mere waste of time as this economy has become largely informal.

Citizens measure what brings more value, more money on their table, to attend a government meeting, in which they perceive their voices will not be valued, or to keep hustling on their small business and look for clients. Which of the two do you think they will opt for? (Key informant Interview, November 22, 2019)

It can be concluded that citizen participation in Zimbabwe is not just about accessibility, and openness of platforms for engagement. Rather there are other fundamental factors to be considered including the need for restoration of public

confidence in the initiatives, and the need to find alternative means that offer more convenience for citizens to participate, in the comfort of their homes, or without disturbing their daily work routines since we are mostly an informal economy

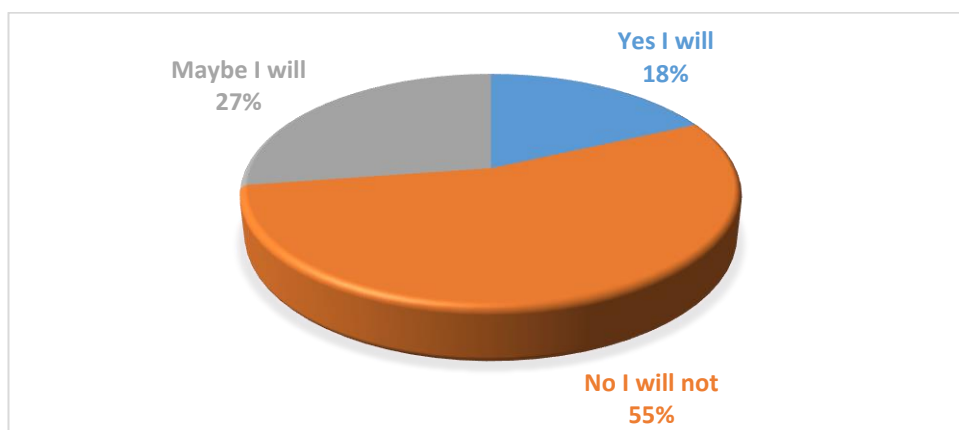


Figure 10: Citizens' Willingness to Participate

4.2.4. Citizens' Knowledge and Attitudes on Representation

As noted by Choguill, (1996) the participation of individual citizens in decision-making would bring little benefit for the community, especially in the context of underdeveloped countries. Choguill thus suggests the term 'community participation' and not 'citizen participation', considering individual citizens as members and representatives of a fully organized community. Thus, true to the context of Zimbabwe as well, participation of citizens is largely through representation. But what is the people's attitude towards this, and their knowledge on these representations in their sectors. This research thus examined people's views regarding their representation in fiscal policy matters in as far as engagement with government is concerned

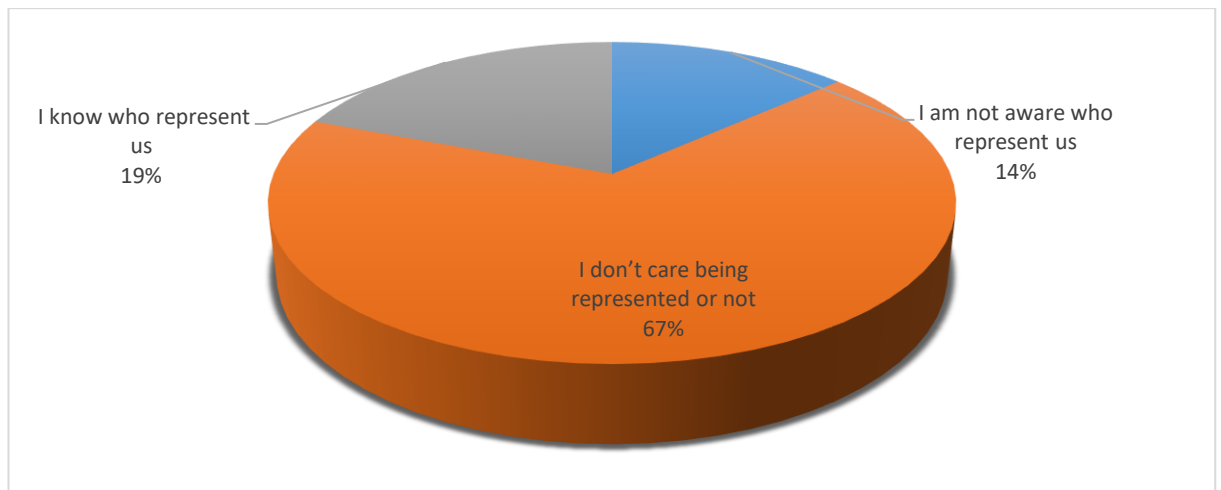


Figure 11: Citizens' Knowledge and Attitude on Representation

Only 19% acknowledged they know who represent them in these issues with the majority (67%) saying they actually don't care being represented or not. This shows a very negative attitude towards the process and further reveals evidence of lack of trust and confidence in the processes done by government in these consultations, mostly for the reasons highlighted earlier.

4.2.5. Level of Consultation done in Austerity Measures

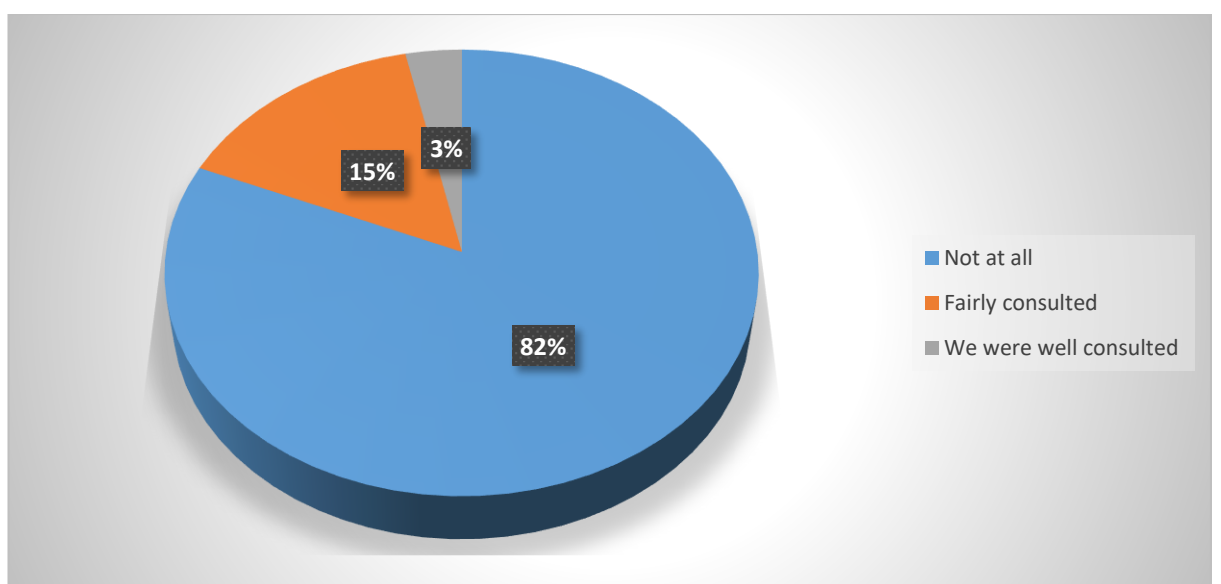


Figure 12: Citizens' Perception levels of Consultations Done

The research tried to be more specific and narrow down to the actual focus of the research in as far as community participation among citizens in urban areas is concerned by asking if they actually feel like they were adequately consulted by the government in its processes to come up with the current fiscal policy. Only 3% expressed that they feel they were well consulted with majority (82%) believing they were not consulted at all.

Economics expert, in an interview with this researcher concurred with findings from this research highlighting that the citizens are justified to feel not consulted given the circumstances that happened in the process of establishing this policy thrust. Transition Stabilisation Program (TSP) the blueprint that the Finance Minister is using, was announced exactly two weeks after his appointment. One of the key informant interviewees had this to say, “I don’t think there was any consultations done, but rather it is a strategy established by himself, and his friends, with ideas that he felt would work in Zimbabwe based on his part experiences. But it doesn’t work that way,” (Key informant Interview, November 10, 2019)

4.2.6. Citizens’ Understanding of Austerity Measures

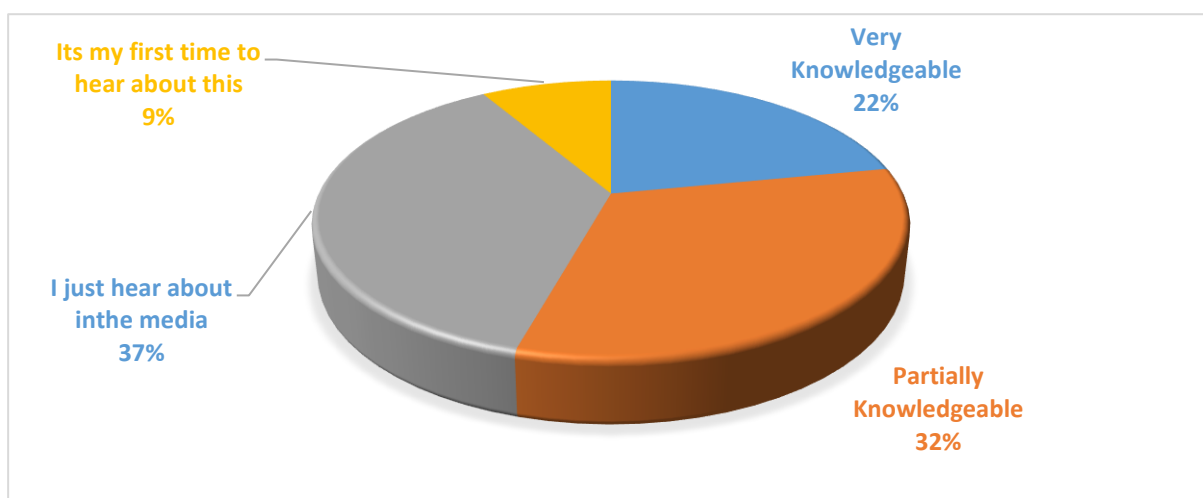


Figure 13: Citizens' Understanding of Austerity

This research also sought to establish the state of preparedness by the country in implementing austerity measures. As such, it is important to establish whether citizens actually have a good appreciation of the policy. Citizen understanding of austerity measures as a fiscal policy is an enabler for successful implementation of the policy. While there has been a lot of talk about austerity measures in the media, the results on the ground do not reflect high level of citizen understanding of the matter. In fact, austerity has remained a subject that the majority hear about in the media, but with limited access to platforms where they could engage and understand on the subject. This research established that only 22% expressed high knowledge of austerity, with majority (32%) saying it is a subject that they just hear about in the media.

These results reflect a major gap in the process that was done by the Ministry of Finance and Economic Development as it developed and implemented the fiscal policy. The research concluded that an elitist approach was used, in which citizens at the bottom of the societal ladder have been systematically excluded from the debate. They have just become recipients of policy with government indirectly forcing people to accept the measures without properly engaging the people. This contradicts the IMF GIFT principles, especially that of openness, accessibility and inclusiveness

4.2.7. Citizens' Perspectives on Austerity Measures on Quality of Consultation Done by the Government

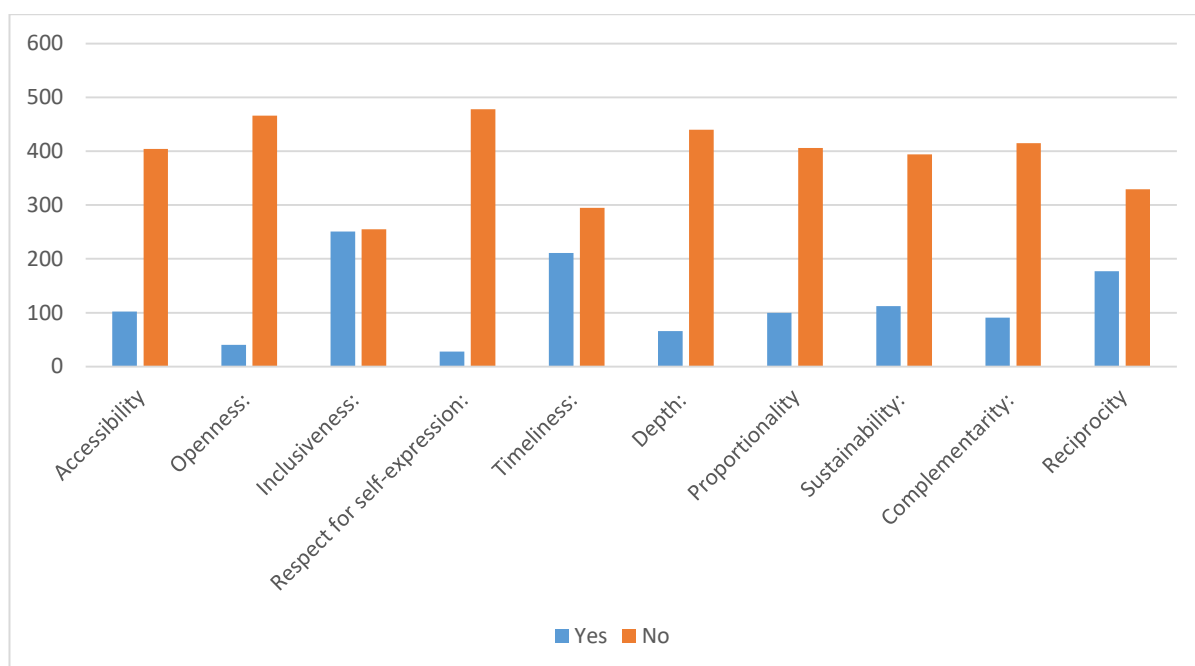


Figure 14: Citizens Perceptions on Austerity Processes by Government

As noted in chapter 1 of this research, public participation in fiscal policy formulation is a recommendation adopted at the United Nations General Assembly in 2012 (UNGA Resolution 67/218), which encouraged member states to intensify efforts to enhance transparency, participation and accountability in fiscal policies, including through the consideration of the principles set out by GIFT; and encouraged discussions, cooperation and information sharing between all stakeholders to assist Member States to build capacity and exchange experiences. The resolution thus endorsed the Global Initiative for Fiscal Transparency (GIFT) principles to encourage member states to ensure public participation in fiscal policy issues. It is important to note that as the government is moving towards reengaging with the international world, the IMF partnership is one of the most sought after by the government. This

research thus tested citizens’ perceptions on government’s adherence levels to these IMF principles in as far as fiscal policy formulation and implementation is concerned

The GIFT principles are a set of 10 fundamentals that needs to be followed and mainstreamed in the course of developing, implementation and monitoring and evaluation of fiscal policies. This research established that citizens have a negative view on the process followed by the government. The research established that the government scored an average of 30% below citizen expectation on adherence to citizen engagement in fiscal policy matters. Interestingly, out of the 506 participants to this research, only 28 believed that government of Zimbabwe follows the principle of “Respect for self-expression”. It can thus be concluded that even if people attend the public consultation processes, there is generally fear to freely express one’s view, resulting in public consultations being reduced to mere smokescreen activities that give a false impression of engagement when citizens in those platforms cannot even freely express their views.

4.2.8. Citizens’ Confidence in Austerity

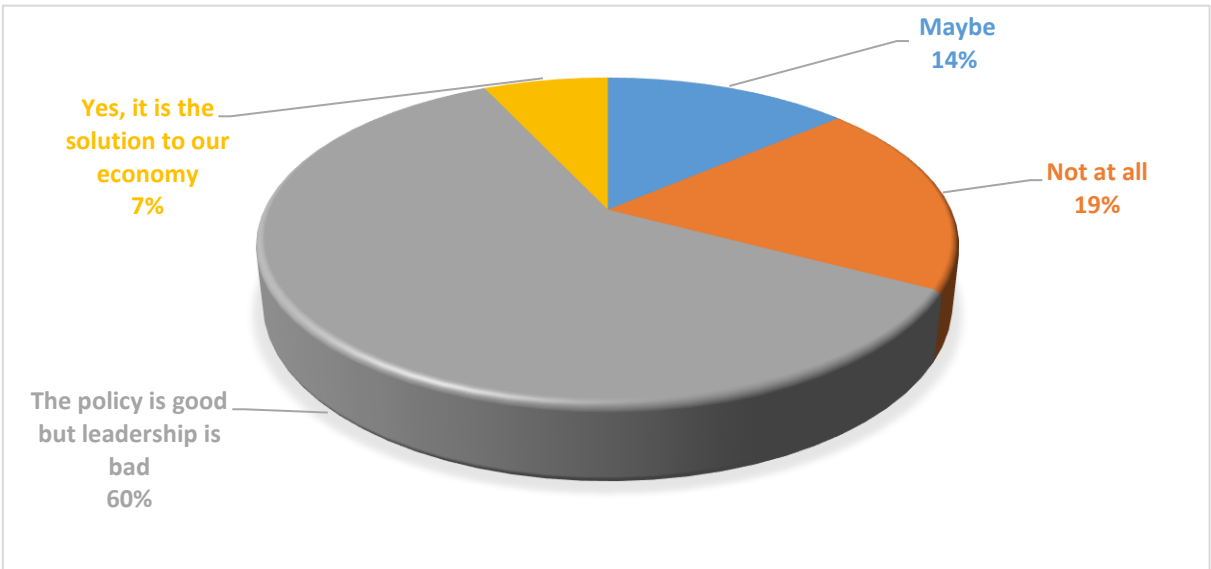


Figure 15: Citizens' Confidence in Austerity Measures

In an interview with this researcher, an economist indicated that “one the key drivers of high economic performance in any country is citizens’ confidence in the system, “Key Informant Interview, November 15, 2019). The economist noted that for any economic policy to work, citizens must have confidence in the financial sector, and they must also have confidence in the political system. Indeed, this research also examined the public’s confidence in the Austerity Measures, itself a major and strategic policy shift that was adopted by the government to revive the economy of Zimbabwe. As shown in the figure below, the citizens have very low confidence that Austerity Measures will contribute to the successful revival of this economy

Addressing the objective examining state of preparedness of the country in implementing austerity measures, the research established that the majority (60%) actually have faith in the policy (austerity measures), but not the system and people administering it. According to the research, 60% of the respondents noted that austerity measures is a good policy but the leadership in the country is bad. That means, the economic woes facing this country can actually be argued to be more political than economic, for it is the political question that must be answered if any economic policy is to bear the desired fruits.

4.2.8. Confidence in Prospects for the Success of Austerity Measures

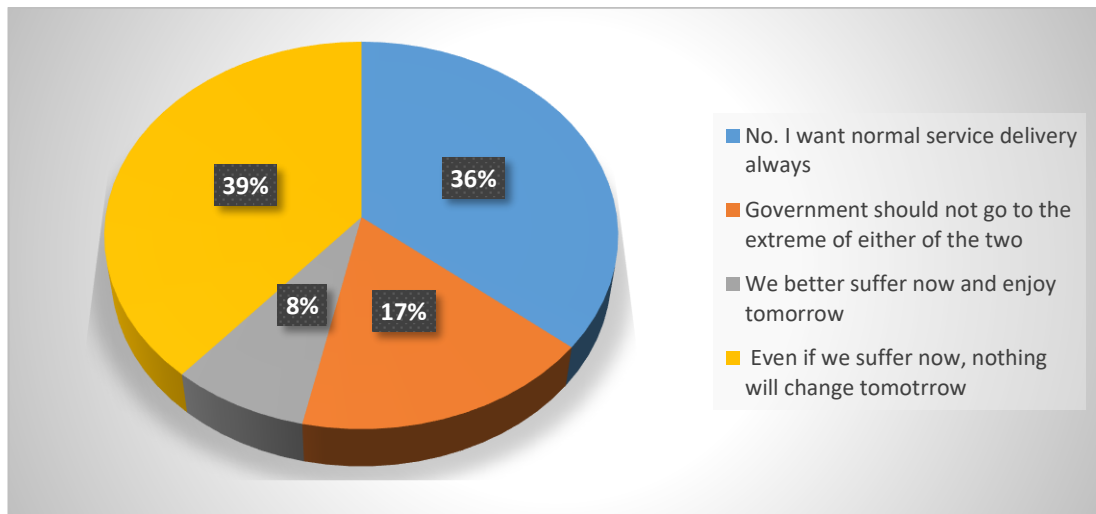


Figure 16: Citizens' Confidence in Prospects for Success of Austerity Measures

The research tried to probe further on public confidence in the philosophy and theory of change behind austerity measures. According to Finance Minister Mtuli Ncube, austerity measures were introduced as one of the initiatives to address the macroeconomic issues, specifically to address the trade deficit. Accordingly, they are not a permanent solution but an initiative to correct the past wrongs while preparing for a better future. This research tried to ascertain if the public believe in this philosophy by asking if they are prepared to endure the pain of austerity while government is setting the ground for better macroeconomic fundamentals.

The research established that only 8% of the respondents believed it is better they suffer now (through austerity) and enjoy a better tomorrow, with the majority actually thinking even if people suffer today, there will still be no change in the future. This reinforces the previous notion that what the system in Zimbabwe is suffering most is lack of confidence from the people. Among the most common reasons why people felt this which were given by the respondents was that they have lost trust and faith in the government and all its initiatives.

One of the major concerns expressed by the respondents was that they are not sure if the savings that government is getting through austerity measures like the 2% tax are being directed towards addressing the economy or they are actually funding government's extravagant spending. In an interview with this researcher, economist gave this opinion:

The citizens certainly do not believe in austerity because they see a contradiction between what government is preaching against what they actually do in practice. To an ordinary citizen, the 2% tax is funding the president and his entourage's endless trips across the globe, building mansions for the Ministers and so on.

He concluded that for a policy like this to work, government needs to invest in changing perceptions of people and regain their trust.

4.2.9. Citizens' Perceptions on Necessity and Relevance of Public Consultation

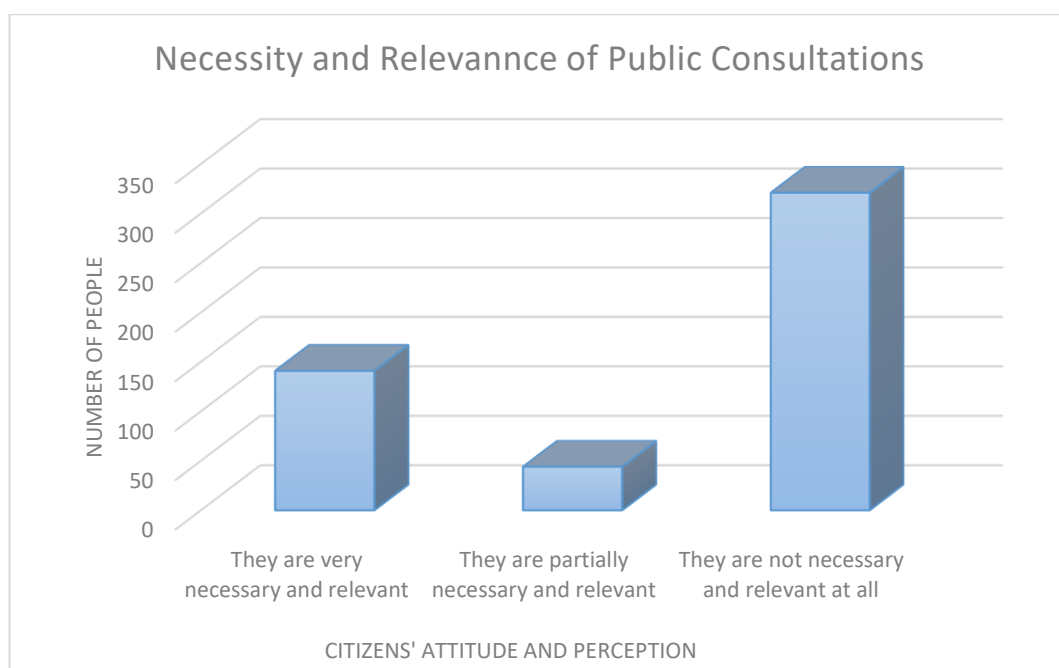


Figure 17: Perceptions on Relevance and Necessity of Consultations

In the survey, the researcher concluded by asking if citizens then actually feel like community participation through these public consultations is still necessary and relevant in the context of Zimbabwe. Of the 506 respondents, 321 were of the view that these processes are not necessary and relevant in Zimbabwe with only 44 people saying they are still necessary and relevant. The key reasons for this have been discussed earlier in this research.

4.2.10. Government's Position on Public Consultation in Fiscal Policy Making

In an interview with the researcher, a senior official from the In coming up with the 2019 Budget, the government of Zimbabwe, noted that in developing such policies, the government of Zimbabwe through the Ministry of Finance and Economic Development develop a Pre-Budget Strategy Paper. The 2019 Budget Strategy Paper (BSP) presents proposals on key policies and priorities, with a view of facilitating discussions and preparations. According to the interviewee, it is from those consultations that the Ministry developed the Austerity for Prosperity thematic focus for the fiscal policy of the nation. Asked on whether he feels that constitute adequate consultation, the key informant noted that Zimbabwe is a different country and operating in a different context which is largely dominated by economic crisis adding that Zimbabwe opts for processes that fit within the resources available to do such processes and these may sometimes fall short of international standards. He however noted that attending such platforms is voluntary noting that government does not force people to attend such programs

As however noted in this research, while the government does make public announcement, inviting interested stakeholders to join the budget consultation processes, mere announcement of such events does not constitute adequate community

participation. While the encouragement has been for citizens to ensure their participation through organised groups, the representation of such groups has been subject to scrutiny as people even doubted the capacity of them to represent the true interests of the ordinary men and women. Nevertheless, the countrywide budget consultations are done, and it is after the consultations that the fiscal policy is formulated, according to government representative interviewed. The views sharply contradict with the responses from the population sampled in this study as majority felt dissatisfaction over the government efforts to hear their voices and contribute to the policy formulation that reflects their will and vision as citizens.

4.3. Discussion and Interpretation

Based on the findings from this research, there are specific thematic issues that deserve a closer examination. These are as follows:

4.3.1. Austerity Impact in Zimbabwe

Since the government introduced austerity measures, there is no indication that Zimbabwe is heading towards a better macro-economic environment, (Gundani 2019). This research established that the prospects for the success of austerity measures started falling apart on the very day the policy thrust was announced to the people. There was little to no consultations that were done with key stakeholders to find out if this is the most strategic direction to take given the context and sensitivities prevalent in the economy and in the country. This research concurs with the views of Carlock (2013) who noted that austerity makes people sick, literally. Life has become harder for the citizens, characterised by hyperinflation, shortage of essential products like drugs, uncontrollable exchange rate, and natural re-dollarization against the background of government still paying civil servants in local currency.

The August 2019 Basic Needs Basket (BNB) Survey revealed that the cost of basic needs increased from ZWL \$ 1684.45 in July 2019 to ZWL\$ 2086.52 in August 2019, (PRF 2019). PRF, (2019) further notes given that the Basic Needs Basket value of ZW\$ 2086.52 shows the bare minimum cost of basic food and non-food items needed by a family of five (excluding costs of other essentials such as education and health care) it is evident that even after being given the cost of living allowance, civil servants cannot afford to access basic social services. What is means therefore is that the phase of austerity has been associated with more poverty and decline of standards of living in Zimbabwe.

Outside that, the phase of austerity in Zimbabwe has been largely associated with loss of value of the local currency with PRF (2019) noting that one USD was being exchanged for 12.88 and 15.80 \$ZWL on the RBZ intermarket and parallel market, respectively, by the second of September. This indicates that the monetary authorities have failed to put in place measures to stabilise the exchange market and control inflation. Small businesses where most people are employed and earning their livelihood from are losing a lot of income opportunities due to inflation, the uncertainty of government policy direction and high cost of energy among other challenges, (PRF 2019).

On the social front, there has been increase in depression, anger, frustrations and sickness. This researcher conducted FGDs with citizens in Glen View who expressed concern over increase in Domestic Violence cases as families struggle feed families and have peace in the household. Media reports have also been highlighting increases in suicide cases as citizens fail to cope with high cost of living and further deteriorating and depressing cost of living in Zimbabwe.

4.3.2. Apathy in Citizen Participation

The results from this research show high levels of apathy among the citizens to participate in national processes including consultations on fiscal policy formulation. Apathy has been largely developed as a product of perceived ignorance by the government to implement the actual wishes of the people in pursuit of politically correct economic thrusts and development trajectories. As discussed in this research, only 18% of the research participants expressed willingness to participate in the public consultations organised by the government. This shows that there are peculiar issues in Zimbabwe that militate against adequate citizen engagement in national process including failure by the government to restore confidence in the system within the population. While the government is indeed falling short in terms of fulfilling the GIFT principles, there is actually much more that needs to be done for community participation in fiscal policy making to be enhanced

4.3.3. Lack of Confidence in the System

One of the critical elements established by this research is that there very low confidence in the government, its systems and processes and policies by the citizens. There is just lack of trust in every move by the government, even before they even ponder on the positives and negatives of that particular initiative. In Zimbabwe, less than a month after introduction of Austerity Measures, there was a wave of demonstrations, which were partly sparked by citizens' frustrations over what they perceived to be introduction of a policy against them. Lack of confidence itself sparked price hikes, and shortage of basic commodities. Where there is no confidence in the system by the citizens, performance of the economy is severely compromised. In this research, there was wide evidence of lack of confidence in government processes in fiscal policy making process, and the policies established. For instance, 39% of

respondents expressed that they believed even if austerity make people suffer now, there are still no prospects for a better tomorrow. In another related question in the survey, over 60 % of the respondents highlighted that austerity measures as a policy is good but the leadership implementing the policy is bad. It is confidence in the system that government needs to fix before moving to establish specific policies to address the fundamental macro-economic issues

4.3.4. Alternative Fiscal Policy Thrusts for the Government

Extensive literature review and in-depth interviews conducted in this research established that outside adopting austerity measures that burdens the citizens with tax, there are alternative fiscal policy thrusts that the government could have adopted. These are as follows

- **Genuine Political Dialogue:** In an interview with this researcher, a renowned economist noted that the unsolved political question has been the key hindrance to the success of any economic turn-around strategies implemented by the government. As proved in the research, there is generally lack of trust and confidence in the system that is made up of the current government and its officials. There is resentment of the establishment, and the policies thereof, which they government tries to implement. As discussed in this research, where there is generally lack of trust and confidence in a government and its systems, there is also equally lack of trust and confidence in the policies established by such government. Therefore, to solve this challenge, the government must prioritise having a political dialogue with all the key political actors, and see to it that genuine political reforms are done to ensure restoration of trust and confidence in the government and its systems

- **Local Content Enhancement:** Local content refers to the necessities for companies operating in a particular country to locally source a stipulated percentage of inputs, (Mugano, 2019). According to Mugano (2019), the proportion of inputs (labour, materials, and arts) derived from the domestic economy and employed in the production process for the purpose of adding value to the local economy is also considered local content. According to Mugano, (2019) there are four potential uses of the of local content which are:
 - a) Purchase from national suppliers of goods and services
 - b) Local staff employment-employment of staff considered local, including those immediate surrounding extractives operations
 - c) Local economic development support through local enterprises development of social investment
 - d) Effects on induced Employment: Consists of employed people due to wage spending by the employees of the operation in question concerned and usually also by the employees of suppliers and customers.

According to McCulloch, *et al* (2017) local content policies if properly implemented for example through backward linkages, can address either the supply or the demand for intermediate products and services. In a country where companies are operating below normal capacity utilisation, there is need for the government to focus on local production. This can work best if the policy is framed in local content enhancement state. This will ensure that local companies can produce, and they produce with readily available market. Although the government tried this through implementation of SI64, the government can learn from its failures in that policy and align with SADC free trade policy and also better support the local industry to produce quality products that

can fight competition from imported products that are flooding the market. Thus with local content enhancement, it will result in increased production, more job opportunities for the youths and also an increase in Zimbabwe's GDP.

- **Tackling Corruption:** Corruption is arguably one of the biggest social cancers that has crippled the economy of Zimbabwe. While there has not been official government statistics on how much the country has been prejudiced of due to corruption, recent media reports point to vast corruption scandals particularly in state owned parastatals in the country. The NSSA report reveals an excess of US\$ 5 million allegedly stolen by the then Minister of State Enterprises Prisca Mpfumira, while Command Agriculture is believed to have costed the country US\$ 3 billion in corruption and recently published cost of US\$ 1 million that Air Zimbabwe lost through corruption. It can thus be argued that outside implementing austerity measures to address the economic problems of this country, Zimbabwe can pull itself out of poverty by ending corruption in the country.

- **International Engagement:** The economic experts this researcher engaged and officials from the Ministry of Finance share a common view that it is hard for austerity measures to succeed with limited external funding. Generally, there has been reduced Foreign Direct Investment (FDI) in the country and generally an underperforming economy since the year 2 000. Budget deficits have characterised most of the economic reports in the country and currently expenditure outturn to year end is estimated at US\$8.2 billion against a budget of US\$5.3 billion, implying an expenditure overrun of US\$2.8 billion (Ncube, 2018). Implementing austerity measures in such a context only makes the situation worse. As such, the government needs to focus on ensuring that

Zimbabwe is incorporated back into the international community including workings towards having the sanctions imposed on the country removed. Without external support, especially through foreign direct investment, it will be hard for the economy of Zimbabwe to take off. Thus, this research proposes that outside implementation of austerity, the country needs to focus on regaining trust from investors, and once again be a preferred destination for investors. Tackling corruption, creating investor friendly policy environment and political dialogue will be inputs towards making this possible

4.4. Summary

This chapter has presented and discussed the results from the research. It extensively presented key issues brought out from the various processes that were done in the data gathering process including interviews, survey and focus group discussions. Reflections from previous studies were also done to compare results from this study and what was established by other researchers who focused on similar issues. The next chapter presents the key summaries and recommendations

CHAPTER 5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter presents the key summaries of the research. The objectives of the research are outlined, and summaries of conclusions made on each of the research objective presented. The chapter will start with a brief discussion on key issues brought about by this research. In this discussion, critical analysis is applied as the research debates and interprets the key findings from the research, applying relevant concepts and comparisons with what previous researches established in the same subject. In the process, the researcher gives an interpretative account of the results, giving meaning and explanations to the findings, as informed by relevant theories, policies and guidelines to inform conclusions on the objectives of the research.

5.2. Discussion

This research analysed the community participation processes in Zimbabwe in fiscal policy formulation, with a focus on the prospects for the success of austerity measures. The research noted that there was no adequate consultations with the key stakeholders in the process of formulating austerity measures. Because it was not a people driven initiative, there is generally no buy-in among the citizens. The research actually revealed that less than 82% of the participants felt that they were not consulted at all in the process of coming up with austerity measures as a policy thrust. But the research established more than that.

The research further revealed that in the context of Zimbabwe, the issues go beyond the processes that were done in coming up with the policy. There are other sensitivities that determine acceptability of government policy, which have nothing to do with the quality of the policy. For instance, the research established that people of Zimbabwe

generally lack trust and confidence in the government system and the policies and programs they develop. For Zimbabwe, it is not just about the level and adequacy of community engagement processes. It is about addressing political root causes whose bearing are felt more on the economic performance than any other way. It is thus for this reason that this research concludes that Zimbabwe needs to solve the political question before addressing the economic issues for it is the former that is the determining factor for worsening of the later. There is however, genuine evidence of lack adequate community participation in Fiscal Policy Making Process in Zimbabwe. The government failed to meet the dictates of the GIFT principles, a set of 10 fundamentals that must be followed for transparency in fiscal policy, and to improve successes of fiscal policy measures introduced by countries. While the research established that there is surely lack of adequacy in this respects, there are questions that must be raised regarding the applicability of these fundamentals in various settings. Perhaps, the GIFT principles do not necessarily reflect the true reflection of what the local people in Zimbabwe consider to be adequate community participation

The research further established that Zimbabwe is not adequately prepared to implement austerity measures as a fiscal policy. The research notes that for a public policy to be effective and achieve its intended outcomes, there must be buy in and support from the people are intended to be served by that particular policy. This is not the case in Zimbabwe. Only 17 % of the citizens expressed confidence in the economics of austerity measures. Further, majority of the citizens (67%) actually have a negative attitude towards government consultation processes in coming up with fiscal policy by noting that they do not care if they are represented or not in the consultation processes. Apart from that, only 7 % of the consulted citizens expressed confidence in austerity measures by expressing that they actually believe it is a good

policy that can address Zimbabwe's economic challenges. These results indicate that Zimbabwe is not yet at a stage in which citizens are willing to embrace the economics of austerity. As such, chances for success of the policy lay between none and slim.

The research notes that while austerity measures represent a strategic option in setting the economic fundamentals in the country right, there are alternatives that could have been pursued. Mugano (2019) is of the view that Zimbabwe cannot take itself out of poverty through taxing its citizens, but rather should invest in what he calls local content enhancement. This is particularly a policy of promoting local production and local consumption. The challenge however is that such policies are associated with trade restrictions, which may end up violating the SADC free trade principles. It is thus for this reason that the research further proposes other focus areas like addressing corruption, focussing on international re-engagement processes and attracting foreign direct investment, and fostering genuine political dialogue. However, the research acknowledges the complexity of promoting political dialogue in a country that is operating in a phase of post disputed elections, with hatred and polarisation characterising relationships among citizens of varying political inclinations.

There is however hope in improving citizen engagement or community participation processes in the country and for government to subsequently come up with better policies that carry the support and blessing of key stakeholders. Zimbabwe has high internet and mobile penetration which currently stands at 76 % (We are Social and Hootsuite, 2019). Such presents an opportunity for digital community participation in fiscal policy making. However, whether this is a genuine opportunity or yet another avenue that will push the marginalised to the periphery and out of the political dialogue will remain an opportunity for further research to come up with effective models to make digital based community participation inclusive and viable in Zimbabwe.

5.3. Conclusions

The following are the key conclusions that were established through this research.

The research measured the adequacy of community participation by establishing levels of compliance to what are known as the GIFT Principles. The GIFT principles are a set of 10 fundamentals that needs to be followed and mainstreamed in the course of developing, implementation and monitoring and evaluation of fiscal policies. These are

- Accessibility
- Openness:
- Inclusiveness:
- Respect for self-expression:
- Timeliness:
- Depth
- Proportionality:
- Sustainability:
- Complementarity:
- Reciprocity:

This research established that citizens have a negative view on the process followed by the government. The research established that the government scored an average of 30% below citizen expectation on adherence to citizen engagement principles in fiscal policy matters. For instance, out of the 506 participants to this research, only 28 believed that government of Zimbabwe follows the principle of “Respect for self-

expression”. It can thus be concluded that even if people attend the public consultation processes, there is generally fear to freely express one’s view, resulting in public consultations being reduced to mere smokescreen activities that give a false impression of engagement when citizens in those platforms cannot even freely express their views. Public participation in fiscal policy formulation is a recommendation adopted at the United Nations General Assembly in 2012 (UNGA Resolution 67/218), which encouraged member states to “intensify efforts to enhance transparency, participation and accountability in fiscal policies, The resolution thus endorsed the Global Initiative for Fiscal Transparency (GIFT) principles to encourage member states to ensure public participation in fiscal policy issues.

The research concluded that the nation is not adequately prepared to implement austerity measures. There is very low confidence in government systems, processes and policies among citizens. It is important to note that confidence is one of the key drivers of successful policy implementation to turn around the economic fortunes of the country. Austerity measures like 2% tax on all transactions were actually challenged in court and this is evidence that the public is not in support of the idea. The research established that the citizens actually do not believe austerity measures will turn around the economic fortunes of the country, with the majority actually believing that even if we suffer today through austerity, there are still no prospects for a better economy in the future. The research also further probed on the contextual issues to establish if citizens actually believe austerity represent a strategic policy shift that can make things better in Zimbabwe and results show a negative attitude and perception on the part of the citizens. 77% of the people said austerity is a good policy but the leadership is bad. This research thus concluded that their political fundamentals that needs to be solved as a precursor to effective economic policy implementation.

The low confidence in the system among the citizens makes failure of any government led turn around strategies like Austerity Measures a forgone conclusion

Through consultations with technical experts in the Finance, Economics, Public Policy and Political sector, this research established 4 key fiscal policy alternative thrusts that the government of Zimbabwe can adopt. These are:

- Genuine Political Dialogue: In an interview with this researcher, an economist and political analyst noted that, “the unsolved political question has been the key hindrance to the success of any economic turn-around strategies implemented by the government.” As proved in the research, there is generally lack of trust and confidence in the system that is made up of the current government and its officials. There is resentment of the establishment, and the policies thereof, which they government tries to implement. Political dialogue will bring people together, and build trust and confidence of the people in government policies like austerity and any other.

- Local Content Enhancement: Local content refers to the necessities for companies operating in a particular country to locally source a stipulated percentage of inputs, (Mugano, 2019). According to McCulloch, *et al* (2017) local content policies if properly implemented for example through backward linkages, can address either the supply or the demand for intermediate products and services. In a country where companies are operating below normal capacity utilisation, there is need for the government to focus on local production. This can work best if the policy is framed in local content enhancement state. This will ensure that local companies can produce, and

they produce with readily available market. A vibrant “Buy Zimbabwe” or “Proudly Zimbabwean” will boost local production and local consumption resulting in economic growth.

- Tackling Corruption: Corruption is arguably one of the biggest social cancers that has crippled the economy of Zimbabwe. While there has not been official government statistics on how much the country has been prejudiced of due to corruption, recent media reports point to vast corruption scandals particularly in state owned parastatals in the country. The NSSA report reveals an excess of US\$ 5 million allegedly stolen by the then Minister of State Enterprises Prisca Mpfumira, while Command Agriculture is believed to have costed the country US\$ 3 billion in corruption and recently published cost of US\$ 1 million that Air Zimbabwe lost through corruption. It can thus be argued that outside implementing austerity measures to address the economic problems of this country, Zimbabwe can pull itself out of poverty by ending corruption in the country.
- International Engagement: The economic experts this researcher engaged and officials from the Ministry of Finance share a common view that it is hard for austerity measures to succeed with limited external funding. Generally, there has been reduced Foreign Direct Investment (FDI) in the country and generally an underperforming economy since the year 2 000. Budget deficits have characterised most of the economic reports in the country and currently expenditure outturn to year end is estimated at US\$8.2 billion against a budget of US\$5.3 billion, implying an expenditure overrun of US\$2.8 billion (Ncube,

2018). Implementing austerity measures in such a context only makes the situation worse. As such, the government needs to focus on ensuring that Zimbabwe is incorporated back into the international community including workings towards having the sanctions imposed on the country removed. Without external support, especially through foreign direct investment, it will be hard for the economy of Zimbabwe to take off. Thus, this research proposes that outside implementation of austerity, the country needs to focus on regaining trust from investors, and once again be a preferred destination for investors.

5.4. Implications

This research reveals both gaps and opportunities for the Ministry of Finance and Economic Development in its quest to develop and implement people centred fiscal policy measures in the country. Firstly, there is high levels of education in the country. Even people in the informal sector, have good understanding of economic policy and what they actually need to better contribute to the development of this nation through their various economic activities. The government must not exclude those people.

Apart from that, this research revealed a yawning gap in the public consultation processes that government does in coming up with policies. Firstly there is evidence of lack of sufficient consultation as the processes done failed to meet the GIFT principles and the standards set thereof by the International Monetary fund. Inability to adequately consult the key stakeholders increase risk of tension and resistance to proposed solutions by the government. The research further shows that there is need for the government to break down policy matters to the level where citizens in different sections of the country can better understand. For instance, while those in rural areas

may not understand the technical term austerity, they have their own way of understanding their aspirations. Government must break down issues to the level where every citizen can understand and engage from an informed perspective.

Lastly, this research poses a challenge to other researchers to come up with solutions to help the government to better improve citizen and community engagement processes in the country. In a world that is going digital, but at the same time the digital divide being a reality, there is need for researchers to come up with models that can better inform decision making by government on its consultation processes. As guided by the SDGs policy, community participation in fiscal policy making processes must not leave no one behind. Inclusivity is a key GIFT principle. There is need for research around this subject in contextualised to Zimbabwe settings.

5.5 Recommendations

Below are the major recommendations established through this research.

- Under this objective, the following recommendations were made: Explore Digital Based Avenues of Promoting Community Participation: In an economy that has largely become informal, every minute spent away from one's work space has a monetary value attached to it. As discussed in this research, the citizens find less value in taking part in National Programs like consultation initiatives to gather public opinion on policy matters. Instead, entrepreneurs like those in Glen View 8, would rather sacrifice the public meeting and add more time for engaging with their potential customers and boost their sales. This calls upon for new thinking and new strategies in which the government can adopt business unusual concepts in fostering community participation in fiscal policy formulation. One such strategy can be use of digital platforms. We

are Social and Hootsuite (2019) reports that Zimbabwe has a total of 6.80 million internet users with 1.20 million active social media users. This makes the internet a strategic public space in which citizens can engage with policy makers, air their views and contribute to national development processes by feeding into the policy formulation processes and other development initiatives. Digital based community participation especially among citizens in urban areas in fiscal policy represents the future and the strategic direction that is in line with global trends and realities on the ground, especially as we look at high internet penetration in the country and the region at large

- Invest in Restoration of Public Confidence in Community Engagement Processes: This research established that it is not necessarily about just the lack of spaces where citizens can participate. Rather it is about the lack of trust and confidence in the system and its processes that frustrate people's eagerness to participate in fiscal policy formulation processes in Zimbabwe. The research noted that majority would argue that even if they hear that consultation program is happening at a place closer to them, they will still not attend. Among the key reasons was that the government does not have a history of taking into consideration the actual people's will, but resolve to prioritise what advances the political agenda in favour of politicians. This has made people to lose all shreds of hope and trust in the system. To promote community participation, the government thus needs to invest in programs directed towards regaining public confidence in the sincerity of its programs, and the consultations that are done in fiscal policy formulation processes, or budget consultation initiatives.

- Solve the Political Question: Genuine Political Dialogue is a prerequisite in the quest to address the economic challenges in Zimbabwe. In fact, this research established that the root causes of the economic crisis in Zimbabwe is the political question that remains unanswered. Since the 2017 disputed elections, there has been tension between the government and citizens, particularly those that support the opposition parties. There has also been tension between the government and main opposition party. This has resulted in not only loss of confidence in policy directions by the government but serious opposition to every grand proposal for a turnaround strategy that is introduced by the government. The introduction of austerity measures actually worsened the enmity between the government and the citizens and evidence by political tension that rose soon after the announcement, violent strikes and what is believed to be economic sabotage by the business environment, with artificial shortages of basic commodities being created, while wanton price hikes became a common feature. A political dialogue will bring unity of purpose in which all stakeholders can come together and support government efforts to revive the economy through such policies like austerity measures.

Under this objective, the following recommendations were made:

- Explore alternative fiscal policy thrusts beyond austerity: There are alternative policy thrusts that the government can explore outside austerity measures. Economists engaged by the researcher noted that taxing citizens can never have a positive effect of transforming the economic fortunes of this country. Measures like the 2% tax further reduces the purchasing power of citizens as

increased tax reduces citizen's disposable income. This ultimately also affects consumption and production as reduced consumption and spending means reduced sales of goods and services produced in the economy. The government thus needs to think beyond austerity. Possible policy thrusts that can be adopted by the movement include:

International Reengagement-So that Zimbabwe will not be isolated but co-opted into the world of nations. The government needs to seriously reconsider leaving the look east policy and invest in looking 360 degrees, including the west.

- Local Content Enhancement: The government needs to come up with policy frameworks that support local production and local consumption. This boosts production. With more subsidies and support towards recapitalisation of local industries, the government can boost local production and initiate local capacity to produce adequate enough for local consumption and for exports. Local production will thus be another avenue of reducing budget deficit, as opposed to austerity measures
- Address Corruption: Zimbabwe has lost a lot of resources through corruption. The recent NSSA audit report shows that the institution lost about 4 million US dollars through corruption. Millions of dollars were also lost through corruption in government command agriculture program. An intentional drive to wipe out corruption across all govern institutions will foster recapitalisation and improve capacity utilisation of local industries. Services delivery will also improve in public institutions as accountability will ensure resources are not used for personal gain but for their true intended purposes. An end to corruption

will mark the beginning of real economic transformation in Zimbabwe, which is sustainable and not backed by austerity

5.6 Suggestions for Further Research

Based on the findings from this research, this research suggests the following as potential areas for further research.

Digital Based Public Consultations: There are opportunities and a need for research to establish the applicability of digital based consultation programs in Zimbabwe. Focus will be on models to make consultations through technological platforms be inclusive and determine whether this may improve level of engagement, or may actually exclude the minority.

Analysis of Applicability of GIFT Principles set by IMF: While the IMF set its principles that they recommend countries to implement to improve fiscal transparency and fiscal policy making processes, there is need for researchers to determine the applicability of these principles in the African context. Research must establish if these 10 also represent the true aspirations of the ordinary men and women in contexts like Zimbabwe.

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List of Appendices

A) Appendix 1: Key Informant Guide

Key Informant Interview Guide (Business Community/Entrepreneurs, Policy Makers, Civil Society, Experts etc)

My name is Jephiter Tsamwi, a final year (MSc Public Policy and Governance) student from AU. I am carrying out a study on “Adequacy of Citizen Engagement In the 2019 Fiscal Policy Development Process in Harare, Zimbabwe.” I am kindly asking you to participate in this study by taking part in this interview. The interview should take not more than 30 minutes. The purpose of the study is to examine the levels of community participation in the fiscal policy development in Zimbabwe and ascertain Zimbabwe’s state of preparedness to ensure successful implementation of austerity measures. You were selected for the study because you are a key stakeholder in the economic development of Zimbabwe and part of those impacted by the austerity measures. Other stakeholders taking part in this research include ordinary citizens in Harare, the business sector, policy makers, entrepreneurs, students, women young people among others.

1. What is your understanding of austerity measures or austerity for prosperity as an actor in this economy?
2. Do you believe austerity measures represent a good economic thrust for Zimbabwe’s economic development? Why do you say so?
3. Let’s talk about the development process of the policy: What do you think was done right? And What do you think went wrong or was not properly done in the process of developing the economic policy
4. In your analysis, from whom does the government, through its Finance and Economic Development Ministry derive its goals, values and paradigms when it comes to fiscal policy. Whose interest are austerity serving, the government or the public?
5. From a political point of view, are consultations done real? Does politics affect outcomes from public consultations? Are suggestions that seem politically wrong considered in Zimbabwe and in your opinion were austerity measures adopted for their economic potential or for their political muscle?

6. Do you think we have the right legal frameworks to guide government in public consultation processes in the formulation of fiscal policy?
7. Do you think the citizens have a good appreciation of fiscal policy? Do they have the capacity to meaningfully engage in the discussion?
8. As a sector, you have representative bodies who take part in the public consultations for budget preparations. Do you feel well represented?
9. Are there alternative ways you feel could be done to ensure your participation in the fiscal policy development
10. What do you recommend the government through the Ministry of Finance, should do to ensure the successful implementation of austerity measures
11. What alternative economic policies do you think the government should adopt to revive the economy of Zimbabwe

B) Appendix 2: Questionnaire.

Questionnaire

My name is Jephiter Tsamwi, a final year (MSc Public Policy and Governance) student from AU. I am carrying out a study on “Adequacy of Citizen Engagement In the 2019 Fiscal Policy Development Process in Harare, Zimbabwe.” I am kindly asking you to participate in this study by filling in this questionnaire. The interview should take not more than 30 minutes. The purpose of the study is to examine the levels of community participation among citizens in urban areas in the fiscal policy development in Zimbabwe and ascertain Zimbabwe’s state of preparedness to ensure successful implementation of austerity measures. You were selected for the study because you are a key stakeholder in the economic development of Zimbabwe and part of those impacted by the austerity measures. Other stakeholders to taking part in this research include ordinary citizens in Harare, specifically Glen View 8 suburb, the business sector, policy makers, entrepreneurs, students, women and young people

1) Are you Male ☐ or Female ☐ (Tick the right Box)

2) How old are you?

a) 18- 23 years ☐ b) 24-28years ☐ c) 29-34 years ☐
d) 35-39 years ☐ e) 40-44 years ☐ 45+ years ☐

3) What is your highest level of education? Tick the right box

Primary School ☐ O level ☐ A Level ☐
University Degree ☐ Master’s Degree ☐ PHD ☐

4) Marital Status

Single ☐ Married ☐ Divorced ☐
Widowed ☐

5) Do you feel you have adequate knowledge, or you are well informed about austerity measures

a) I am very knowledgeable

- b) I am partially knowledgeable
 - c) I just hear about it in the media (newspapers, radio and social media)
 - d) I am hearing about this for the first time
- 6) In coming up with fiscal policy, including Austerity Measures, the government is supposed to be guided by what are called the GIFT Principles which were introduced by IMF. These are as follows. Do you think these were followed in introducing Austerity Measures? Circle your answer.
- | | | | |
|---|-----|----|----|
| Accessibility of information: | Yes | or | No |
| Openness about processes etc.: | Yes | or | No |
| Inclusiveness of everyone. | Yes | or | No |
| Respect for self-expression: | Yes | or | No |
| Timeliness in providing information: | Yes | or | No |
| Depth of information: | Yes | or | No |
| Proportionality to endure representation. | Yes | or | No |
| Sustainability. | Yes | or | No |
| Complementarity: | Yes | or | No |
| Reciprocity: | Yes | or | No |
- 7) Austerity Measures generally imply reducing government expenditure in the public sector. Do you think that is a good solution to revive the economy of Zimbabwe?
- a) Maybe
 - b) Not at all
 - c) The policy is good, but the leadership is bad
 - d) Yes, this is the solution to our economy
- 8) Do you believe it is better for citizens to suffer now, through austerity measures, while government is preparing long term benefits through economic revival
- a) No. I want normal service delivery always
 - b) Government should not go to the extreme of either of the two
 - c) We better suffer now and enjoy tomorrow
 - d) Even if we suffer, nothing will change
- 9) Have you ever attended a budget consultation meeting before?

- a) Yes (once)
- b) Yes (more than once)
- c) I have never attended any

10) If you hear consultations for budget formulation are taking place, will you be willing to attend the consultations?

- a) Yes I will
- b) No I will not
- c) Maybe I will

Explain your answer

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11) Do you know who are the people, or bodies that represent you during the consultation processes in coming up with fiscal policy in Zimbabwe

- a) I am not aware who represent us
- b) I don't care being represented or not
- c) I know who represent us

12) Do you feel you were adequately consulted when the government was coming up with the current fiscal policy

- a) Not at all
- b) Fairly consulted
- c) We were well consulted

Explain your answer

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13) Do you feel public consultations in fiscal policy development are necessary and they do make a difference

- a) They are very necessary
- b) They are partially necessary
- c) They are not necessary at all

Explain your answer

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14) In October 2018, Newsday, a local Newspaper carried an article with the heading “Budget Consultations waste of time and resources” Do you subscribe to this notion

- a) Yes, very much a waste of time and resources
- b) Sometimes yes, it’s a waste of time and resources
- c) It not at all a waste of time and resources

Explain your answer

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15) Suggest any recommendations to the government to

- a) Improve your participation in fiscal policy development in Zimbabwe
- b) To make austerity measures implementation successful in Zimbabwe

C) Appendix 3: Consent Form

INFORMED CONSENT FORM

My name is Jephiter Tsamwi, a final year (MSc Public Policy and Governance) student from AU. I am carrying out a study on “Adequacy of Citizen Engagement In the 2019 Fiscal Policy Development Process in Harare, Zimbabwe.” I am kindly asking you to participate in this study by answering this questionnaire

Purpose of the study:

The purpose of the study is to examine the levels of community participation in the fiscal policy development in Zimbabwe among citizens in urban areas and ascertain Zimbabwe’s state of preparedness to ensure successful implementation of austerity measures. You were selected for the study because you are a key stakeholder in the economic development of Zimbabwe and part of those impacted by the austerity measures. Other stakeholders to taking part in this research include ordinary citizens in Harare, specifically Glen View 8 suburb, the business sector, policy makers, entrepreneurs, students, women and young people

Procedures and duration

If you decide to participate you will be provided with a questionnaire to fill in. It is expected that this will take about 10-15 minutes to answer the questions

Risks and discomforts

The researcher believes taking part in this research will not cause any harm to you as an individual or your immediate friends and family. However, should you find yourself uncomfortable to answer any of the questions, the researcher is ready to engage with you and provide further clarifications

Benefits and/or compensation

There are no material benefits that shall be given to all persons taking part in this research. However, taking part in the research is highly valued as it is part of a collective effort to find policy recommendations that can assist our government in coming up with better economic policies. This will in the long run, benefit all citizens of Zimbabwe

Confidentiality

The researcher hereby gives assurance that information obtained in this research shall not be disclosed without your permission. Your name, and any other form of identification will not be asked for in the questionnaires.

Voluntary participation

Participation in this study is voluntary. If participant decides not to participate in this study, their decision will not affect their future relationship with your employer, Africa University, or this researcher. If you choose to participate, you are free to withdraw your consent and to discontinue participation without penalty.

Offer to answer questions

Before you sign this form, please ask any questions on any aspect of this study that is unclear to you. You may take as much time as necessary to think it over.

Authorization

If you have decided to participate in this study please sign this form in the space provide below as an indication that you have read and understood the information provided above and have agreed to participate.

Name of Research Participant (please print)

Date

Signature of Research Participant or legally authorized representative

If you have any questions concerning this study or consent form beyond those answered by the researcher including questions about the research, your rights as a research participant, or if you feel that you have been treated unfairly and would like to talk to someone other than the researcher, please feel free to contact the Africa

University Research Ethics Committee on telephone (020) 60075 or 60026 extension
1156 email aurec@africau.edu

Name of Researcher: Jephiter Tsamwi

D) Appendix 4: AUREC Clearance



AFRICA UNIVERSITY RESEARCH ETHICS COMMITTEE (AUREC)

P.O. Box 1320 Mutare, Zimbabwe, Off Nyanga Road, Old Mutare-Tel (+263-0202) 60075/60026email: aurec@fricau.edu website: www.africau.edu

Ref: AU1043/19

13 September, 2019

Jephiter Tsamwi
C/O CBPLG
Africa University
Box 1320
MUTARE

**RE: COMMUNITY PARTICIPATION IN FISCAL POLICY FORMULATION IN ZIMBABWE:
PROSPECTS FOR THE SUCCESS OF AUSTERITY MEASURES**

Thank you for the above titled proposal that you submitted to the Africa University Research Ethics Committee for review. Please be advised that AUREC has reviewed and approved your application to conduct the above research.

The approval is based on the following.

- a) Research proposal
- b) Questionnaires/interview guide
- c) Informed consent form

- **APPROVAL NUMBER** AURECAU1046/19
This number should be used on all correspondences, consent forms, and appropriate documents.
- **AUREC MEETING DATE** NA
- **APPROVAL DATE** September 13, 2019
- **EXPIRATION DATE** September 13, 2020
- **TYPE OF MEETING** Expedited

After the expiration date this research may only continue upon renewal. For purposes of renewal, a progress report on a standard AUREC form should be submitted a month before expiration date.

- **SERIOUS ADVERSE EVENTS** All serious problems having to do with subject safety must be reported to AUREC within 3 working days on standard AUREC form.
- **MODIFICATIONS** Prior AUREC approval is required before implementing any changes in the proposal (including changes in the consent documents)
- **TERMINATION OF STUDY** Upon termination of the study a report has to be submitted to AUREC.

Yours Faithfully

MARY CHINZOU – A/AUREC ADMINISTRATOR
FOR CHAIRPERSON, AFRICA UNIVERSITY RESEARCH ETHICS COMMITTEE



