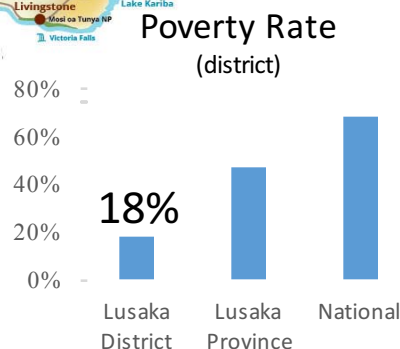
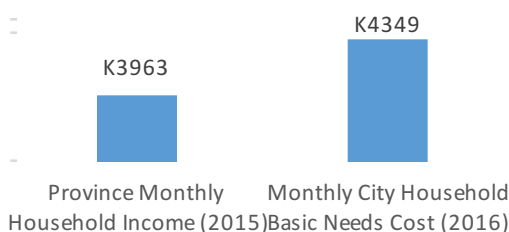
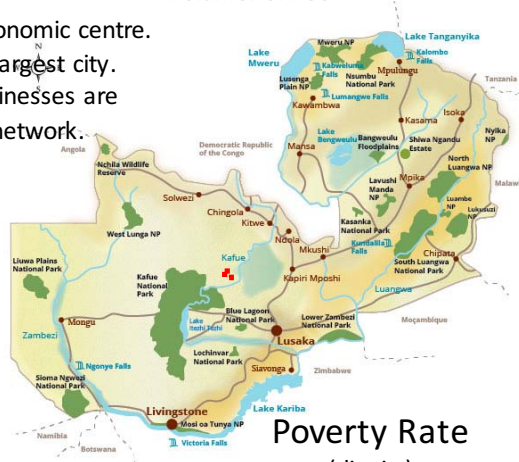
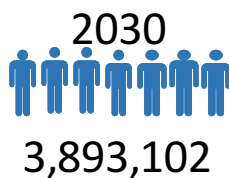
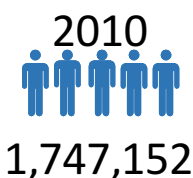


Lusaka

Inclusive Urban Economic Development Diagnostic

As the capital of Zambia, Lusaka is the country's key political and economic centre. With a population approaching two million, Lusaka is also Zambia's largest city. Lusaka hosts a diverse range of commercial activities, and these businesses are well-connected to Zambia's other cities through a developing road network.



Economy

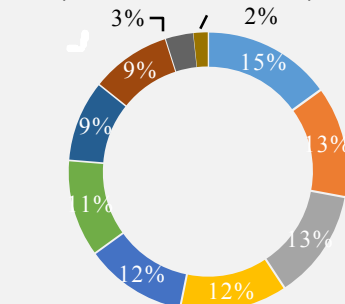
Lusaka is the main commercial and manufacturing hub of Zambia. It accounts for a large proportion of the national economy and has the highest concentration of firms per capita. Lusaka has high levels of formal employment (31%) compared to the national average (15%). The economy is highly diversified with the countries banking sector based in the capital, and there are clusters of transportation, hospitality, construction and trade businesses in the city.

Manufacturing: Manufacturing accounts for 26% of formal employment, with services 74% (Census of Business Establishments, 2010). The city is slightly more specialised in services, with retail trade having the highest location quotient of 1.07. Capacity utilisation of manufacturing firms is 57.5%, slightly higher than the national average of 56.2%. It had declined by 9.4 percentage points from 66.9% in 2007; however, this was less than the average decline of 11.4 (World Bank, Enterprise Survey 2013 and 2007).

Export: Firms in Lusaka were more likely to produce for the local, rather than national or international markets than firms located in Kitwe and Ndola. Just 1% of manufacturing firms said their main market was international in 2013, down from 3% in 2007 (World Bank, Enterprise Survey 2013 and 2007).

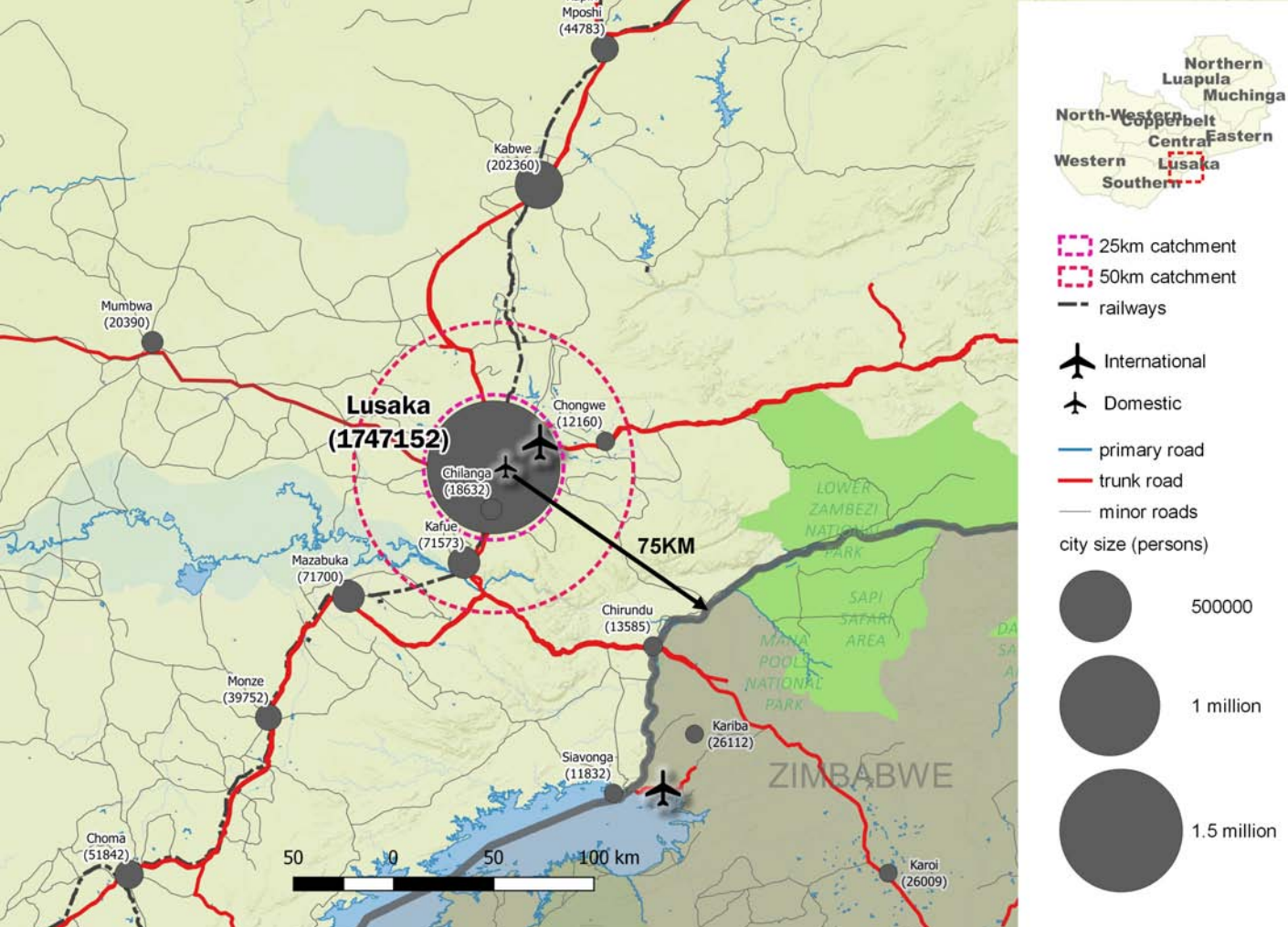
Business constraints: The primary constraint to firms in Lusaka is access to finance (30%), followed by the practices of the informal sector (20%) and electricity (14%). Moreover, these first two constraints had become more important since 2007 when they were 19% and 11% respectively, electricity and transport constraints had become relatively less important in this period. However, the number of power and water outages a month had increased in the same period from 4.8 and 8.6 to 8.5 and 9.8 respectively. The national average was 6.5 outages for power and 10.1 for water.

Employment by sector and type (Lusaka Province, 2008)



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

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

The 7th National Development Plan notes the importance of Lusaka as a hub for services, businesses and organisation. With opportunities to channel investment into research, science and technology that could improve business performance. There is potential to increase production and value addition. The need for urgent investment in infrastructure, energy, manufacturing and improving agricultural linkages was also noted.

National Audit report of local authorities highlights that some Lusaka local councils do not develop strategic spending plans, financial statements and lack title deeds. Additionally, at times they were wasteful in their expenditure with projects delayed, incomplete or dysfunctional (see street lighting in Chilanga). They were also unable to fill a significant number of vacant governments posts, in the extreme case of Chirundu local council only 52% of posts were filled.

Local and Regional Trade Connectivity

Lusaka is located centrally in Zambia and relies on its network of roads and railways to connect it to regional markets. It has a functioning international airport with direct flights to most many African, European and middle eastern hubs. The TAZARA railway connects the

capital to Dar es Salaam, and there is an additional rail route planned to Mozambique though there are no clear timelines for implementation. Major road export routes exist via Chipata (to Malawi), Livingstone (Botswana) and Ndola (DRC).

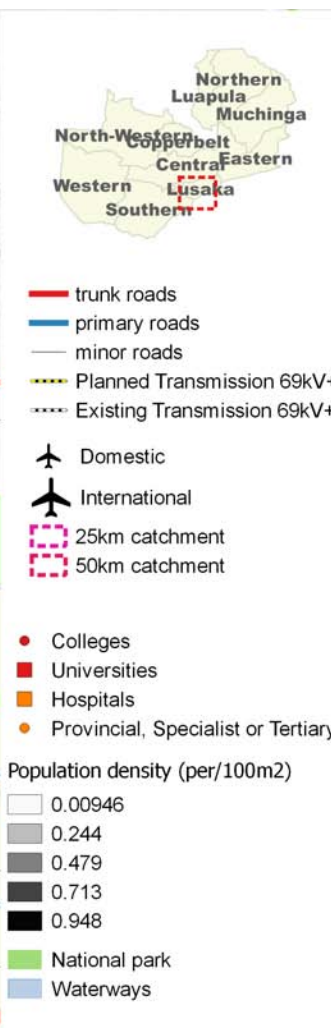
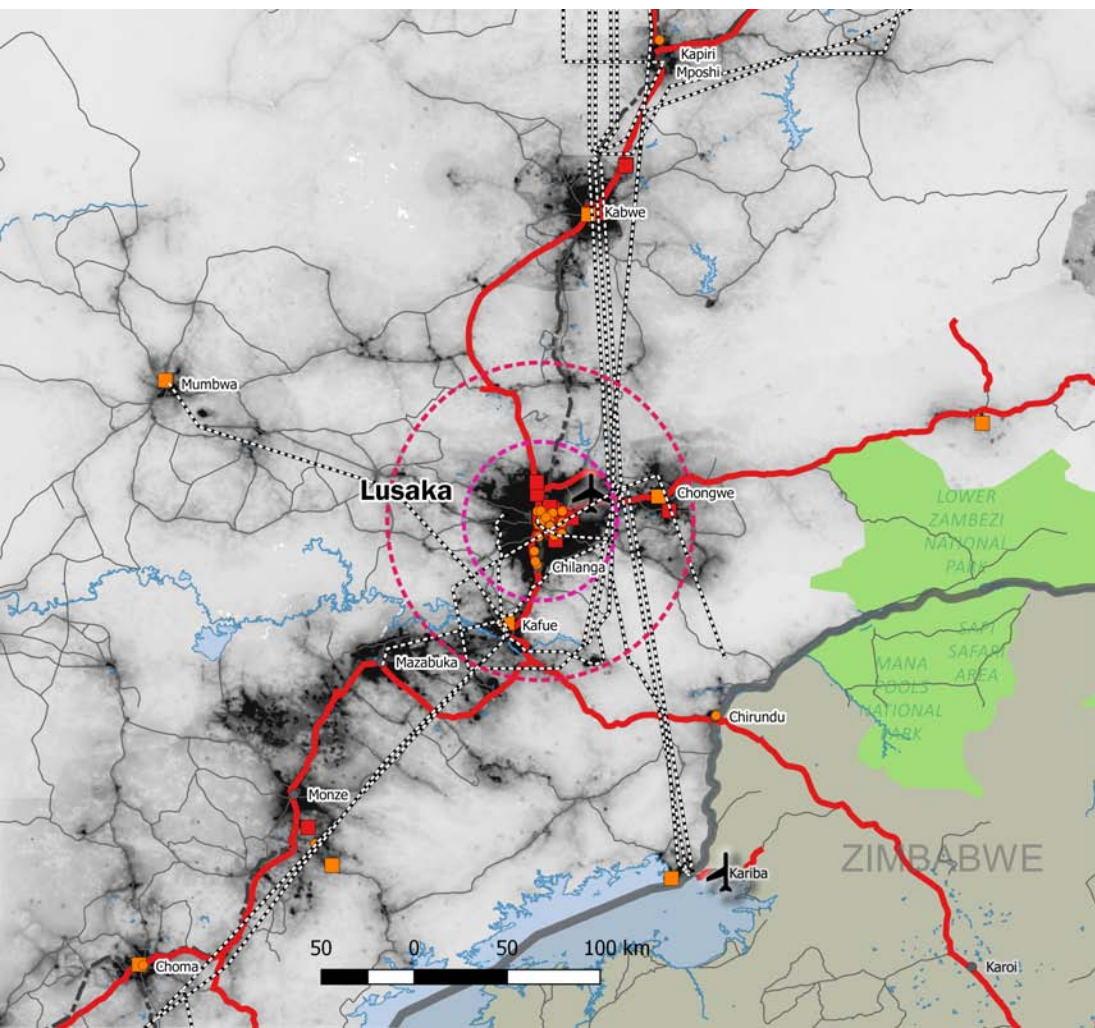
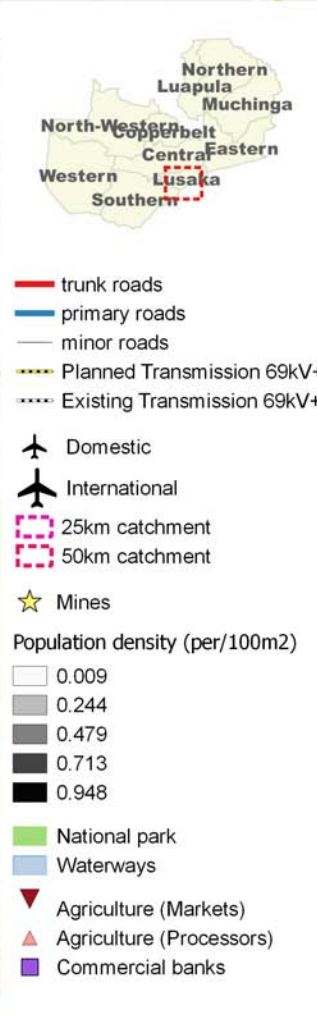
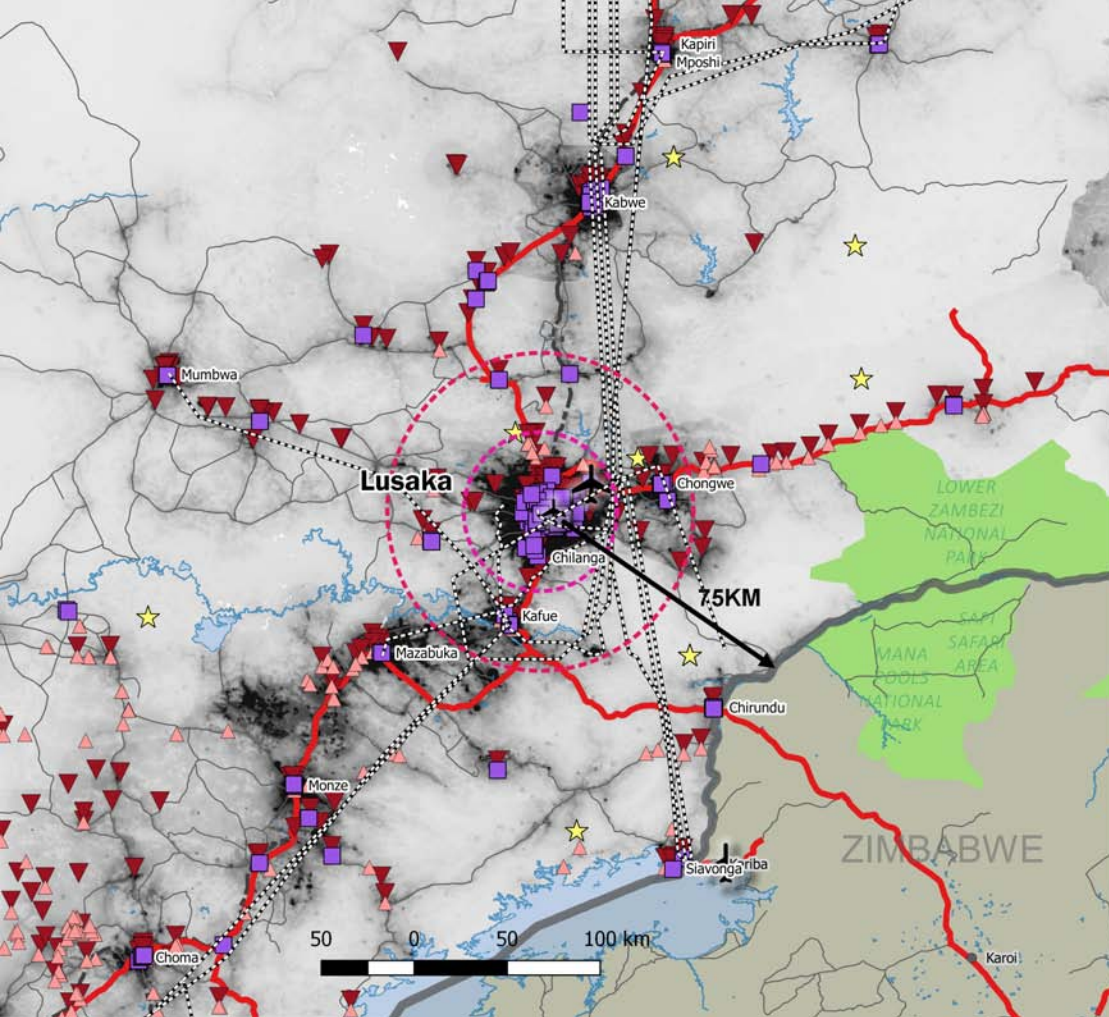
The Urban Region

The 50km radius zone around central Lusaka is very densely populated, forming a 'greater urban area.' Studies have shown clustering of businesses within the urban region, and a number of urban centres lie within a 150km radius of the city centre.

Chongwe (population: 12,160) a hub for nature and wildlife tourism lies to the east on the road to Chipata. Chilanga (population: 18,632) just 20km from Lusaka is home to Lafarge cement and also clusters of commercial farms.

Kafue (population: 71,573) on the Livingstone road is an industrial hub with fertilizer, steel plant, cotton ginnyer and other industries. It is also the access point for Kafue National Park.

Mazabuka (population: 71,700) lies near the Wanachingwala Conservation Area and its economy focuses around sugar, is home to Zambia sugar and plantations including the Nakambala Estate run by Illovo Sugar. It also has both shoprite and Konkola supermarkets and 3 major banks.

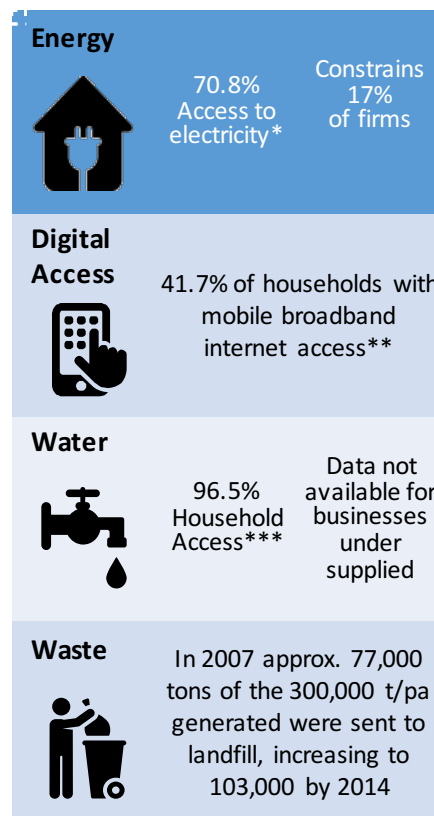


Lusaka - Urban Infrastructure and Services

Key statistics / information:

- **Energy access for households:** 70.8% of households have electricity (compared to 27.9% national average). 65.7% of households use solid fuel for cooking (compared to 87.6% at national level).
- **Energy access for business:** 17% of firms have identified energy access as a major constraint; 19.4% firms own generators with 7.8% electricity coming from generators. 17% firms identify energy as major constraint (WB Ent Survey 2012)
- **Transport infrastructure:** Only 7% of firms report transportation as a major constraint to doing business, compared with the national average of 16.4% of firms.
- **WASH to support households/SMEs:** 96.5% of households within the have access to an improved water source; and 32.8% have access to improved, non-shared toilet facilities (Lusaka Province - DHS, 2013-14). This is well above the national averages (63.4% and 27.3% respectively). Only 42.8%** of households are directly connected to main water supply through the utility, Lusaka Water Supply Company. 30% of households are connected to the sewer system. 26% of solid waste is collected. For more, highly detailed, information see Veolia 2017 inception report
- **WASH constraints for business:** In 2005, water supply was only able to meet 70% of demand.
- **Access to housing and services:** Building permits currently take 45 days to issue

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

***Water Utility Company data 2016

Inclusive Growth Opportunities

Poverty and equality: Whilst poverty in Lusaka is extremely low (18% compared to national average of 69%), living costs are also extremely high – 4,349k, which for households living below the poverty threshold is completely unattainable meaning that households will have to make choices between investing in food, medicines, utilities and education. For more information see the World Bank 2015 study on mapping subnational poverty in Zambia.

Education and skills: Young people in Lusaka have good access to education, with over 1/3 young people completing secondary education, and over 55% completing primary school. The city is home to a wide range of universities, colleges and vocational training schools offering specialist training in a wide range of areas including ICT. There vast variation in wealth and poverty however means that Lusaka's poorest still fail to gain the benefits of education on offer, and it is likely that only poverty alleviation efforts can improve educational attainment.

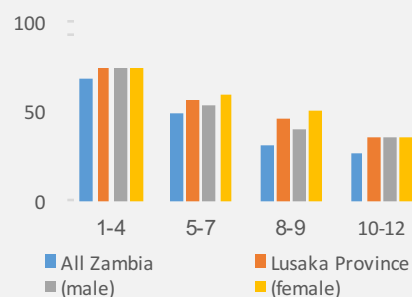
Women's Economic Empowerment: Women have more economic opportunities in Lusaka, but still face challenges of access to finance, and GBV as well as higher living costs placing significant pressures on families.

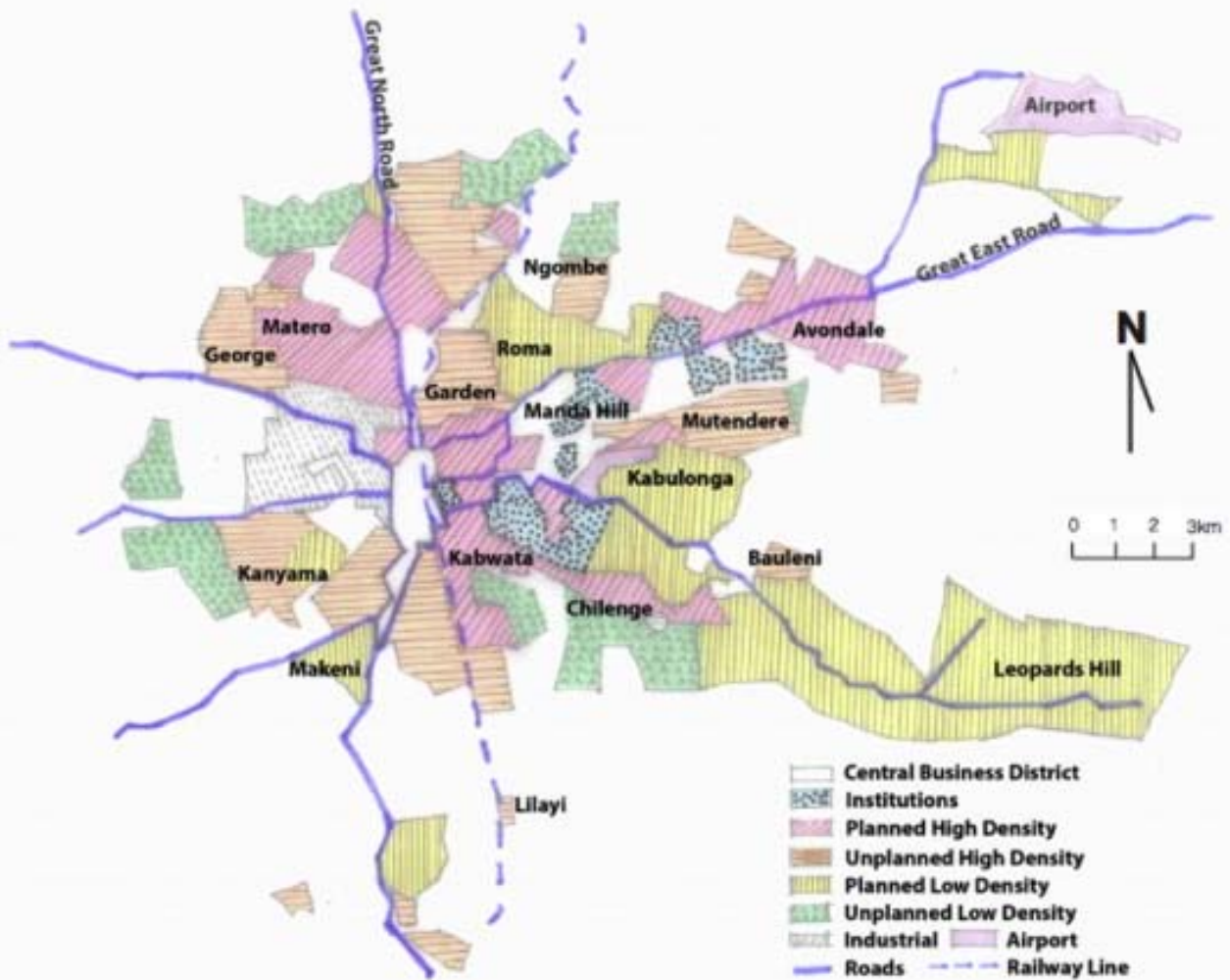
Youth Economic Empowerment: Studies suggest that poor labour market opportunities and a mismatch between youth skills and jobs is a cause for the extremely high youth unemployment rates of 60% and 66% (male, female). The a survey of employers also cites a mismatch between job applicant expectations, and poor work ethic as constraints.

	Lusaka Province	Zambia
Economic Inactivity *	26%	23%
Unemployment*	7%	7.8%
Formal employment*	31%	15%
Informal employment	69%	85%
**Youth Unemployment	60%	53%
**Female youth unemployment	66%	59%

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

% School Attendance by Grade***





[Habitat International](#); Urban visions from Lusaka, Zambia; [EmmaWragg_ReginaLim](#); 2014

Climate and Environment

Context

Increasing population, inefficient city planning and increasing poverty levels are leading to proliferation of informal settlements (majority of estimated city population live in informal settlement).

Challenges

The resulting environmental challenges are:

- Land degradation – wastage of valuable topsoil; land and water (both surface and ground) contamination
- Open air incineration of waste and illegal waste dumping giving rise to diseases (only an estimated 15% of the municipal solid waste generated is collected, resulting in build-up of waste in open spaces and along streets in or around the city)
- Inadequate access to clean water (technical losses – 56%) and safe sanitation facilities and services make the residents of unplanned urban settlements vulnerable to epidemics
- Illegal quarrying due to poor alternative employment opportunities is causing degradation

Opportunities

- Develop improvement area plans for securing land tenure for residents and mapping social infrastructure

- Over 35 unplanned settlements have been regularised as “Improvement Areas”, but the challenges remain enormous.
- Community-based sustainable urban environmental management

References

- *SoE Outlook Report, 2008*
- *UNHABITAT, City Profile, 2007*
- *Rodwell Chandipo, 2014, Assessment of Nitrate and Microbial Contamination of Groundwater*



Image: Rounded karst field exposed due to diffuse laterite quarrying around Lusaka (Rodwell Chandipo, 2014)

Major Investments

Project	Sector	Value (USD)	Project sponsors	Status
Kafue-Lusaka water pipeline	Water	150 million	Lusaka Water and Sewerage Company	Planned
Lusaka water supply, sanitation and drainage project	Water	355 million	Millennium Challenge Corporation	In progress
Lusaka Decongestion Project	Transport	286 million	Exxim Bank of India GRZ	Planned
3x Multi Facility Economic Zones (Lusaka North, Lusaka South, Lusaka East)	Commerce	N/A	Central government with private investment (Zambian Breweries, Superior Milling, NRB Pharma Zambia)	Planned
Longacres shopping mall	Commerce	72 million	Public Service Pensions Fund	Under construction
Solar-powered streetlight pilot	Transport / Energy	35,000	Solarquest ltd, Schneider Electric, Lusaka City Council	Planned
Lusaka light rail	Transport	N/A	Lusaka City Council, China Railway	Early discussions
Kenneth Kaunda International Airport	Transport	400 million	Central government, Government of China (loan)	In progress
Lusaka – Ndola dual carriageway	Transport	1.2 billion	Central government (PPP)	Planned
Cement factory	Manufacturing	N/A	Dangote Cement Plc	Planned
Cement factory	Manufacturing	N/A	Zambezi Portland Cement	Planned
Malting plant	Agriprocessing	N/A	Zambian Breweries	In progress

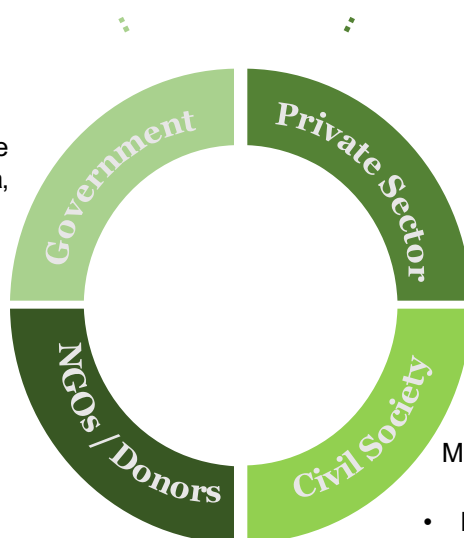
City stakeholders

Government

- Mayor Wilson Kalumba (PF). The mayor is directly elected. Kalumba has experience in the private sector, Bank of Zambia, and the UN.
- Lusaka City Council. 32 councillors are PF (with one opposition). Plans have been announced to zone Lusaka into municipalities in 2018.
- Central government

NGOs / Donors

- GIZ (Water security initiative)
- DFID
- Government of Sweden (slum upgrading)
- UN HABITAT
- Wateraid



Private Sector

- Services sector is largest by volume (banks, retailers and wholesalers)
- Government is a large employer
- Industry (packaging, construction)
- Agricprocessing (e.g. Zambia Breweries)

Civil Society

- Multiple universities (University of Lusaka, University of Zambia)
- People's Process on Housing & Poverty
- Civil Society Constitutional Agenda
 - Law Association of Zambia (governance focused advocacy)
 - Jesuit Centre for Theological Reflection (poverty advocacy group)

Select donor programmes active in city

Programme	Sector	Delivery Agency	Status
Lusaka water supply, sanitation and drainage project	Water	Millennium Challenge Corporation	In progress
Water Security Initiative	Water	GIZ & WaterAid	In progress
Resilience of African Cities	Solid waste management	UN HABITAT	In progress

Multiple national level projects

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