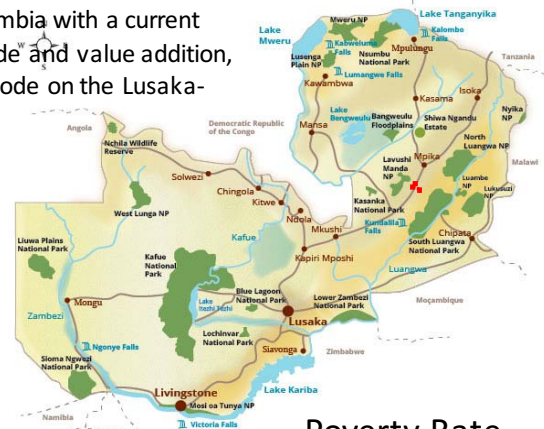


Chipata

Inclusive Urban Economic Development Diagnostic

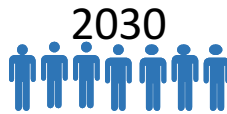
Chipata is the 5th largest, and one of the fastest growing cities in Zambia with a current population of 455,783. Its economy is based around agricultural trade and value addition, being strategically located adjacent to the Malawian border and a node on the Lusaka-Chipata agricultural corridor.



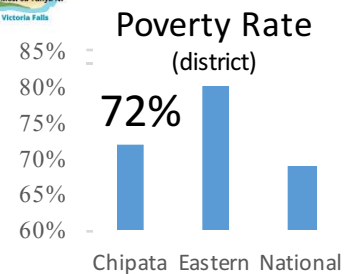
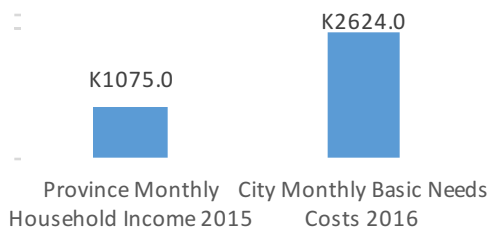
116,627



4.8%
Annual Growth
2000-2010



694,539



Economy

Chipata's economy is based on agricultural trade and value addition activities. It sits at the termination of a dense corridor leading west to Lusaka around which agricultural production, trade and value addition activities have clustered. It also benefits from its location alongside the Malawian border with reports of illegal agricultural trade into higher value cross-border markets. Government also plans to establish a 400ha multi-facility economic zone.

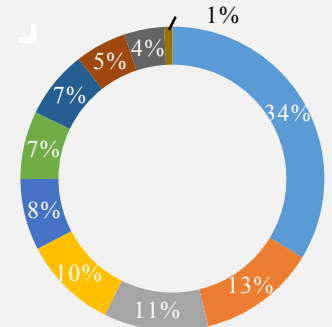
Agriculture: The Chipata region is highly productive, with strong potential for groundnut, cotton, tobacco and vegetable oil production. Between 2006-2014 138k smallholder farmers increased their incomes by over 600% through improved market access and commercialisation support. Though the province is a large producer of maize, groundnuts and cotton, it still imports most of its finished products including mealie meal and peanut butter demonstrating a clear opportunity for intensified agro-manufacturing.











Manufacturing: Chipata city and corridor are home to significant manufacturing clusters, particularly for agro-processing. Cargill opened its first Zambian commercial mini-mill in the city in 2015, investing \$2m. COMACO produces peanut butter and supplies Pick n Pay, Shoprite and Spar and hopes to begin export – sourcing raw ingredients from 20,000 farmers. Wonder Feeds, Sinde Farms, Chinaa Cotton and Japan Tobacco are also present, and the city recently received a trade delegation from Korea. Manufacturers report access to power and load shedding as a key constraint, as well as access to affordable extended credit.

Services: Chipata has 11 major banks, a modern market, shopping malls, four star hotel and golf course

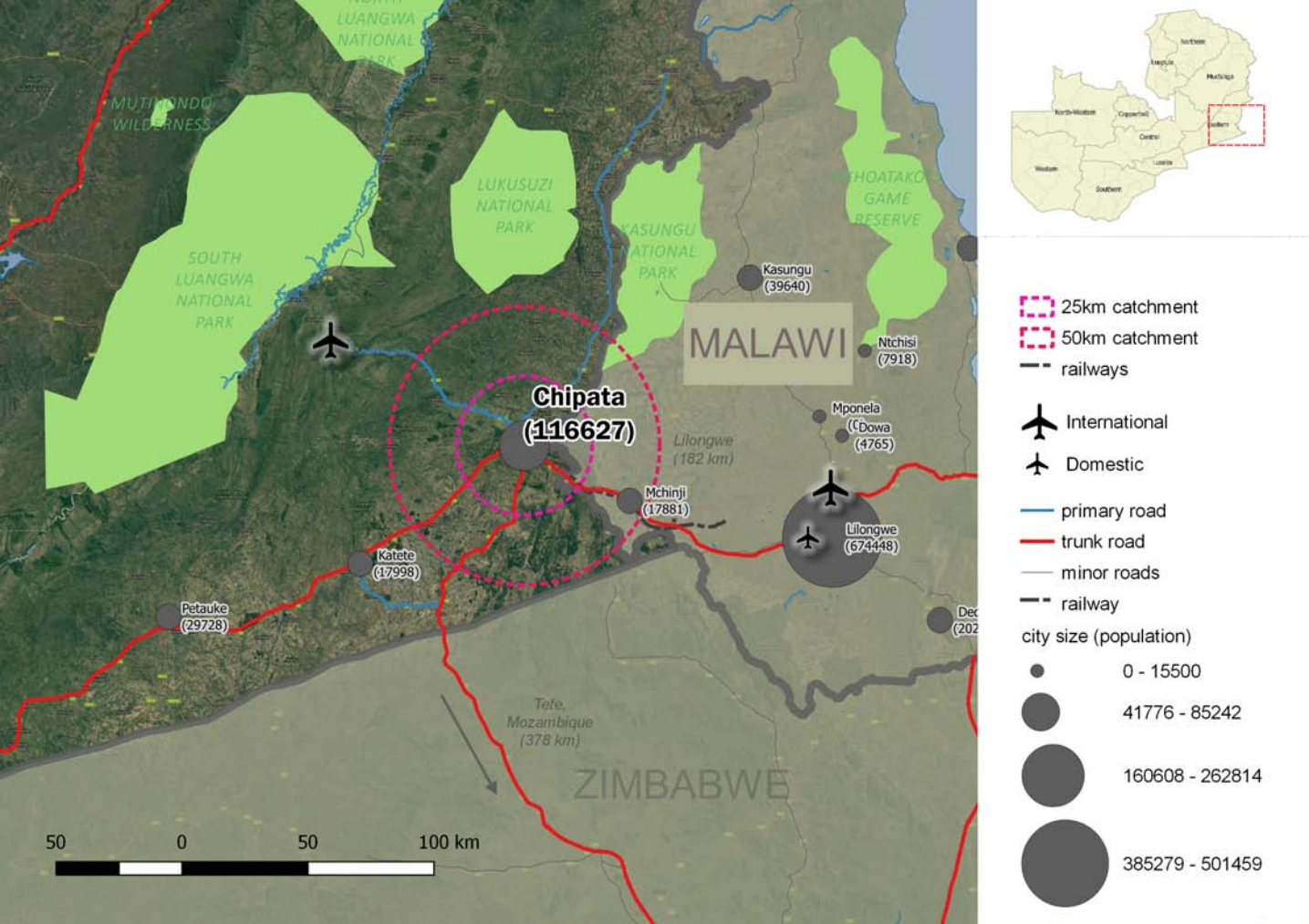
Tourism: Chipata hosts the annual Nc'wala ceremony, and is a popular access point to the South Luangwa National Park.

Employment by sector and type (Eastern Province, 2008)



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

The 7th national development policy identifies Eastern Province's comparative advantages as arable land, forests and wildlife-tourism. As well as its strategic location near Nacala Port and the potential to boost integration in the Zambia-Malawi-Mozambique growth triangle. Consultations have also identified potential to establish a dry port at Chipata railway station to improve cargo movement, and the need for significant rural and urban infrastructure development, and tourism infrastructure in parks and game management areas.

Local and Regional Trade Connectivity

Chipata is 550km from Lusaka and 130km from Lilongwe, Malawi – as is the primary trade corridor between the two countries. A rail link from Chipata to Malawi via Mchinji opened in 2011 opening up trade. It is also on the planned rail route to the Nacala deepwater port in Mozambique which would further increase trade connectivity. A rail link to Serenje on the TAZARA railway (linking Dar es Salaam and Lusaka) is also proposed and a construction contract has been awarded with completion due in 2021.

The rehabilitation of 1,131km of rural roads has significantly increased smallholder access to markets resulting in a six-fold increase in incomes.

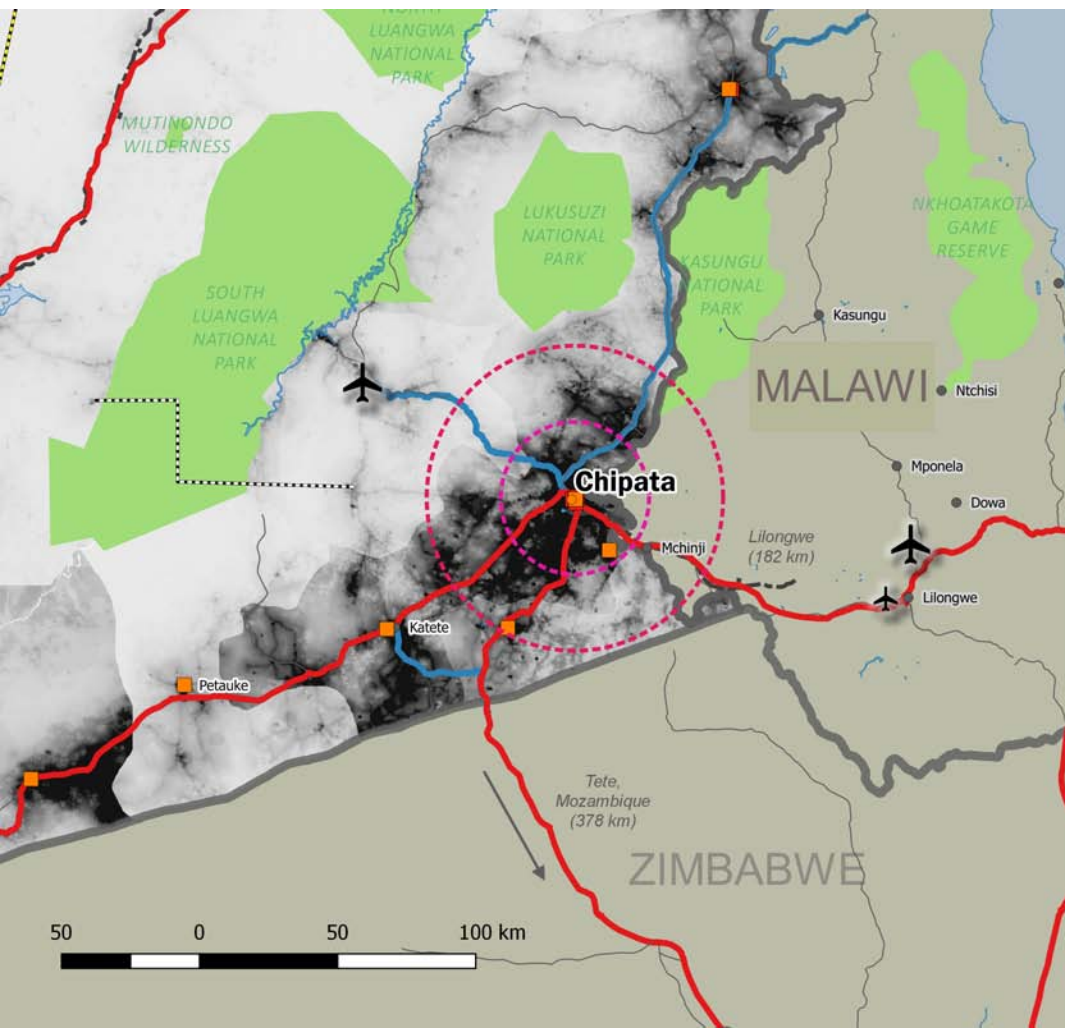
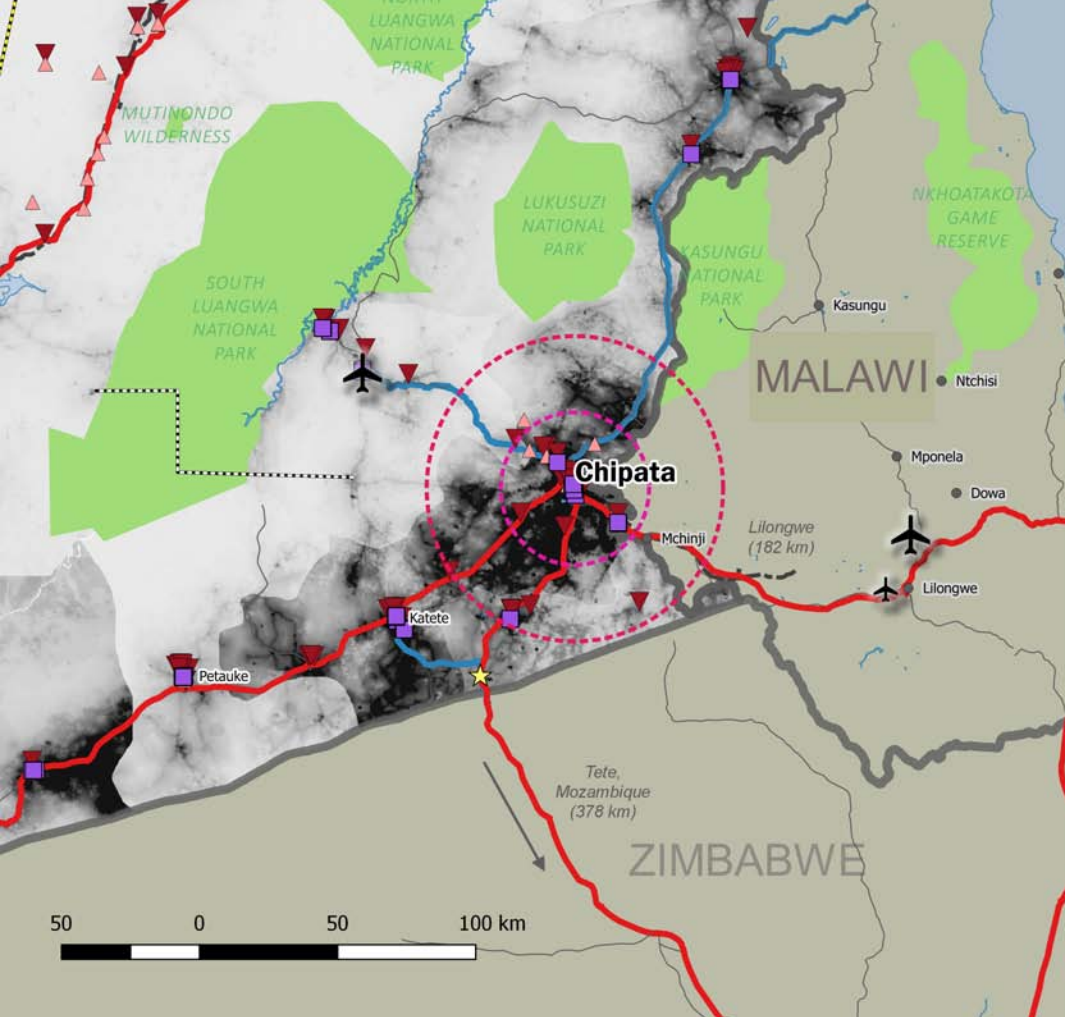
The Urban Region

Chipata lies at the centre of a densely populated corridor. Populations coalesce along the T4 and D128 around a number of urban centres including Katete (pop. 17,998), Petuake (pop. 29,728) and Mchinji over the border in Zambia (pop 18,000 in 2008). The Malawian Mchinji district is also densely populated, home to over 400,000 inhabitants - an attractive export markets as commodity prices are significantly higher and Malawians are reportedly less concerned regarding maize quality.

Climate and Environmental Challenges / Opportunities

Challenges: Over 90 per cent of land in Chipata district is under traditional land tenure system (SoE Outlook Report for Chipata District). Poor population distribution and population growth are the most significant factors putting pressure on land. Agriculture and urbanisation are equally important factors. (Chipata-Petauke-Serenje Railway EIA, May 2017). Chipata's main river, Lunhkwakwa, is now polluted along 70% of its length and is often dry. This has impacted farmers, brick makers and other businesses along its length.

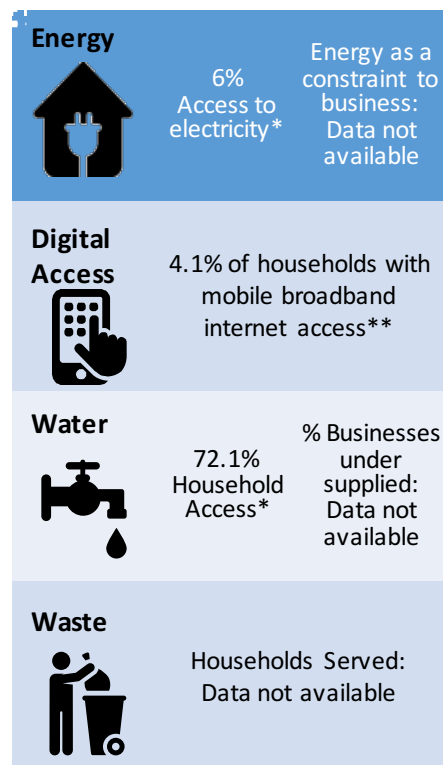
Opportunities: Pharmaceutical warehouse to go up in Chipata – UNDP project. Chipata-Petauke-Serenje Railway



Chipata - Urban Infrastructure and Services

Key statistics / information on available;

- **Energy access for households:** 6.3% of households have electricity (compared to 27.9% national average). 97.6% of household use solid fuel for cooking (compared to 87.6% at national level).
- **Energy access for business:** No data available
- **Transport infrastructure:** 3.5% households own a car, half national average. No data on public transport.
- **WASH to support households/SMEs:** 72.7% of households have access to an improved water source; and 24.5% have access to improved, non-shared toilet facilities, compared to the national averages of 63.4% and 27.3% respectively (Eastern Province - DHS, 2013-14). 19.1% of population is served by the sewer network.
- **WASH constraints for business:** No data available
- **Access to housing and services:** 2.8 persons per room, compared with 2.6 national average.
- **Digital connectivity:** MTN rolling out 3/4G services across Chipata as they view it as a growing market.
- **Housing:** Significant informal settlement areas in Chipata, in particular Muchini compound, a major stop for cars, buses and truck near the Zambia-Malawi border point



*Provincial level data used (DHS, 2013)

** 2013 ICT Country Survey Report, ZICTA

Inclusive Growth Opportunities

Poverty and equality: Poor families in Chipata are significantly better off than families in rural Eastern Province. The average income of a poor urban household in Chipata is 979K (vs 366K in rural areas). However this is still significantly lower than the 2624K basic needs basket for a family living in the city. Poor households are more likely to be widow-headed in urban areas (65%), and include orphans (78% vs 44% in rural areas). Of the poorest families, only 19% of households had an economically active member making opportunities for employment of vulnerable groups key to poverty reduction. Wealth disparities are also greater in urban Chipata. Cash transfer programmes have been shown to increase food and non-food expenditure by 83% and 23%, implying that cash transfer programmes could be beneficial in enabling the poorest families to invest in income generating assets.

Women's Economic Empowerment: Women's economic empowerment and training are seen as key to addressing Chipata's core challenges of gender-based violence, high HIV rates (26%) and rising numbers of women in sex work – likely driven by increased cross-border trade. IOM and ACIDI VOCA run programmes aimed at improving sexual rights and developing vocational skills of vulnerable women.

Education and Skills: Intermediate and secondary education completion in Chipata is significantly below national levels. There are a number of tertiary institutions including DMI Eugene University, Chipata school of nursing, teachers training college and trades training institute. Eastern University of Zambia, a private-sector run institution uniquely focusing solely on science and technology opened in 2017 and may help inspire increased levels of secondary completion and skills development

Employment and Youth Opportunity: Youth unemployment is high, though lower than national average. Levels of formal employment, meaning that the workforce is highly vulnerable.

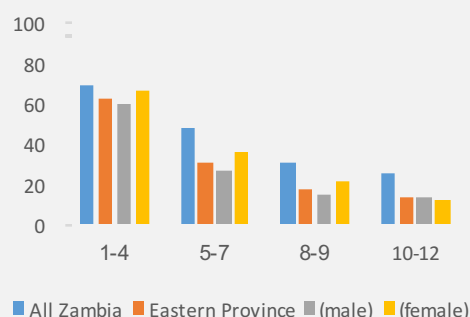
	Eastern Province	Zambia
Economic Inactivity *	19%	23%
Unemployment*	5%	7.8%
Formal employment*	7%	15%
Informal employment	93%	85%
**Youth Unemployment	40%	53%
**Female youth unemployment	47%	59%

*2013 Labour Survey

** 2008 Labour Survey

*** 2015 Living Conditions Survey

% School Attendance by Grade***



Major Investments

Project	Sector	Value (USD)	Project sponsors	Status
Township road upgrade	Transport	N/A	Chipata City Council	Planned
Housing development	Housing	136 million	Chipata City Council (seeking PPP partners)	Planned
“LiTE SPEED” 4G wireless network	Communications	N/A	CEC Liquid (joint venture between Copperbelt Energy Corporation Plc and Liquid Telecom)	Planned
Chipata-Petauke-Serenje railway (to connect with Malawi/Mozambique corridor, and Tanzania railway)	Transport	2.3 billion (total cost, including Malawi and Mozambique works)	Central government (Ministry of Transport and Communication), Government of China (through China-Africa Cooperation Framework)	Planned
Multi-Facility Economic Zone	Commerce	N/A	Central government	Land acquired
Rural electrification	Energy	125,000	Rural Electrification Authority, ZESCO	Complete
Intercity bus terminus	Transport	N/A	Chipata City Council (seeking PPP partners)	Planned
Maize milling plant	Agriprocessing	2 million	Cargill Zambia	Complete
International Airport	Transport	N/A	Central government	Feasibility stage
Dry port (railway storage / logistics hub)	Transport / commerce	N/A	Chipata City Council	In progress
Provincial workshop to service solar mills	Industry	N/A	Zambia National Service	In progress

City stakeholders

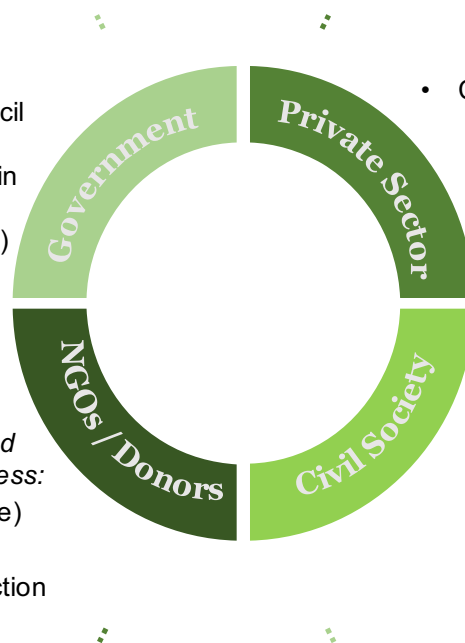
Government

- Chipata is a provincial capital
- Chipata City Council. The council is ambitious with many infrastructure plans, especially in developing value chains (supporting agriprocessing etc.)
- Central Government, through district commissioner and ministries

NGOs / Donors

Lots of NGO activity in Chipata, partially due to Chipata's good road network, which provides good access:

- USAID PEPAR (HIV programme)
- KfW – supporting water utility
- World Vision, DNCC, ZCCP, Action for Positive Change



Private Sector

- Chipata is a key trade hub due to its connections with Malawi and Mozambique (retail, commodities etc.)
- Farms of different sizes (subsistence, small-scale, commercial) – maize and peanuts are key crops

Civil Society

- Traditional land owners

Select donor programmes active in city

Programme	Sector	Delivery Agency	Status
PEPFAR (President's Emergency Plan for AIDS Relief)	Health	USAID	In progress
Support for water utility	Water	KfW	In progress

Multiple national level projects

Disclaimer

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