Creating new cities, raising revenues, and developing a national urbanisation strategy: The case of Zambia

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Presentation Agenda

- History and Creation of New Districts, Towns & Cities in Zambia
- Methods of Financing of New Towns and Cities
- Role of the National Urbanisation Policy (NUP) in improving governance and financing
- Key Lessons for Ugandan New Cities Initiative
- Conclusion
History and Creation of New Towns and Cities
Urbanization & Urban Development in Zambia

• **1900 – 1964**: Settler, Administrative & Mining Towns

• **1964 – 2010**: State led Urban Dev & Private Developer led Town Development

• **2011 on wards**: Creation of New Districts, Towns & Cities

• From **72 Districts in 2011** to **116 Districts in 2021**: 44 Districts & Towns created in 10 years (Average of 4 towns per year)
<table>
<thead>
<tr>
<th>Main urban centres of Zambia</th>
<th>Population in 2010</th>
<th>Estimated Population 2025</th>
<th>Estimated Population 2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lusaka</td>
<td>1,747,152</td>
<td>3,285,329</td>
<td>4,560,560</td>
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<tr>
<td>Kitwe</td>
<td>501,360</td>
<td>871,560</td>
<td>1,190,534</td>
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<td>Ndola</td>
<td>451,246</td>
<td>646,417</td>
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<td>Kabwe</td>
<td>202,360</td>
<td>253,429</td>
<td>286,418</td>
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<td>Chingola</td>
<td>185,246</td>
<td>331,747</td>
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<td>Mufulira</td>
<td>151,309</td>
<td>208,330</td>
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<td>Livingstone</td>
<td>134,349</td>
<td>214,579</td>
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<td>Luanshya</td>
<td>130,076</td>
<td>163,775</td>
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<td>Chipata</td>
<td>116,627</td>
<td>224,086</td>
<td>331,642</td>
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<td>Kasama</td>
<td>101,845</td>
<td>162,640</td>
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<td>Solwezi</td>
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<td>Kafue</td>
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<td>178,793</td>
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<td>Mazabuka</td>
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<td>Mongu</td>
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<td>Choma</td>
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<td>Kapiri Mposhi</td>
<td>44,783</td>
<td>94,749</td>
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<td>Nakonde</td>
<td>41,836</td>
<td>95,888</td>
<td>153,376</td>
</tr>
</tbody>
</table>
Reasons for Creation of New Provinces, Districts, Cities & Towns

• Large size of Zambia: c. 752, 000 sq. km
• Large spatial extent of districts and provinces
• 40% of Zambians live in Urban areas
• Containment of rural to urban migration
• Administrative/Political; Economic Justification

What are implications for financing Housing, Urban and Infrastructure Development?
Typical New District Created in 2012 in Eastern Province of Zambia
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Methods of Financing New Towns and Cities

National Govt. Subventions (Fiscal Decentralization)

- Local Government Equalization Fund
- Constituency Development Fund (CDF)
- Land Development Fund
- Chinese Loans - Construction of Civil Servants/Defense personnel Housing
- Infrastructure Development Funds (NRFA, RDA, etc.)
- Capitalisation/Recapitalisation of FIs – DBZ (Private Developers), ZNBS/Councils
Financing New Towns and Cities in Zambia

- Public Private Partnerships
- Eurobonds (USD 2 Billion)
- Private/Venture Capital
- Grants from Donor Agencies
- New Inter-Governmental Fiscal Architecture
  - Municipal Bonds
  - Green-Climate Bonds
  - Other financial instruments – blended finance
Development of National Urbanisation Policy (NUP)

Timeline

- **2013 – 2014**: Background Studies funded by UN Habitat
- **2015 – 2016**: Conference on National Urbanisation and Human Settlements
- **2017 – 2018**: National Technical Committee established UN Habitat/UNDP
- **2018 – 2020**: IGC engaged as Consultant to complete the NUP
- **2020**: Government approves NUP,
  - Gives a clear policy direction on human settlements and urban development in Zambia
Role of National Urbanisation Policy (NUP)

- Avoid/mitigate future human-made and environmental disasters
- Create job opportunities
- Harnessing agglomeration advantages of concentrated economic activity
- Deliver more cost-effective public services and infrastructure.
- Strengthen municipal institutions in planning/managing urban growth
- Develop a more functional national urban system that contributes to rural development and transformation
Lessons for the Uganda New Cities Initiative

- Creation of new towns based on **strong economic fundamentals/Economic Base/Comparative Advantages**
- **Conduct thorough studies**
- **Stakeholder and community involvement** - No-one-left-behind principle
- **Urban Planning / Urban-Rural Linkages Models of Development**
- **Private sector involvement and dialogue** e.g., Kalumbila New Town
- Innovative financing mechanisms e.g., PPPs, Green/Climate Bonds
- **Government support**: to kick-start urban development process
Conclusion/Recommendations

• Creation of New Towns based on strong economic fundamentals
• Incentivize private sector to invest in New Towns
• Explore PPPs
• Involve civil society and seek National Government support
• Explore innovative financing mechanisms e.g. Green/Climate Bonds
THANK YOU

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