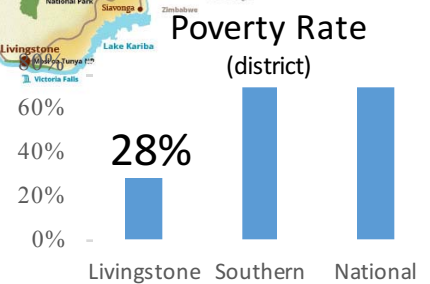
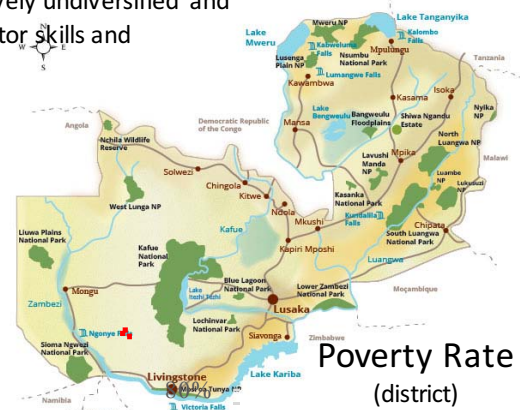
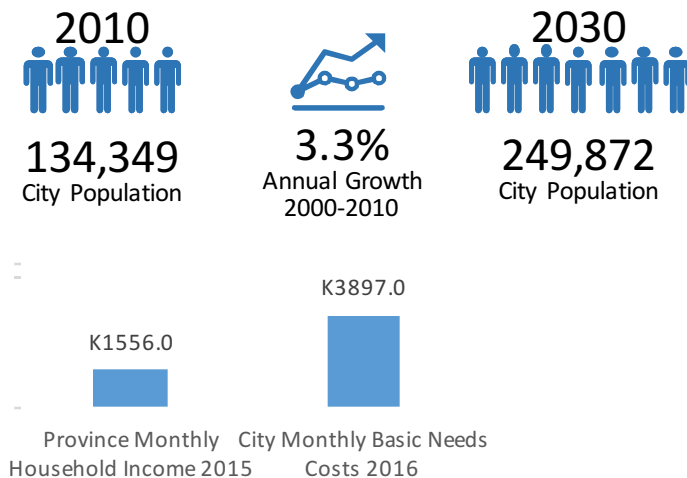


Livingstone

Inclusive Urban Economic Development Diagnostic

Livingstone is the tourism capital of Zambia. The economy is relatively undiversified and the city needs improvements in urban infrastructure, services, sector skills and diversification to ensure growth and attractiveness to visitors.



Economy

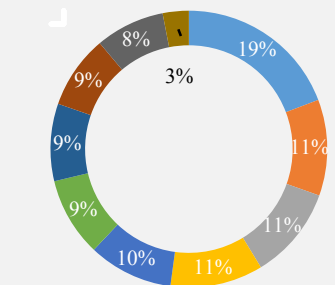
Livingstone's economy is based on tourism to Victoria falls on the edge of the town. Its vision is to become "a viable tourism city, anchored on environmental sustainability, cultural heritage, socio-economic opportunities and adequate efficient infrastructure by 2030". However there is an awareness of the need to diversify economic activities and ensure the town is an effective economic hub for surrounding communities.

Tourism: Much formal employment is in services relating to tourism. A significant number of lodges, camps and resorts have opened recently (Chinese investment in tourism has been substantial) and Livingstone's tourism offer is fairly diversified. However it is restricted to areas close to the town, not sufficiently benefitting surrounding communities. Zambia's tourism industry faces high taxation and cost of doing business, making the sector less competitive than its neighbours. Relatively few Zambians have the training and skills to enter the industry and locally created jobs are low waged and insecure. The tourist industry is constrained by access to electricity, and poor environmental management makes the town unattractive compared to neighbouring Victoria Falls Town, Zimbabwe. The political situation in Zambia may provide an opportunity for Livingstone to attract more tourists.

Manufacturing: Manufacturing accounts for 12% of formal employment, with services 88% (Census of Business Establishments, 2010). The city is specialised in services, with a location quotient of 1.22, and also in textiles and apparel manufacturing with an LQ of 2. Firms are smaller than the national average. Capacity utilisation of manufacturing firms is 42.8%, below the national average of 56.2%. It had declined by 24 percentage points from 66.9% in 2007; higher than the average decline of 11.4 (World Bank, Enterprise Survey 2013 and 2007).

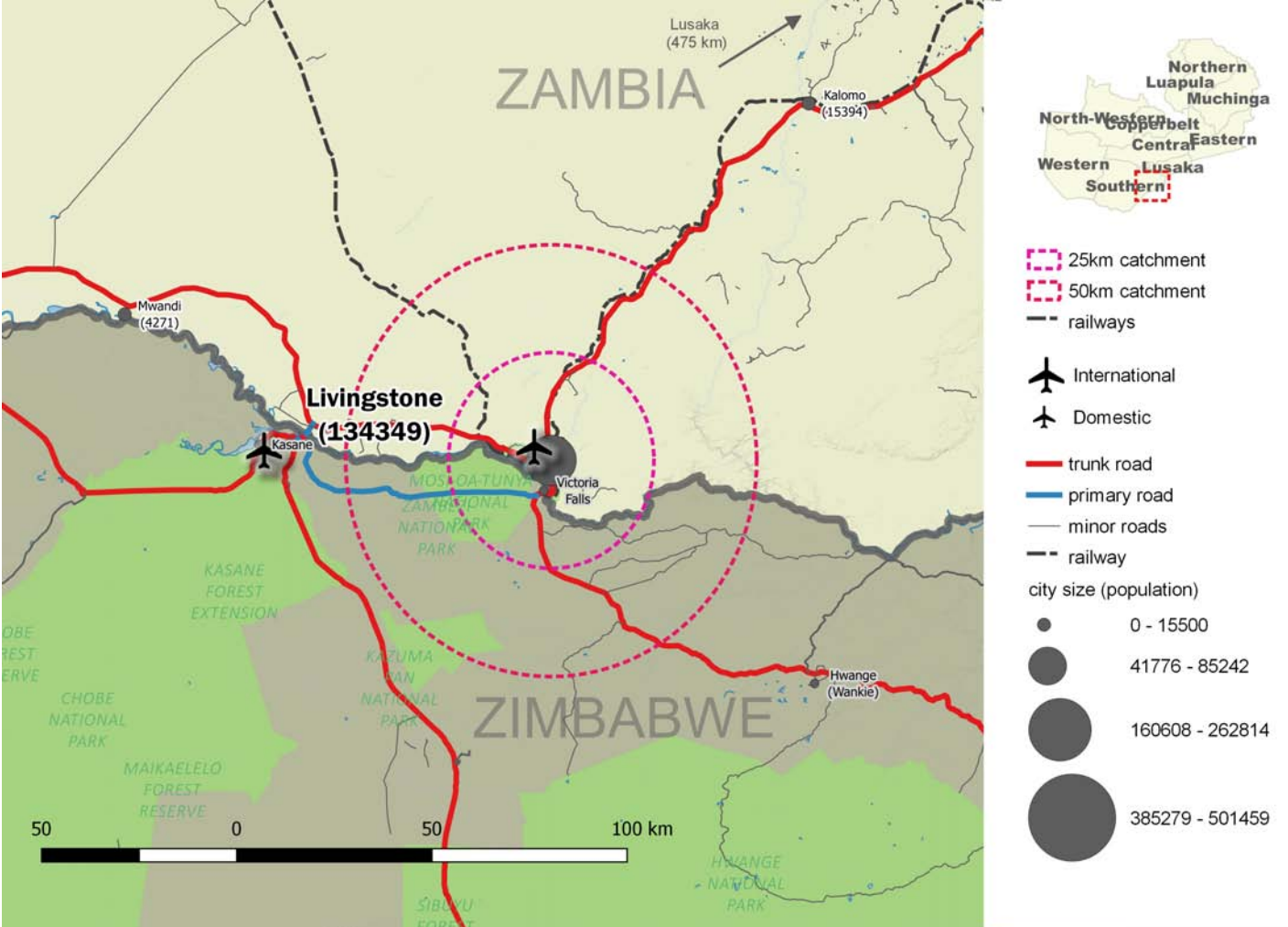
Challenges: The primary constraint to firms in Livingstone is electricity (30%), followed by access to finance (18%) and practices of the informal sector (13%). Unlike the other cities in the survey, access to electricity had become more of a constraint between 2007 and 2013. The number of power and water outages a month had increased in the same period from 3.7 and 2 to 7.2 and 9.7 respectively. The national average was 6.5 outages for power and 10.1 for water.

Employment by sector and type (Southern Province, 2008)



- Hospitality
- Agriculture/Forestry
- Utilities
- Construction
- Wholesale/Retail Trade
- Financial Services
- Social services
- Transportation / Storage
- Manufacturing
- Mining

Note: Data for this study has sourced from numerous agencies, and comprises organisational, business and institutional data, and district, provincial and national statistics. Readers should acquaint themselves further with relevant data sources to aid interpretation.



National and Regional Context

National and Local Policy Context

Livingstone developed its first ever strategic plan for the period 2017-2021, with the support of the GIZ, the Swedish and Danish embassies acknowledging the need for better planning and co-ordination. Plan priorities include improving: local economic performance; neighbourhood roads; scope of urban service delivery; reducing waste in public places; marketing Livingstone and improving council image.

The strategy is not supported by an implementation plan. Recurrent and unplanned staff transfers remain an issue for the local authority impacting capacity.

All land in Livingstone is state land, and consequently the municipality does not include traditional authorities in its structures. This creates land related tensions, particularly as chiefs encroach former white farm lands.

Local and Regional Trade Connectivity

Firms in Livingstone were far more likely to produce for the local, rather than national or international markets than firms located in Kitwe and Ndola. 0% of firms in 2007 and 2013 said that their main market was international (World Bank, Enterprise Survey 2013 and 2007).

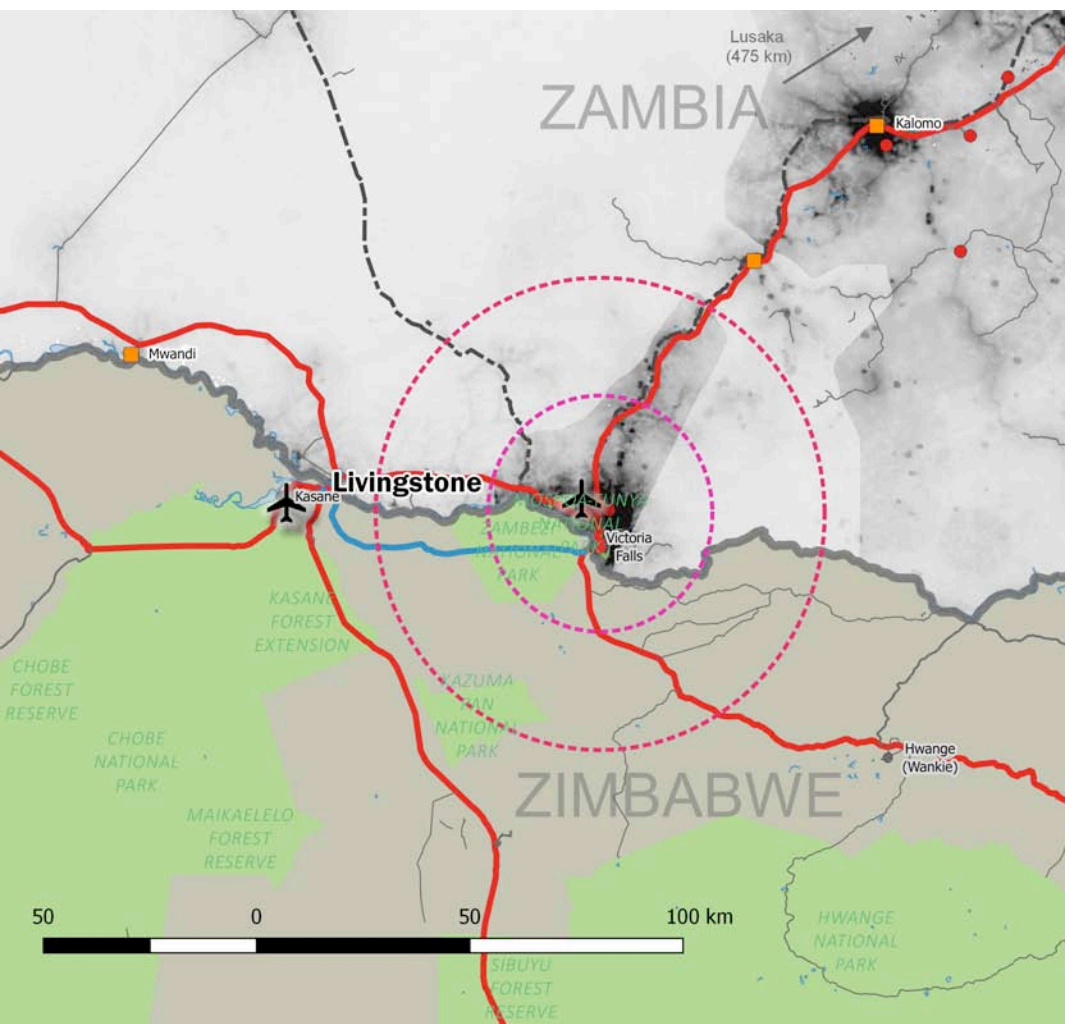
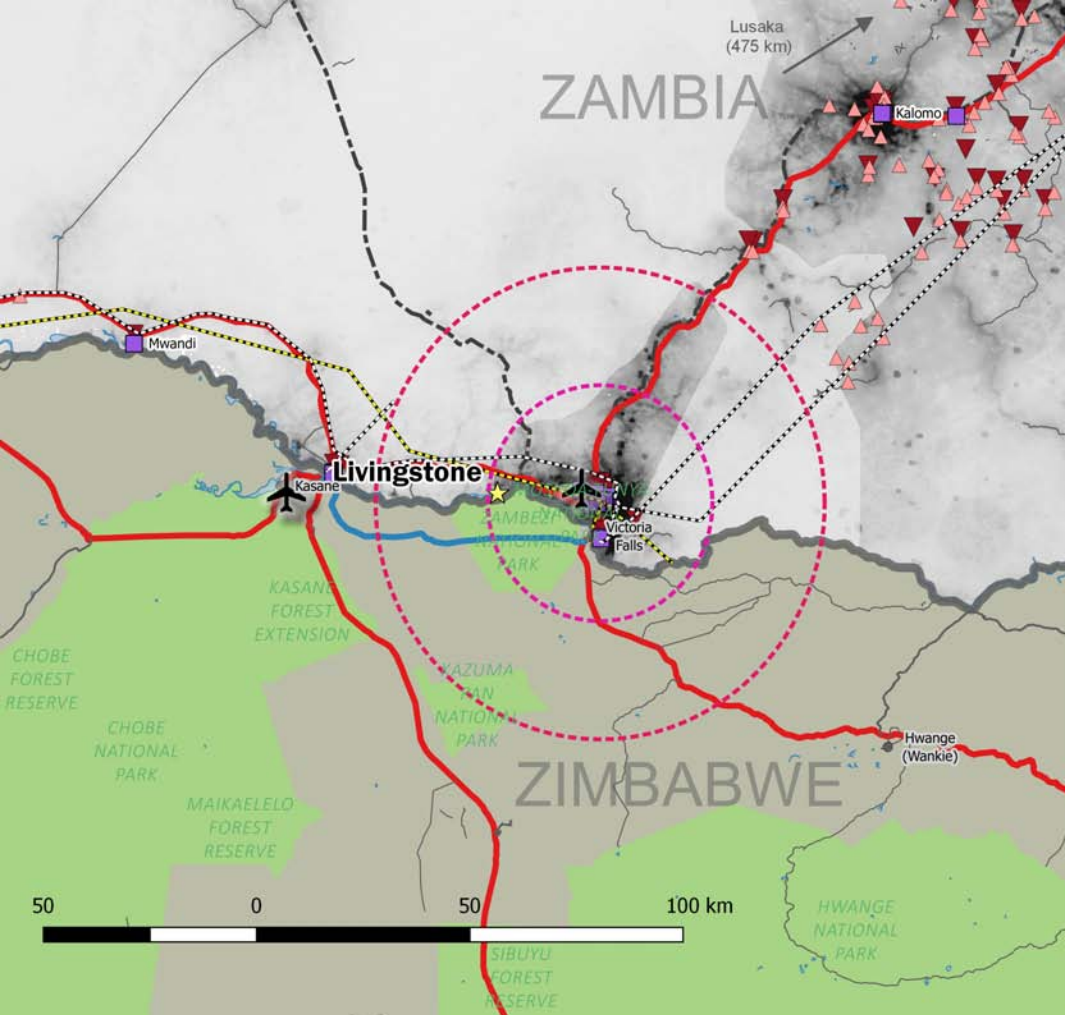
Although the airport upgrade was completed in 2013, many government-WTO projects (roads, markets, bus station) remain uncomplete as the Council has consistently failed to satisfy the criteria necessary to unlock the Constituency Development Fund (CDF).

There are on-going talks with the Ministry of Local Government to consider a special purpose grant to complete these projects.

The onerous border crossing processes between Livingstone and Victoria Falls Town directly of the border in Zimbabwe constrain economic interaction and trade between the urban centres.

The Urban Region

There are no other notable urban centres in the vicinity of Livingstone within Zambia. Victoria Falls Town, Zimbabwe, has a population of approximately 30,000. The road between Livingstone and Lusaka is fairly well populated and acts as an economic corridor for local communities. The financial and commercial services found in Livingstone also support surrounding communities, however given the size of the town these are not as diverse as other Zambian towns of similar size, and the town does not create the wealth benefits for surrounding communities that could be viable if planned more strategically.

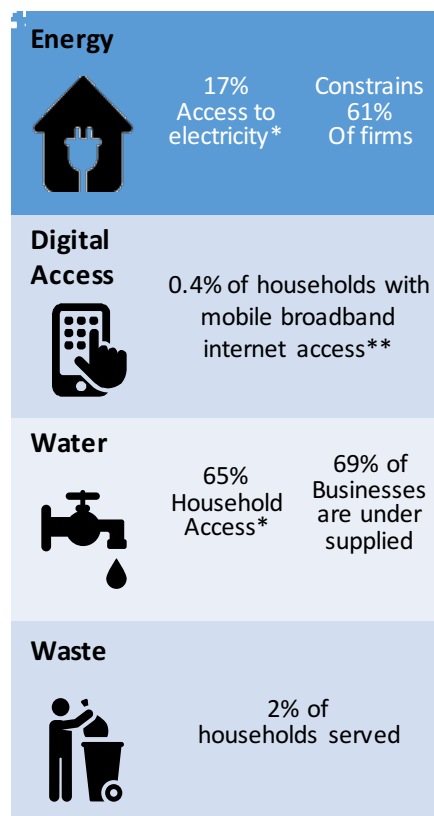


Livingstone - Urban Infrastructure and Services

Key statistics / information:

- **Energy access for households:** 16.7% of households have electricity (province compared to 27.9% national average). 90.3% of household use solid fuel for cooking (compared to 87.6% at national level).
- **Energy access for business:** 97.3% firms experience outages; 14.2% lost annual sales; 28.9% firms own generators with 33.8% power coming from generators. 60.7% firms identify energy as major constraint (WB Ent Survey 2012).
- **Transport infrastructure:** Only 37.6% of firms report transportation as a major constraint to doing business, compared with the national average of 16.4% of firms. 6.4% of households own a car, compared with 7% nationally.
- **WASH to support households/SMEs:** 64.9% of households have access to an improved water source; and 19.3% have access to improved, non-shared toilet facilities (Southern Province - DHS, 2013-14). Compared to the national averages of 63.4% and 27.3% respectively. 33.6% of population is connected to the sewer network.
- **Mobile Internet connectivity:** 3G is constrained to Livingstone town and voice/gsm only is available to surrounding communities.
- **WASH constraints for business:** 69.4% firms experience water deficiencies, on average of 7.4/month, vs. 27.9% and 2.6 nationally.
- **Access to housing and services:** 2.7 persons/room, vs. 2.6 nationally.

Growth constraints / opportunities: Infrastructure constraints, result in lost sales, and water and energy supply are particular issues. Poor quality service provision also results in high cost of basic service provision unaffordable to average householders / SMEs.



*Provincial level data used (DHS, 2013)

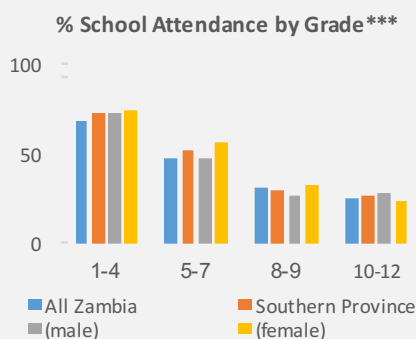
** 2013 ICT Country Survey Report, ZICTA

Inclusive Growth Opportunities

- **Employment and Youth Opportunity:** 75% of Livingstone's population are under 30. A non-formal education and skills training unit is being established and will be responsible for youth skills trainings and assistance to vulnerable groups.
- **Women's Economic Empowerment:** Poverty is higher among women and vulnerable groups, and increased household poverty has led to an increase in illicit sex and sex work related to cross-border trade, with high HIV infection rates amongst 15-45 year olds. Political participation of women is weak, however Livingstone council has a gender committee and gender focal point, and sees education as key to promoting economic empowerment. There are plans to establish a centre for victims of trafficking and gender based violence.
- **Education and Skills:** Primary school education levels are above national average, and this trend continues to secondary level with female attendance strong. Given the relatively low poverty levels in the district higher attendance might be expected, though students may be deterred by lack of formal employment. There are a range of tertiary institutions including Victoria Falls Institute of Technology, University of Zambia and Livingstone Institute of Business providing a wealth of educational opportunity. However it is unclear if training meets local business needs.
- **Poverty and equality:** Poverty in the district is low, however inequality between rural and urban areas is significant, and the extremely high living costs found in Livingstone make those undertaking insecure work in the tourism and services sectors vulnerable.

	Southern Province	Zambia
Economic Inactivity *	24%	23%
Unemployment*	5%	7.8%
Formal employment*	15%	15%
Informal employment	85%	85%
**Youth Unemployment	22%	53%
**Female youth unemployment	28%	59%

*2013 Labour Survey ** 2008 Labour Survey
*** 2015 Living Conditions Survey



Climate and Environment

Context

Livingstone's economy is centred around tourism, and the falls are designated a world heritage site. As such socio-economic wellbeing of inhabitants are closely linked to the state of the environment.

Challenges

Current threats to the quality of the environment in the Livingstone province are:

- Climate change – increased incidents of flooding along the Zambezi basin
- Deforestation in the Mosi-oa-Tunya national park, a result of the overexploitation of wood as a raw material for domestic purposes, as a building material, or for production of charcoal - exposing the ground to erosion and having an impact on local climate and exacerbating flooding (backing data / source)
- Sanitation – poor waste management resulting in a decrease in general cleanliness of the city compared to neighbouring Victoria Falls across the border in Zimbabwe
- Stagnant water, which has led to the proliferation of mosquitoes (and ultimately malaria), can be prevented with the implementation of proper storm water management systems that prevent erosion and the subsequent formation of shallow depressions in the ground in which water accumulates.
- Environmental deterioration is more pronounced during the rainy season, when there are usually outbreaks of waterborne diarrhoeal diseases.

Opportunities

The underlying causes of the majority of the environmental problems in Livingstone are inadequate spatial planning, unemployment, and poverty. The city has poor management practices. Some opportunities to promote sustainable growth include:

- Develop skills and financial capacity in Livingston City Council.
- Deliver improvement in natural resource management in the city.
- Undertake environmental awareness and training campaigns.
- Involve community-based organizations and nongovernmental organizations in environmental management at the community level.
- Control deforestation through law enforcement and community participation.



Map: Victoria falls world heritage sites, natural parks and tourism assets

- Improved waste management with a focus on community led system
- Improve coordination on environmental matters among the council, government agencies, the private sector, and the tourism agency in the city.
- Afforestation programmes in the National Park
- Development of flood defences
- Developing sustainable tourism planning

References

- Binyi Liu, Floyd M. Mwanza, 2014, *Towards Sustainable Tourism Development in Zambia: Advancing Tourism Planning and Natural Resource Management in Livingstone (Mosi-oa-Tunya) Area*, *Journal of Service Science and Management*, 2014, 7, 30-45
- UNHABITAT, *City Profile*, 2009
- SoE Outlook Report, 2008

Major Investments

Project	Sector	Value (USD)	Project sponsors	Status
Hospital expansion	Health	N/A	Central government (Ministry of Health)	Planned
Batoka hydropower plant	Energy	4 billion	Central government (Ministry of Finance, PPP unit), Government of Zimbabwe, ADB	Planned
Conference centre & hotels	Tourism	50 million	Central government	Planned
Agro-equipment plant	Manufacturing	N/A	Central government	Planned
Kafue-Muzuma-Victoria Falls Regional Transmission Line Reinforcement	Energy	110 million	World Bank, Central government	In progress
Kumi Kumi Zuba solar project	Energy	257 million	Intelligent Energy Zambia Ltd, Zambia Development Agency, Zesco	Early stage of development
Water reticulation rehabilitation	Water	6.5 million	Southern Water and Sanitation Company (SWASCO)	Complete
Road rehabilitation	Transport	18 million	EU	Complete
Bus terminal and market	Transport / commerce	7.5 million	Central government (Ministry of Local Government and Housing)	Complete
National Park expansion	Tourism	N/A	Central government	Permit acquired
Airport expansion	Transport	\$360 million	Central government	Complete

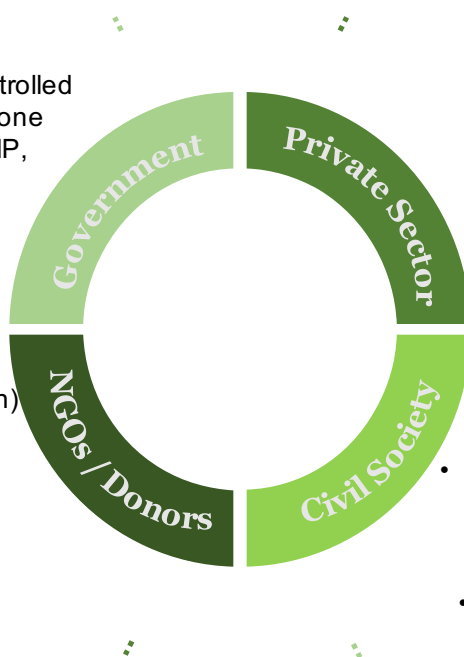
City stakeholders

Government

- Livingstone City Council - controlled by opposition UPND. Livingstone has one UPND (opposition) MP, and one PF (ruling party) MP.
- Central Government, through district commissioner and ministries

NGOs / Donors

- GIZ (supporting development of Livingstone's Strategic Plan)
- Embassy of Sweden (supporting development of Livingstone's Strategic Plan)
- Embassy of Denmark (supporting development of Livingstone's Strategic Plan)
- WTO



Private Sector

- Tourism – 50% of Livingstone's inhabitants are employed in tourism. Tourism actors are a mixture of large hotels / operators and small lodges etc.
 - Retail

Civil Society

- In contrast to other towns, the state owns most land in Livingstone, rather than traditional leaders.
- The unemployed are a large group in Livingstone.

Donor programmes active in city

Programme	Sector	Delivery Agency	Status
Kafue-Muzuma-Victoria Falls Regional Transmission Line Reinforcement	Energy	World Bank	In progress
Road rehabilitation	Transport	EU	Complete
Market, bus stop, and road development	Transport/Commerce	WTO (loan)	In progress

Multiple national level projects

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