Effects of the Multi-Currency Regime on Local Government Finance: A Case of Harare City Council (HCC)

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Abstract

This qualitative case study examines the impact of the multi-currency regime on local governance revenue, with a specific focus on the Harare City Council (HCC) in Zimbabwe. The primary objective of this study is to investigate the impact of the multi-currency system on revenue generation within the HCC. The research also analysed the impact of the multi-currency system on resource allocation and service delivery. Using a purposive sample of 14 participants, including HCC officials and residents, the study utilized semi-structured interviews and open-ended questionnaires for data collection, analysing the findings thematically within the framework of fiscal federalism. The results reveal that the multi-currency regime presents significant challenges for HCC's revenue collection, adversely affecting resource allocation and service delivery. Key issues include the lack of control over monetary policy, which leads to conflicts between HCC and taxpayers struggling with currency instability. Recommendations to address HCC's revenue challenges include establishing transparent revenue collection systems, implementing innovative financing mechanisms, and strengthening intergovernmental fiscal relations to empower local authorities with sufficient resources and autonomy. This study enhances the understanding of multi-currency regimes' effects on local governance and service delivery in developing countries, aiding in the formulation of inclusive and effective policies. Lastly the research suggested approaches that can be employed by the HCC to address revenue and service delivery challenges under the multi-currency system.

Keywords: Multi-Currency, Local Government, Finance, Budgeting, Revenue

Introduction

The global financial landscape has witnessed significant transformations in recent years, with various countries adopting alternative currency regimes to stabilise their economies and mitigate the impact of economic shocks. Among these approaches, the multi-currency regime has gained prominence, allowing countries to utilise multiple currencies for transactions and stores of value, (Matsvai, 2025). While the multi-currency regime offers certain advantages, its effects on local governance revenue have not been extensively explored. Zimbabwe, in particular, presents an intriguing case study for examining the impact of the multi-currency regime on local governance revenue. The country's economy has undergone significant fluctuations, including periods of hyperinflation and limited access to foreign currency (Chishmba, 2025). The introduction of the multi-currency regime aimed to stabilise the economy and restore public trust in the financial system. However, monetary policy changes have had an impact on local authorities' revenue in cities, which this paper seeks to unravel. This research aims to investigate the implications of the multi-currency regime on the revenue of urban local authorities, focusing specifically on the HCC in Zimbabwe.

Background and Significance of the study

The adoption of multi-currency regimes has been observed across different regions globally, with countries implementing such systems to address economic challenges and stabilize their financial landscapes (World Bank, 2024). The Wall Street Journal (2021) notes that the multi-currency regime garnered considerable attention in the aftermath of the 2008 global financial crisis. These regimes have yielded varied outcomes, impacting local governance revenue in different ways. The adoption of the euro as a single currency in European Union (EU) member countries has had significant implications on service delivery (Scott, 2020). Using a common currency has facilitated trade, investment, and economic integration within the EU (European Central Bank, 2022). This integration has positively influenced goods and service delivery by promoting economic cooperation, harmonising regulations, and reducing transaction costs among member countries. In terms of service delivery, the euro has contributed to increased economic stability and growth in countries like Germany, France, and Italy (World Bank, 2024). This stability has provided a conducive environment for investment in sectors such as infrastructure, healthcare, and education, ultimately benefiting service provision to citizens within the Eurozone.

Cambodia as well as Timor-Leste adopted a multi-currency regime, with the U.S. dollar widely accepted alongside the local currency, to address hyperinflation and instability in the 1990s (International Monetary Fund, 2020). This move has helped stabilise their economies and in terms of local governance, it has influenced revenue generation and fiscal management in these states. Wang et al. (2017), as cited by Chishamba (2025), note that the stability brought about by the multi-currency regime has contributed to improved infrastructure development and better provision of public services such as healthcare, education, and transportation. However, at the local level, these countries face challenges related to limited control over monetary policy and exchange rate management (IMF, 2020). Even though these developments have positively impacted the provision of public services and the overall well-being of the population, sub-national governments face revenue challenges.

The multi-currency regime has been employed by several African countries facing economic challenges, including Angola, Liberia, Zambia and Eswatini. Angola's adoption of a multi-currency regime, including the Angolan kwanza and the U.S. dollar, aimed to stabilise the economy, has improved monetary stability and boosted revenue collection (IMF, 2020). This has facilitated transactions and enhanced tax compliance, contributing to increased revenue at the subnational level. The World Bank (2023) notes that multi-currency regimes have benefited Angola's revenue collection, with the stability of the U.S. dollar attracting foreign investment and stimulating economic growth. This, in turn, had ripple effects on sub-national governments by providing stability. However, the multi-currency regime limits the government's ability to conduct independent monetary policy and manage exchange rates, potentially affecting revenue sources and fiscal planning (Krugger, 2020). African Development Bank (AfDB) (2019) highlighted the need for Angola to therefore diversify its revenue sources beyond oil exports to reduce vulnerability to commodity price fluctuations and enhance revenue (AfDB, 2019). This suggests that reliance on a multi-currency regime alone may not be sufficient for sustainable revenue generation.

Zimbabwe has been using a multi-currency system since 2009, with the U.S. dollar and other foreign currencies being widely accepted alongside the Zimbabwean dollar (Mlambo, 2017). This system was implemented to restore stability, control inflation, and attract foreign investment (Hanke & Kwok, 2019). The impact of the multi-currency system on local governance revenue in Zimbabwe has been significant. The availability of stable foreign currencies has improved revenue collection for local governments (Sibanda, 2018). Increased economic activity, improved tax compliance, and foreign investment have contributed to this positive impact (Chishamba, 2025). The stability of foreign currencies has facilitated transactions and reduced the risk of hyperinflation eroding the value of collected revenue. However, the multi-currency system also presents challenges for revenue generation and fiscal management. Zimbabwe's limited control over monetary policies and exchange rates has affected local government revenue sources (Mlambo, 2017), which this research seeks to establish. This has led to constraints in allocating adequate resources for enhancing service delivery (Chishamba, 2025). It is worth noting that despite the challenges, Zimbabwe continues to use the multi-currency regime. Therefore, this study seeks to shed light on the complex dynamics of the multi-currency system in Zimbabwe, highlighting its impact on local government revenue, service delivery, and the challenges faced.

The study seeks to fill a crucial gap in the existing literature concerning the precise effects of the multi-currency system on revenue and service delivery in local authorities, particularly focusing on the HCC in Zimbabwe. Through examining this subject, the study aims to offer valuable insights into the difficulties encountered by local government authorities, enhance understanding of the impact on revenue generation and financial management, and provide policymakers and stakeholders with information on potential approaches to enhance service provision within a multi-currency framework.

Research Objectives

- To examine the effects of the multi-currency system on revenue generation within the HCC.
- To analyse the impact of the multi-currency system on resource allocation and service delivery by the HCC.
- To recommend approaches that can be employed by the HCC to address revenue and service delivery challenges under the multi-currency system.

Theoretical Framework

Fiscal federalism theory will inform this research, given the applicability of this concept to the research study. It offers insights into the division of fiscal responsibilities, revenue generation, and resource allocation between different levels of government. A key tenant of the theory of fiscal federalism is fiscal decentralization, which emphasizes the transfer of fiscal responsibilities and decision-making powers from the central government to local authorities (Oates, 1972). In the case of the HCC, understanding the extent of fiscal decentralization is crucial in assessing its revenue generation capacity and financial autonomy in a multi-currency regime. It is by examining the allocation of fiscal responsibilities between the central government and the local council, that the researcher will gain insights into the City Council's ability to generate revenue and manage its resources effectively within the multi-currency regime. Another important aspect of fiscal federalism is the examination of revenue sources and revenue-sharing mechanisms between different tiers of government (Bird & Vaillancourt, 2008). This aspect is highly relevant to the study, as it allows the researcher to analyse how the multi-currency regime affects the HCC's revenue streams and its ability to fulfil its financial obligations. Through exploring the revenue sources available to the council and the mechanisms for sharing revenue, the researchers gain a comprehensive understanding of the financial dynamics at play.

Fiscal federalism theory emphasises fiscal autonomy, allowing local governments to make independent decisions on revenue generation, expenditure, and resource allocation. The HCC's fiscal autonomy is crucial for understanding its financial management practices and social service delivery. Fiscal decentralization improves revenue generation and service delivery, and governments with greater fiscal autonomy tend to have more effective resource allocation. The study utilises fiscal federalism theory to analyse the impact of a multi-currency regime on the HCC's revenue generation capacity, fiscal autonomy, and ability to provide essential social services, providing a comprehensive lens for understanding the specific context.

Contextualising Multi-Currency Regime

According to Matsvai, (2025), a multi-currency regime refers to a monetary system in which a country adopts multiple foreign currencies alongside or instead of its domestic currency. This arrangement is often motivated by factors such as hyperinflation, economic instability, or the need to stabilize the local economy by leveraging the stability of other currencies (World Bank, 2017). The World Bank (2024) says multi-currency regimes have been implemented in various countries to address economic challenges. The decision to adopt a multi-currency regime is influenced by various factors. Countries facing high inflation rates often opt for this system to curb inflation and restore economic stability (Ratha et al., 2011). The use of multiple currencies can help mitigate inflationary pressures and provide a stable medium of exchange. Additionally, economic crises, currency depreciation, or a lack of confidence in the domestic currency can prompt countries to adopt foreign currencies (Matsvai, 2025). In such situations, adopting a more stable and widely accepted currency can help restore confidence in the economy and facilitate trade and investment.

The choice of currencies used in multi-currency regimes varies across countries and regions. In Europe, the Euro has been adopted by countries such as Montenegro and Kosovo as their official currency (European Central Bank, 2019). This adoption is driven by the desire to integrate into the European Union and benefit from the economic and monetary union. The Euro facilitates trade, financial integration, and economic stability within the region. Similarly, in Asia, countries like Timor-Leste have adopted the U.S. Dollar

(World Bank, 2024). The U.S. Dollar's stability, convertibility, and global acceptance make it an attractive choice for countries facing economic challenges. Its status as a global reserve currency enhances its appeal and promotes confidence in the domestic economy. In South America, Ecuador adopted the U.S. Dollar as its official currency to address hyperinflation and restore economic stability (IMF, 2020).

Statistics indicate that approximately 31% of countries in Sub-Saharan Africa had adopted multi-currency regimes as of 2019 (World Bank, 2020). This highlights the prevalence of such regimes in the region and the diverse factors driving their adoption. The decision to adopt a multi-currency regime in Africa, including Zimbabwe, is influenced by various factors. One significant factor is hyperinflation. Countries experiencing high inflation rates often use multi-currency systems to curb inflation and restore economic stability (Chishamba, 2025). Zimbabwe, for instance, adopted a multi-currency regime in 2009 as a response to hyperinflation that had severely eroded the value of the Zimbabwean dollar (BBC News, 2009). This decision aimed to stabilize prices, restore confidence in the economy, and facilitate international trade. Chishamba (2025) argues that Zimbabwe still relies on more than just one currency due to the continued inflation patterns faced by the Zimbabwean Bond Note.

The Impact of Multi-Currency Systems on Resource Allocation and Service Delivery

The impact of the multi-currency system on resource allocation and service delivery is not limited to specific regions but can be observed globally. Fluctuations in exchange rates and inflationary pressures put significant strain on the budgets of city councils worldwide, affecting their ability to allocate funds to key areas such as public transportation, social services, and environmental initiatives (Cheng, 2020). In Brazil, the fluctuation in the exchange rate of the Brazilian real can create challenges for city councils in resource allocation and service delivery. Oliveira and Rocha (2019) highlight how the devaluation of the Brazilian real increased the cost of imported goods and services, impacting the budgets of city councils and potentially leading to limitations in service provision and infrastructure development. In Yemen, a country experiencing political and economic instability, the impact of the multi-currency system on resource allocation and service delivery is evident (Al-Shami, 2020). The depreciation of the Yemeni currency against major currencies has led to increased costs of imported goods and services.

This has placed significant strain on city councils, making it difficult for them to allocate sufficient funds to essential sectors such as healthcare, education, and public infrastructure (Al-Shami, 2020). In 2015, residents in Zurich, Switzerland, organized demonstrations and protests against the city council's perceived failure to deliver adequate services. The demonstrations were in response to the impact of the strong Swiss franc, which had appreciated significantly against other major currencies (Bundesamt für Statistik, 2020). This appreciation led to increased costs of imported goods and services, making it challenging for the city council to allocate sufficient funds to essential services and infrastructure projects (Bundesamt für Statistik, 2020). The protests in Zurich highlighted the residents' frustration with the perceived lack of investment in public transportation, social services, and environmental initiatives. Demonstrators argued that the city council had failed to adapt to the changing economic conditions and properly allocate resources to meet the needs of the community. They demanded increased transparency in budgetary decisions and more targeted investments in key areas affected by the impact of the multi-currency system (Bundesamt für Statistik, 2020).

The impact of the multi-currency system on resource allocation and service delivery by local governments has been a topic of concern across various African countries. Studies have highlighted how the multi-currency system can lead to challenges in resource allocation and affect the affordability and sustainability of local services (Makochekanwa, 2017). In urban centres across Africa, conflicts between residents and city councils have arisen due to the impact of the multi-currency system. In Johannesburg, South Africa, residents of the Alexandra Township have engaged in protests and demonstrations against the local council, expressing grievances over inadequate housing, poor service delivery, and a lack of infrastructure development (Bhekisisa, 2019). Similarly, in Nairobi, Kenya, residents of informal settlements, such as Kibera and Mathare, have clashed with the city council, citing issues like eviction threats, lack of basic services, and difficulties in obtaining land tenure (Amnesty International, 2018). Conflicts between residents and city councils are not limited to South Africa and Kenya. In Lagos, Nigeria, residents of neighbourhoods like Ajegunle and Ijora have voiced their concerns through protests and confrontations with the city council, demanding improved waste management, better road maintenance, and access to clean water (Odeja, 2020). Similarly, in Dakar, Senegal, residents of the Pikine district have confronted the city council over insufficient sanitation services and poor waste management practices, advocating for better waste collection and disposal systems (Le Soleil, 2019).

Turning to Zimbabwe, conflicts between residents and city councils have also been observed. In Bulawayo, residents have expressed dissatisfaction with the Bulawayo City Council due to issues such as water shortages and inadequate provision of basic services. These conflicts have led to protests and demonstrations by residents, who demand improved service delivery (The Standard, 2019). Urban local authorities have faced criticism from residents due to inadequate service delivery and infrastructure development, which has been attributed to limited financial resources resulting from the multi-currency system (BBC News, 2020). These conflicts have resulted in protests and tensions between residents and the city council, with residents viewing the council as misusing the financial resources of the stable multi-currency. These conflicts reflect the frustrations of residents who perceive a lack of effective resource allocation and service delivery by the city council, despite having a stable currency (Mangudya, 2018). One can point to the fact that conflicts between city councils and residents arise from various issues beyond the multi-currency system, including governance shortcomings, economic conditions, and social inequalities. However, the impact of the multi-currency system on resource allocation and the affordability of services has exacerbated existing tensions and contributed to conflicts (Chishamba, 2025).

Research Methodology

The research employs a qualitative approach, utilising a case study research design. This is well-suited to explore the effects of the multi-currency regime on local authorities, as it allows for an in-depth examination of the topic. The qualitative approach assist in understanding the complexities, dynamics, and fine details of the multi-currency system impact. Associated with a qualitative approach and utilised to collect data were in-depth interviews and open-ended questionnaires. This enabled the capture of rich and diverse perspectives from the selected sample of eighteen participants. Adopting a case study design enabled the triangulation of data from multiple sources, thereby ensuring the robustness and reliability of the findings. The in-depth examination of a single case facilitated a detailed understanding of the contextual factors that have impacted local authorities through the multi-currency regime. The case study design offers an opportunity to identify unique and specific factors that may not be apparent in larger-scale studies, thereby enriching our understanding of the topic.

The sample size consisted of one purposively selected representative from the finance department, one finance committee representative, and two representatives from the three conveniently selected residents' associations. The sample also included four residents selected conveniently from the revenue hall on the day data were collected, making a total of twelve. Data was collected through in-depth interviews. Thematic analysis was employed as the data analysis procedure for this study. Thematic analysis aligns with the qualitative nature of the study, which aims to capture the experiences, perspectives, and challenges of key informants and residents. The thematic analysis enabled a holistic examination of the different viewpoints and experiences, allowing the researcher to identify overarching themes and sub-themes related to the effects of the multi-currency regime on local governance revenue. Furthermore, thematic analysis accommodates the exploratory nature of the study by allowing new themes to emerge from the data, rather than imposing preconceived categories or theoretical frameworks (Braun & Clarke, 2016). To maintain confidentiality, participants were assigned pseudonyms to ensure anonymity.

Research Findings

Effects of the Multi-Currency System on Revenue Generation within the HCC in Zimbabwe

This section presents the findings collected from HCC and the residents regarding the relationship between the multi-currency regime and the council's revenue. The responses obtained through questionnaires and in-depth interviews shed light on both the positive and negative aspects of the multi-currency system within the context of the HCC.

Effects of the Multi-Currency System on HCC's Revenue

The findings from the HCC finance department highlighted various positive effects of the multi-currency system on revenue generation within the HCC. The following are the responses obtained from the finance department, emphasizing the diverse perspectives and experiences,

HCC finance department noted that,

"The adoption of stable foreign currencies, such as the United States dollar, South African rand, and Botswana pula, had a positive impact on revenue generation for the HCC. The stability of these currencies attracted local businesses and investors, fostering economic activity within Harare. This, in turn, increased the tax base and revenue collection for the council. The availability of multiple currencies made it easier for businesses and residents to participate in economic transactions, leading to increased revenue for the HCC through licensing fees, permits, and other local governance services."

HCC finance department also emphasized, through an interview, the advantages of the multi-currency system in enhancing revenue generation for the HCC. She responded that,

"The acceptance of different currencies, including the local currency (Bond notes/RTGs/ZIG), provided flexibility for businesses and residents in conducting transactions. This flexibility contributed to increased economic activity, resulting in higher revenue for the council. The multi-currency system allowed the HCC to collect diverse revenue streams, such as property taxes, service charges, and fines, which further boosted the council's financial position."

HCC finance department also focused on the positive impact of the multi-currency system on revenue generation through local governance services as he highlighted that,

"The stability of foreign currencies, alongside the local currency, created an environment conducive to conducting business within Harare. The availability of stable currencies made it easier for residents to pay for services such as water, electricity, waste management, and permits, leading to improved revenue collection for the HCC. The multi-currency system allowed the council to invest in infrastructure development and service improvements, attracting more residents and businesses to Harare, which further contributed to revenue growth."

The findings from the HCC finance department align with the practical aspects of local governance and revenue generation. As a local government entity, the HCC primarily generates revenue by providing essential services and collecting fees, charges, and taxes from residents and businesses within Harare. The stability and acceptance of multiple currencies under the multi-currency system facilitate economic activity, enhance revenue collection, and enable the HCC to allocate resources for service delivery and infrastructure development just as highlighted by (Chishamba, 2025)

Currency Conflicts

HCC finance department emphasized the negative impact of currency conflicts on revenue generation for the HCC. They mentioned that,

Conflicts often arose between residents and the council regarding the acceptance of certain foreign currencies. In some cases, disputes occur where taxpayers attempt to pay their various taxes using a less commonly accepted foreign currency. Some come with currencies which we have not authorized as legal tender when doing business with the council and after refusing these they get infuriated and may end up not paying in time. Some have to go exchange the money in the streets where the rate is better than the exchange rate of the bank. Some come with their foreign currency demanding that they want to convert these into local currency yet using the street exchange rate which we do not accept. The conflicts lead to payment delays and complications, affecting the smooth operation of revenue collection processes. As a result, the HCC experiences a decrease in revenue due to the challenges in effectively collecting payments from residents and other taxpayers.

HCC finance department highlighted the challenges posed by currency conflicts within the City Parking division, which controls traffic in the central business district (CBD) of Harare. They mentioned that,

Disputes frequently occurred between motorists and parking attendants regarding currency issues for parking fees. At times the motorists prefer paying in local currency because they feel that foreign currency is expensive. But because our local currency rates are not fixed they change from time to time, the motorists feel cheated and they end up in arms with HCC parking attendants. Some end up leaving without paying. At times motorists may prefer paying using bank cards only to find out that our machines are down hence they have to pay using other means. These conflicts have resulted in delays and disputes, negatively impacting the revenue collection process for City Parking and, subsequently, the overall revenue generation for the HCC.

The findings from the HCC finance department align with previous studies that have highlighted the negative effects of currency conflicts on revenue generation within local government entities. Baker (2017) says disputes over currency acceptance can lead to payment delays, complications, and even revenue losses. These conflicts disrupt the smooth operation of revenue collection processes, hindering the financial stability of local governments.

Currency Fluctuations

The findings from the HCC finance committee identified currency fluctuations as a significant challenge that negatively impacted revenue generation within the HCC.

HCC Finance Committee mentioned that,

Currency fluctuations also impacted revenue generation through service charges. They noted that when foreign currency exchange rates fluctuated, it affected the amount of revenue collected from services provided by the HCC. For instance, if a service charge was set in a specific foreign currency, but its value changed due to fluctuating exchange rates, the revenue collected from that charge would vary. This created challenges in accurately projecting revenue and affected the council's ability to plan and allocate resources effectively.

HCC finance committee also emphasized the negative impact of currency fluctuations on revenue generation.

The fluctuating exchange rates of foreign currencies made it difficult to accurately project and manage revenue. In cases when the exchange rate of local currency weakened against a particular foreign currency like the USD, the revenue collected would decrease when converted. This volatility impacted the council's ability to plan and allocate resources effectively, as revenue projections became uncertain and less reliable.

The challenges posed by currency fluctuations in revenue generation align with previous studies that have examined the impact of exchange rate volatility on local government finances. Currency fluctuations lead to revenue uncertainties, making it challenging for local governments to forecast and manage their finances effectively (Cheng et al., 2021). This unpredictability affects resource allocation and hinders the financial stability of local government entities.

Limited Control over Monetary Policy

The findings from the HCC finance committee identified the limited control over monetary policy as a significant challenge that negatively affected revenue generation within the HCC.

HCC finance committee emphasized that the council's limited control over monetary policy hurt revenue generation for the HCC. They responded,

Decisions made by external entities, such as the central bank, directly influenced currency stability. For example, when the central bank implemented policies, through statutory instruments, that affected the exchange rates or the availability of certain currencies like the USD, it created uncertainties for businesses and residents. These uncertainties, in turn, affected economic activity and revenue generation within Harare. It made taxpayers want to hold on to their foreign currency and only do business in local currency yet HCC is in dire need of foreign currency to run sustainable services.

HCC finance committee said that the limited control over monetary policy affected revenue generation through investments and financial planning. They noted that,

The council's ability to invest in infrastructure projects or other income-generating ventures was influenced by external monetary policies. The time when the central bank implemented measures that restricted access to credit from Banks, created challenges for the council in financing its projects. It left a huge void in business operations. Yes, it helped stabilise exchange rates, but this made taxpayers hold on to their USD currency and only pay council fees *in local currency which is affected by inflation daily. This, in turn, impacts revenue generation and the council's ability to fund its operations effectively.*

The challenges associated with limited control over monetary policy align with previous studies that have examined the impact of external monetary factors on local government finances. When local governments have limited control over monetary policy, their revenue generation and financial stability are significantly affected (Liu & Li, 2019; Bhat & Singh, 2020). Uncertainties created by external decisions on currency stability and financial regulations hinder sustainable revenue generation and financial planning for local government entities.

Multi-Currency System, Resource Allocation and Service Delivery at HCC

The multi-currency regime implemented by the HCC had significant implications for revenue generation, resource allocation, and service delivery. The findings collected from HCC finance department and Harare residents helped shed light on the effects of the multi-currency system on social service delivery and its short and long-term consequences for the council's operations and interactions with residents.

Impact on Resource Allocation

The findings collected showed that the introduction of multiple currencies led to revenue uncertainties for the HCC. Fluctuations in exchange rates and difficulties in accurately predicting revenue inflows hindered the council's ability to develop a stable budget. Data collected shows that the revenue uncertainties resulted in limited financial resources, making it challenging for the HCC to allocate sufficient funds to various service areas. This led to underfunding in critical sectors such as infrastructure, health, education, and social welfare.

One of the conveniently selected resident responded through an interview that,

"As a homeowner in Chitungwiza, I have noticed a neglectful approach by the HCC in resource allocation. Despite paying our rates and taxes, the council seems to prioritize other areas over ours. Our roads are in terrible condition, and basic services like waste management are inadequate. It's frustrating to see the council struggling with revenue uncertainties while we face daily challenges in our neighbourhood, yet we pay our rates all the time…we have witnessed recurrences of cholera outbreaks with devastating effects because of this"

Another conveniently selected resident said that,

"As a homeowner in Chisipite, I have noticed a decline in the quality of services provided by the HCC. Our once well-maintained public spaces are now neglected, and waste collection services are irregular. The council's financial struggles due to the multi-currency system have impacted our suburb, and it's frustrating to witness the decline in the standard of living."

HCC Finance Committee,

"The introduction of multiple currencies has presented significant challenges for the HCC in resource allocation. The revenue uncertainties and fluctuations in exchange rates have made it difficult for us to develop a stable budget. Despite our efforts, we have faced limitations in allocating sufficient funds to various service areas. We recognize the need to address these challenges and prioritize resource allocation to better serve our residents."

The HCC Financial Department also highlighted that the multi-currency system has created budgetary constraints for the HCC. HCC has experienced difficulties in accurately predicting revenue inflows, which hinders the ability to allocate funds effectively. Underfunding in critical sectors such as infrastructure, health, education, and social welfare is a reflection of these challenges. However, they reiterated that as HCC they are committed to finding sustainable solutions to improve resource allocation and address the needs of Harare residents.

Studies have highlighted the impact of revenue uncertainties caused by the introduction of multiple currencies on resource allocation by local authorities (Chishamba, 2025). Dube (2020) found that fluctuating exchange rates hindered effective budget planning and allocation, leading to underfunding in key sectors.

Inflationary Pressures

Another finding from the study was that indeed the Inflationary pressures resulting from the introduction of the multi-currency system have had a significant influence on the resource allocation practices of the HCC. These pressures have posed challenges for the council in effectively allocating resources due to the impact on the purchasing power of available funds as well as the residents losing faith in council operations.

HCC finance department,

"The introduction of the multi-currency system has presented significant challenges for resource allocation within the HCC. Inflationary pressures have eroded the purchasing power of available funds, making it difficult to allocate resources effectively. This has hindered our ability to undertake essential infrastructure projects and maintain service delivery standards, impacting the quality of services provided to residents."

Another conveniently selected resident said that,

"The inflationary pressures associated with the multi-currency system have had a severe impact on the HCC's resource allocation. The rising costs of goods and services have limited the council's ability to effectively allocate funds for infrastructure maintenance and service provision. As a result, we have experienced a decline in the quality of services, such as waste management and road maintenance, which affects our daily lives..."

The research findings align with the literature review, as highlighted by Murewanhema and Makurumidze (2020), which emphasizes the influence of inflationary pressures on resource allocation practices. The introduction of a multi-currency system can lead to increased costs of goods and services, diminishing the council's purchasing power and hindering effective resource allocation (Chishamba, 2025).

Impact on Service Delivery

The research findings helped shed light on the impact of the multi-currency system, which is being relied upon in Zimbabwe, on the business operations and services of the HCC. As a result of this system, conflicts have arisen between the HCC, businesses in the Central Business District (CBD), and residents. Participants, including HCC staff and residents from various residential suburbs such as Chitungwiza, Chisipite, Kuwadzana, Highfield, and Budiriro, expressed their discontentment towards the system.

Essential Services Provision

A conveniently selected reesident from Chitungwiza, expressed her dissatisfaction saying,

"I am highly disgruntled with the multi-currency system. As a homeowner in Chitungwiza, I have witnessed the deterioration of essential services provided by the HCC. Our roads are in a terrible state, waste management is

inefficient, and there is a lack of maintenance in our area since things like public toilets have been out of order for long. It is frustrating to see the council struggling to provide us with the bare minimum services such as garbage collection. Our communities have become a death trap for us and our children since cholera feeds on such..."

Response from a resident of Kuwadzana, conveniently selected noted,

"We are not sure what could be the case with HCC as we pay our rates and taxes promptly, but we experience frequent water shortages and unreliable electricity supply. It is disheartening to see the council struggling to provide basic services while businesses in the CBD thrive. The system seems to prioritize certain areas at the expense of others... not sure if they are affected by the multi-currency system that hard"

Other participants highlighted that their communities suffer from inadequate healthcare facilities, poor waste management, and limited access to quality education. For them it was as if HCC prioritizes areas where businesses are concentrated like the CBD, neglecting the needs of residents. It was disappointing and frustrating for these residents.

HCC finance department responded that,

"I find the multi-currency system quite challenging. It makes us look incompetent in the eyes of the public. Most clients prefer to pay in the local currency (ZIG), but the council needs foreign currency to secure essential resources such as refuse trucks, fuel, and other equipment necessary for service provision. It becomes increasingly difficult to meet the required standards when we lack the means to acquire these crucial resources..."

The research findings resonate with the literature reviewed which highlights the vulnerability of city councils relying on a multi-currency system. The inability to secure key resources, as a prerequisite for service delivery, hampers the effectiveness and efficiency of local governance (Ojomu et al., 2014).

The Need for HCC to Take Responsibility

A resident from Highfield,

"The council's excuses and high rates are completely unjustifiable. Homeowners in Highfield pay significant amounts expecting quality services in return. However, the council's failure to meet these expectations is disappointing. Blaming the multi-currency system is no longer acceptable. The council needs to demonstrate accountability, reassess the rates charged, and take concrete steps to improve service provision in our community..."

A resident from Harare, Glenview suburb had this as a recommendation to HCC,

"The council's reliance on the multi-currency system as an excuse is no longer valid. As residents in Chitungwiza, we pay high rates, but the services provided are subpar. The council needs to take responsibility for their failure to meet our expectations. They should reconsider the rates we pay, ensure they are justified by the quality of services rendered, and take immediate action to improve service delivery."

The other residents also highlighted that HCC was taking them for a ride in the park yet they were paying high rates in the form of taxes and it's unfair for them to say they are facing problems due to the multicurrency system. They highlighted that even during the USD/ South African Rands/Pula era they were still failing to meet resource allocation and service delivery. For the residents, it was HCC that needed introspection in their approach rather than the multi-currency system.

Multi-Currency and Efficient Resource Allocation

On this, participants roared that the council has to re-evaluate its expenditure priorities to align with the needs of residents in Harare. Through allocating resources more effectively, residents said HCC can improve service delivery and address the challenges faced by most suburbs about service delivery. They added that it is important for the council to listen to the concerns of the community and optimize resource allocation to ensure that essential services are provided efficiently and effectively which goes a long way in ending problems such as crime, shanty houses, cholera and more.

Chisipite Resident said that,

"The council should recognize the importance of optimizing resource allocation to improve service provision in Chisipite. They must re-evaluate their expenditure priorities and allocate resources in a way that aligns with the needs and expectations of taxpayers... directing funds towards service delivery initiatives will enhance the quality and efficiency of services provided to the community."

Optimizing resource allocation is of utmost importance to improve service provision in Highfield. The council needs to look into its expenditure priorities and allocate resources in a way that reflects the needs and expectations of the residents. We have suffered enough and had our relatives fall victim to cholera simply because they are busy mismanaging taxpayer's funds and want to blame it on the multi-currency regime.

The rest of the participants agreed with the above. Of interest, they also shared that the issue of multi-currency affects the taxpayer rather than HCC as a times people are made to pay using a currency that they are not comfortable with and at times prefer a higher exchange rate than that being charged by the council. On this, they concluded that HCC should therefore just use the currency which the taxpayer is most comfortable with.

Strategies to Address Revenue and Service Delivery Challenges

From the findings, it has been made clear that the impact of the multi-currency regime on revenue collection has hindered HCC service delivery and resource distribution. To address these challenges, engaging with the central government, lobbying for tax and payment reforms, collaborating with the Reserve Bank of Zimbabwe, and exploring partnerships with investors are then recommended by the finance department.

HCC finance department responded that,

The multi-currency regime has significantly affected our revenue collection efforts, which in turn hampers our ability to provide adequate services. Engaging with the central government to address monetary policy concerns is crucial for improving revenue streams and enhancing service delivery. Additionally, lobbying for tax and payment reforms conducted in USD can streamline our financial processes and ensure stability.

Response from the representative of the finance committee,

"We acknowledge the challenges faced by HCC in revenue collection and service provision due to the multi-currency regime. Collaborating with the Reserve Bank of Zimbabwe to facilitate foreign currency access can provide additional financial resources for infrastructure development and service delivery. Exploring partnership opportunities with investors is another avenue to enhance our financial capacity and address the resource distribution challenges throughout Harare."

These responses from HCC finance department and the finance committee highlight the importance of the recommended strategies. They recognize the impact of the multi-currency regime on revenue collection and emphasize the need for engagement with the central government, tax and payment reforms, collaboration with the Reserve Bank, and partnerships with investors to improve service delivery. Muganda and Chitiyo (2018) emphasized the significance of engaging with the central government to address monetary policy concerns and create an enabling environment for revenue collection. Chikwanha (2017) highlighted the importance of tax and payment reforms in enhancing revenue streams and improving service provision.

Call for Residents' Understanding and Support

In addition to the recommendations for addressing the impact of the multi-currency regime on revenue collection, the HCC, as reflected in the data collected, issues a call for residents, clients and all stakeholders' understanding and support during this challenging period. The HCC also appeals to taxpayers to fulfil their civic duty by paying their taxes using the provided currency, highlighting the importance of financial contributions for sustaining and improving service delivery.

Response from HCC Financial Department,

HCC is kindly requesting the understanding and support of clients during this challenging period. The impact of the multi-currency regime on revenue collection has made it difficult for HCC to provide adequate services. However, we assure you that we are fully committed to finding long-term solutions and making improvements. HCC therefore urges residents to actively participate in dialogue, provide feedback, and share their concerns to assist us in our progress. We appeal to residents to fulfil their civic duty by paying their taxes using the provided currency. These are essential for sustaining and enhancing service delivery in our community.

Response from the representative of the resident's association,

We recognize the challenges affecting service delivery and the importance of resident support. To address these issues, we have created platforms and shall continue to propose establishing more dedicated platforms for residents to voice their concerns and suggestions. This will foster open dialogue and enable us to better understand the community's needs. Furthermore, we call upon residents to fulfil their civic responsibility by paying taxes and conducting transactions in the provided currency. This will contribute to the financial stability necessary for sustainable service delivery improvements.

The call for residents' understanding and support by the HCC reflects the importance of cultivating positive relationships between organizations and their clients. Chakunda (2011) and Chigova (2020), have examined the case of Zimbabwe to shed light on effective strategies for improving these relationships. Chakunda (2011) discusses the challenges and opportunities of local and urban governance in Zimbabwe, highlighting the need for transparent and accountable practices. Chigova (2020) researched civic crowd-funding for community infrastructure rehabilitation in the City of Harare and the study explores the potential of engaging the community in financing projects and emphasizes the importance of community participation in improving community infrastructure.

Conclusion

The findings of the study indicated that the multi-currency regime created challenges in terms of resource allocation and service delivery within the HCC. One significant issue was the council's inability to collect revenue in foreign currency, which had a direct impact on their budgets and hindered effective resource allocation. The study revealed that the multi-currency system had adverse effects on revenue generation within the HCC. The fluctuating currency values and limitations on foreign currency transactions posed challenges in revenue collection. The impact of the multi-currency system on resource allocation and service delivery was evident. The lack of foreign currency revenue affected the council's ability to allocate resources effectively, resulting in constraints on service delivery to residents. Based on the findings, recommendations were developed to address revenue and service delivery challenges under the multi-currency system. These recommendations included exploring alternative revenue sources, improving financial management practices, and seeking partnerships to enhance resource mobilization and allocation.

Recommendations

Based on the findings of the study regarding the effects of the multi-currency system on revenue generation, resource allocation, and service delivery within the HCC, the following recommendations are proposed,

- The HCC should improve its financial management systems to ensure efficient budgeting, expenditure control, and financial accountability. This includes implementing robust financial monitoring and reporting mechanisms to track revenue inflows, expenditures, and resource allocation. Regular financial audits should be conducted to enhance transparency and accountability.
- The HCC needs to develop a systematic and evidence-based approach to resource allocation. This can be achieved by conducting comprehensive needs assessments to identify priority areas for resource allocation, aligning resource allocation decisions with the council's strategic objectives, and adopting performance-based budgeting to ensure resources are allocated to projects and services that yield the highest impact.
- The HCC should actively seek partnerships with private sector entities and non-governmental organizations to leverage additional resources and expertise. Collaborations can include joint ventures, revenue-sharing agreements, or sponsorship programs to support specific projects or services. Engaging in public-private partnerships can enhance the council's capacity to deliver quality services and infrastructure development.
- The HCC should actively engage with relevant government authorities to advocate for policy reforms that address the challenges posed by the multi-currency system. This may include advocating for regulations that allow the council to retain a portion of foreign currency revenue, facilitating easier access to foreign currency for essential service provision, and creating an enabling environment for investment and economic growth.
- HCC should enhance communication and engagement with residents, businesses, and other stakeholders. This can be achieved through regular public consultations, the use of social media platforms, and the establishment of feedback mechanisms to gather input and address concerns. Effective communication fosters transparency, builds trust, and encourages collaboration in addressing revenue and service delivery challenges.

These measures will contribute to improving the council's financial stability, and resource allocation efficiency, and ultimately enhance service delivery to meet the needs and expectations of residents in Harare.

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