Rural–urban transformations and the links between urban and rural development

SUMMARY: It is still common for rural and urban development to be discussed and planned for separately; also for urban specialists to ignore rural areas and for rural specialists to ignore urban areas or to see them as responsible for rural exploitation. But a large and probably growing proportion of rural households have urban components to their livelihoods and most rely on urban areas for access to markets and services. Many urban households also have rural components to their livelihoods and retain strong links with rural areas, while some keep part of their asset base in rural areas.

This Brief aims to:

• Encourage rural and agricultural specialists to take more interest in the potential of urban development to increase demand and prices for rural produce (or help farmers diversify to crops that give better returns per hectare and/or per unit of labour input); and to support more income-earning opportunities for local populations (whether urban, rural, rural–urban commuters or rural dwellers who work seasonally in urban areas).

• Highlight how the achievement of many of the Millennium Development Goals in both rural and urban areas depends on more competent and accountable local governments in small urban centres.

• Encourage urban specialists to take more notice of the smaller urban centres where much of the urban population in low- and middle-income nations live, and of the importance of a prosperous agriculture and a prosperous rural population for urban development.

I. THE ARTIFICIAL DIVISION BETWEEN RURAL AND URBAN

Rural specialists avoid the ‘u’ word

RURAL SPECIALISTS HARDLY ever mention urban areas even though:

• Most farming households depend on urban demand (from consumers or industries) for part of their livelihood. Higher rural incomes often come from urban demand for higher-value crops or other food-stuffs that give better returns per hectare and/or per unit of labour, and for goods produced in rural areas.

• Many rural households’ incomes include remittances from urban-based family members, which may be important for investment in agricultural production as well as for rural consumption.

• Non-farm employment is often an important part of rural livelihoods, and a large part of this is in urban areas as rural dwellers commute or work there seasonally; much of what is termed “rural industrialization” is actually located in small urban centres.

• Most rural producers rely on urban centres for access to markets, agricultural services, credit and farm equipment and supplies.

• Much of the rural population rely on local urban centres for most of their retail purchases, access to private and public sector services (for instance, secondary schools and hospitals – with primary schools and primary health care centres more commonly located in rural areas), post, telephones and access to government services.

Urban specialists ignore agriculture and rural demand

Urban specialists concentrate on what is happening in urban areas, even though:

• Many (poor and non-poor) urban households have rural components to their livelihoods.

• In many urban centres, the whole basis for prosperity is a combination of rural demand for goods and services and the value added that is derived from local crops.

• The urban labour market may include a significant number of rural commuters or rural dwellers who work seasonally in urban centres.

• Urban boundaries may be drawn so they include large areas of agricultural land and significant proportions of the “urban” labour force working in agriculture that is not “urban agriculture”.

Migration and development

A considerable part of rural to urban migration reduces poverty for both rural and urban areas. Yet rural specialists often see rural to urban migration as taking the brightest, youngest and best-educated rural dwellers, which helps impoverish rural communities. Most urban professionals see rural to urban migra-
1. As measured by increases in their levels of urbanization. Although the precision of international comparisons is reduced by the differences in the criteria used by governments to define urban centres, and some component of increasing levels of urbanization arises from a reclassification of settlements from “rural” to “urban” (so that those who lived in a “village” in one census become part of the urban population in the next census), most of the increases in levels of urbanization come from net migration flows from rural to urban areas. See Hardoy, Jorge E and David Satterthwaite (1989), Squatter Citizens: Life in the Urban Third World, Earthscan Publications, London, UK, 388 pages; also UNCHS–Habitat (1996), An Urbanizing World: Global Report on Human Settlements, 1996, Oxford University Press, Oxford and New York; and Satterthwaite, David (2002), Coping with Rapid Urban Growth, RICS International Paper Series, Royal Institution of Chartered Surveyors, London, 35 pages.


3. See the paper by Mahmoud Bah, Salmana Cissé, Birtrina Diyamett, Gouro Diallo, Fred Lerise, David Okali, Enoch Okpara, Janice Olawoye and Cecilia Tacoli listed on the back page.

4. See the paper by Mahmoud Bah, Salmana Cissé, Birtrina Diyamett, Gouro Diallo, Fred Lerise, David Okali, Enoch Okpara, Janice Olawoye and Cecilia Tacoli listed on the back page.


II. FLOWS ACROSS THE RURAL–URBAN DIVIDE

RURAL–URBAN LINKAGES include:

- rural to urban flows of agricultural and other commodities from rural-based producers to urban markets, both for local consumers and for regional, national and international markets;
- urban to rural flows of goods and services, including imported goods;
- flows of people moving between rural and urban settlements, either commuting, for occasional visits to urban-based services and administrative centres, or migrating temporarily or permanently;
- flows of information, including information on market opportunities – and information on employment opportunities for potential migrants; and
- financial flows, including remittances from migrants to relatives and communities in sending areas, and transfers such as pensions to migrants returning to their rural homes, and also investments and credit from urban-based institutions.

Production systems and chains are not so much a bridge over a rural-urban divide as a complex web of connections in a landscape where many places are neither “urban” nor “rural”, but have features of both. This is especially so in areas around urban centres or along the roads out of such centres. These spatial flows overlap with interlinkages between sectors for households and at the level of local economies. Most small and intermediate urban centres rely on demand from surrounding rural populations for basic goods and services to develop their secondary and tertiary sectors. Synergy between agricultural production and urban-based enterprises is often key to the development of more vibrant local economies and to less unequal and more “pro-poor” regional economic growth.

While these flows and linkages exist between virtually all rural and urban areas, their scale and strength are influenced by economic, social and cultural transformations at local, national and often global level. At the global level, the increased availability of imported goods because of the liberalization of trade and production affects consumption patterns in both rural and urban settlements, and often undercuts the livelihoods of local producers. Within agriculture, trade in export crops may be largely controlled by international traders who by-pass local urban centres for processing and marketing, and who also retain much of the value added and rarely invest it in the producing region (or nation). Moreover, the stringent quality controls and volumes demanded by supermarkets and other retail outlets in high-income nations often exclude small-scale farmers. And the growing number of international tourist resorts and the establishment of export-processing zones have created new (usually limited) employment possibilities that, often, rely on migrant workers, especially women.

Increased access to information on different and often distant places influences younger people’s desire to experience the wider world, and to move out of farming in favour of more “modern” types of employment in services and, where available, manufacturing. Domestic trade liberalization in Tanzania opened up new areas for income generation, especially petty trade, which allowed young people to move out of unpaid family farming – especially young women who, traditionally, do not inherit parental land. In South India, young men from landless low castes who find employment in urban centres openly defy the caste system, as they no longer depend on their upper caste, land-owning employers for a living. While these transformations encourage individual independence, and should be welcomed for breaking up social relations based on power imbalances, their economic and social consequences are far-reaching. Assumptions that rural households and communities are relatively stable units of production and consumption are no longer valid in many locations and this needs to be taken into account in rural development initiatives.

What about the negative aspects of urbanization?

Obviously, these points need to be qualified. There are negative drivers of rural to urban migration – for instance, the impoverishment of rural dwellers through very low prices for agricultural goods, sub-subsistence wages for agricultural labourers, livelihoods destroyed by disasters and rural insecurity. During the 1970s and 1980s, numerous governments held down crop prices, diminishing returns to farmers but also to urban enterprises that relied on demand from rural producers and dwellers. There are also urban interests that take agricultural land from farmers, that may appropriate water previously used for farming, and that dispose of wastes in rural areas, polluting land and water. In addition, urban centres may prosper, yet produce little stimulus for surrounding farmers. But because rural specialists have little interest in urban areas and urban specialists ignore rural production and livelihoods, too little attention has been given to enhancing the positive elements in rural-urban linkages and reducing the negative elements.
At the national level, macroeconomic policies linked to reform and adjustment have an impact on rural–urban linkages. In many nations, the sharp reduction in subsidies to agricultural inputs has affected the incomes of small-scale, under-capitalized farmers, while the retrenchment of workers in the formal sector, including cuts in public employees, has deepened financial insecurity for many urban dwellers. At the same time, increased food prices and the introduction of user fees for education and health services have forced many households to seek cash incomes through employment diversification – including non-farm occupations for rural residents (often located in urban centres), migration and urban agriculture. Increased emphasis on producers’ direct access to markets – following the dismantling of marketing boards that had been the main outlet for small agricultural producers – has strengthened links with urban centres, where local markets and links to wider regional and national marketing systems are located. This is not without problems, however, as inadequate infrastructure and storage and processing facilities can hamper increased returns for producers.

At the local level, the quality and competence of local government is often critical to realizing the potential from rural–urban linkages. Decentralization has increased the range of local government responsibilities – although not necessarily the financial and institutional base to allow these to be met. Local government and other local actors are best placed to identify and act on local needs and priorities, but local government may be unable to provide the necessary investments and services, either because of reduced central government support or because it fails to generate sufficient local revenue. And while local decision-making can support positive rural–urban linkages, wider issues such as land tenure systems, market structures and broader national development strategies are likely to affect local initiative. Better integration of local development strategies in national planning is crucial. Substantial efforts are also needed to build the capacity of local institutions to carry out their new functions.

Stimulus for agriculture in peri-urban areas around cities
Since urban centres, by their nature, concentrate people who make a living from non-agricultural activities, they concentrate demand for food. Most have some manufacturing activities that rely on agricultural crops as inputs. Most concentrate demand for other goods that may be produced on farms – for instance, building materials and fuelwood. Two key questions with regard to agriculture are: who benefits from meeting urban demand for rural produce? and what other changes do farmers and agricultural workers face from their location close to an urban centre, in terms of demand for labour, non-agricultural goods and land for urban uses, and of the social and environmental consequences of the development of peri-urban locations (e.g. changes in the availability and quality of water for agriculture)?

Case studies on changing land uses and production structures around cities show both opportunities and constraints for farmers and agricultural workers. For farmers who own land, there are often opportunities from urban demand for higher-value goods (crops or livestock) or for land (many farmers turn to selling or leasing land for housing or other non-agricultural uses). But in any prosperous city, the value of well-located land on the urban periphery for non-agricultural uses is so much higher than its value for agricultural production that powerful interests (real-estate companies, wealthy land speculators, politicians…) try to gain control of this land – legally or illegally. The legal system is generally biased against the farmer – as in legislation that permits government agencies to purchase agricultural land at prices far below market value. For rural populations who do not own land, being on the periphery of a prosperous city can bring new opportunities for employment. But they face strong competition for the more lucrative jobs, and are often disadvantaged by the inadequacies of their schooling. They may also be pushed out of their housing or, if they rent accommodation, be faced with increased prices. Case studies illustrate the implications of living on the city periphery for rural populations. With regard to agriculture, in peri-urban areas around Colombo, traditional agriculture has given way to new forms of production in response to urban dwellers’ demands for fresh vegetables. In one peri-urban district on Hanoi’s outskirts, farmers produce higher-value goods in response to consumer demand – in particular vegetables, herbs, milk and other perishable commodities, including fish and shrimp-farming and flower production. Studies in villages close to the city of Hubli–Dharwad in India showed shifts in agricultural land use towards meeting urban demands for higher-value crops.

With regard to employment, residents in villages around Colombo have found employment in domestic work and informal sector activities. The industries in the free-trade zones have also attracted some low-paid labour from villages. The study in Hanoi noted above showed how shrimp-farming around the city also brought employment for female fish traders in Hanoi markets, and also that many farming families had members who worked in industry and services.

With regard to land use changes, in Colombo many urban residents who are pushed out of central locations by high housing costs move to peri-urban areas, as can be seen in the hurriedly built extensions, crowded temporary shacks and squatter settlements. Inevitably, this brings disruptions to the lives of long-term residents. In districts around Hanoi, some farming families have built apartments that they rent out, or they have sub-divided their land and sold it to urban house seekers. However, some have lost land to urban agencies that can compulsory purchase it and the compensation they receive is not high. Here,
13. See the paper by L M van den Berg, M S van Wijk and Pham Van Hoi listed on the back page.

14. See the paper by Otutemi Jaiyebo listed on the back page.

15. See the paper by Mahmoud Bah, Salmana Cissé, Bitrina Diyamett, Gouro Diallo, Fred Lerise, David Okali, Enoch Okpara, Janice Olawoye and Cecília Tacoli listed on the back page.


17. See also a case study by Johan Bentinck showing why it is so difficult to generalize about costs and benefits because of the complexities of change and their differential impacts. Cities can expand and agricultural areas diminish, yet with an increase in overall agricultural production: “In general, there is convincing evidence that the conversion of agricultural land into urban use contributes to a wide range of options for the villagers to earn a livelihood. Besides, the agricultural decline is only partial. Many of the agricultural fields that are left are used for intensive agriculture and horticulture. Combined with the added value derived from transporting crops to the city, this brings good revenues for enterprising farmers.” Bentinck, Johan (2000), “Unruly urbanization on Delhi’s fringe: changing patterns of land use and livelihood, Netherlands Geographical Studies 270, Utrecht/Groningen, page 150.

18. See the paper by Mahmoud Bah, Salmana Cissé, Bitrina Diyamett, Gouro Diallo, Fred Lerise, David Okali, Enoch Okpara, Janice Olawoye and Cecília Tacoli listed on the back page.

19. For more details on the Millennium Development Goals, see http://www.undp.org/mdg/

20. In India, urban centres are towns with specific kinds of urban authorities, and all places with 5,000 or more inhabitants, a density of no fewer than 1,000 persons per square mile, pronounced urban characteristics and at least 75 per cent of the adult male population employed in pursuits other than agriculture. Much of the rural population live in villages with 2,000 or as elsewhere, the relationship between urban planners, rural communities and horticultural producers was uneasy and generally not constructive. In two peri-urban locations around Ibadan (Nigeria), many low-income women moved there because they could get land on which to build or because living costs were low and trading possibilities good.

Discussions with those living on Bamako’s periphery showed the varied nature of opportunities and costs. Men complain of loss of agricultural land to residential use and of no benefits, while women, for whom access to land has traditionally been difficult and who have a long tradition of independent small-scale trade, see greater opportunities from higher demand for horticultural products and their strategic location between rural producers and urban consumers. Of course, the very large potential gains from land sales and development around prosperous cities (and the extent to which political systems influence this) make it difficult for farmers to gain the benefits and to protect themselves from powerful vested interests, but perhaps too little attention has been given to the potential benefits and the ways in which the negative aspects can be reduced.

Labour is also essential for agricultural intensification, and horticultural production is especially labour intensive. In areas around urban centres in Mali, Nigeria and Tanzania, under-capitalized small farmers often prefer to sell their land rights to wealthier urban residents, becoming wage labourers on their old farms. This is triggered by family labour shortages due to increasingly long-distance migration, or the disappearance of traditional secondary land rights that allow small farmers to attract migrant workers under agreements such as sharecropping, tenancy or the borrowing of land.

V. THE ROLE OF SMALL TOWNS (OR LARGE VILLAGES) IN DELIVERING THE MILLENIUM DEVELOPMENT GOALS

Most international agencies have made a strong commitment to meeting the Millennium Development Goals, many of which are related to improving service provision. For instance, significant improvements will be needed in maternal and child health services (including pre-natal and post-natal services) and in provision for water, sanitation and secondary education if the following Millennium Development Goals are to be met:

- between 1990 and 2015, reducing under-five mortality by two-thirds;
- between 1990 and 2015, reducing maternal mortality by three-quarters;
- by 2015, halting, and beginning to reverse, the spread of HIV/AIDS and the incidence of malaria and other major diseases;
- by 2015, halving the proportion of people without sustainable access to safe drinking water; and
- preferably by 2005, eliminating gender disparity in primary and secondary education.

Most of the population in low- and middle-income nations live in small and intermediate urban centres or depend on them for access to goods and services. Most of the service provision needed to meet the Millennium Development Goals will be located in small and intermediate urban centres – serving their populations or the rural populations around them. The fact that most secondary schools, higher-education institutions, hospitals and government offices are located in urban areas does not imply an “urban bias”, if most are in smaller urban centres and serve both rural and urban populations. Similarly, there is no “urban bias” when local government offices with jurisdiction over rural districts have “urban” locations, unless this removes them from the influence of rural populations.

In many low-income nations and some middle-income nations, between one-quarter and one-half of the total population live in settlements with between 2,000 and 20,000 inhabitants. In some nations, most or all of these are classified as urban; in others, most or all are classified as rural. India can be said to be less than 30 per cent urban or more than 60 per cent urban, depending on the proportion of settlements with between 2,000 and 20,000 inhabitants that are classified as urban or rural.

The fact that some nations classify most or all settlements in this population range as urban while others classify most or all of these as rural is understandable because most such settlements have a mix of rural and urban characteristics. But it does mean that both urban and rural development specialists have to work with each other in “large villages” and “small urban centres” – to serve both their populations and those in their surrounds – if the above Millennium Development Goals are to be met.

One of the indicators identified by the Millennium Development Goals to monitor the promotion of gender equality and the empowering of women is the share of women in wage employment in the non-agricultural sector; the relevance of rural–urban linkages to this should be obvious.

IV. IS IT POSSIBLE TO ACCENTUATE THE POSITIVE AND LIMIT THE NEGATIVE?

Managing land use: The potential to accentuate the positive and limit the negative aspects of rural–urban linkages depends on the competence, capacity and accountability of local governments. Around any expanding city, over-constraining the conversion of agricultural land to urban uses simply
more inhabitants so, if the urban definition was changed to include all inhabitants of settlements with 2,000-plus inhabitants, the proportion of the population living in urban areas (and the proportion of poor people living in urban areas) would increase substantially.

prices low-income households out of developing their own homes. A lack of control over land use changes benefits powerful real-estate interests. Too much power to government agencies to obtain farmland at low prices impoverishes farmers (and removes their demand for goods and services).

**Urban food markets**: Three aspects are crucial for increasing farmers’ incomes and providing cheaper food for urban dwellers: physical infrastructure (including road networks and affordable transport); relations between producers, traders and consumers; and information on how markets operate, including price fluctuations and consumer preferences. Traders are often perceived as inherently exploitative, but they can have an important role in providing credit and information to producers. In areas where production volumes are small and scattered between small farms, local traders are often the only link with markets. However, lack of storage and processing facilities and high transport costs increase the vulnerability of these trade networks. Farmers’ markets in Tamil Nadu (India) provided benefits for a number of small and marginal farmers and also for mobile vendors and low-income consumers. As noted above, around both Bamako and Hanoi, urban demand for high-value crops can make a major difference to farmers with small plots.

**Livelihood diversification**: Transformations in livelihoods are perhaps the most striking aspect of changing rural–urban linkages, and are often most dramatic around prosperous urban areas. Poorer households often diversify as a survival strategy – for instance, as they are pushed out of their traditional occupations and must resort to different activities to minimize risks and make ends meet. Wealthier groups with better education and access to capital often diversify because of new opportunities. Occupational opportunities are inevitably influenced by gender, age, education and skills, inclusion in social support networks facilitating access to specific activities and, of course, location.

**Local governments’ roles**: Local governance structures that can improve service provision in small urban centres or “large villages” and can also support local economic development can have their decision-making powers undermined by higher levels of government. For instance, in Bamako and Ouagadougou, collaboration between local councils, women and youth associations, local leaders and farmers promoted the collection and recycling of organic urban waste, which is sold to urban and peri-urban farmers. These local initiatives improve waste management and create income-generating opportunities. However, they are threatened by plans developed by municipalities, with support from international agencies, to privatize waste management, which would be more expensive to households and which do not take into account the social, economic and environmental benefits of the re-use of organic waste by farmers. But collaboration between different levels of government can have positive consequences – for example, the mayor of Chennai (India) has helped a neighbourhood waste management association in a peri-urban centre to overcome the lack of interest from the local councillor.

Fundamental structural factors can severely limit local action, be it by civil society or by local government. For example, while natural resource management can be negotiated locally, it is constrained by land tenure systems and legislation at the national level. Similarly, the provision of basic infrastructure such as roads and electricity supply is usually beyond the means of local government, but can be affected by national economic strategies which may favour investment in a few selected regions – often linked to export production – at the expense of others.

**VI. CONCLUSIONS**

THE TREMENDOUS VARIETY in the scale and nature of linkages and interactions between rural and urban areas makes generalizations difficult and often unhelpful. Many policies to support rural–urban linkages to promote regional development failed because they were based on assumptions that did not reflect the real circumstances of specific locations and the people living and working there. Interventions need to be tailored to the specific environmental, social, economic and institutional context of each urban centre and its surrounds. This requires local plans and actions driven by local demands and priorities (that also know opportunities from wider markets), with the participation of all stakeholders in planning and implementing initiatives. Put differently, policies that support the positive aspects of rural–urban linkages and interactions and reduce their negative impact need to be based on strengthening local democracy and civil society, on making local government accountable, and on making sure that the needs and priorities of both rural and urban poor groups are taken into consideration.

For policy makers and planners who fret about the growth of large cities, it is better-resourced and more competent, accountable local governments in small and intermediate urban centres that will slow large cities’ growth, because they will compete with larger cities for new investment and help retain value added from local products. Their capacity to do so often depends on better transport and communications links that need the support of central government. But this also requires local governments in smaller urban
FURTHER READING: Many general papers and case studies on rural–urban linkages can be downloaded from IIED’s web site: (http://www.iied.org/rural_urban/downloads.html#UPWPS); also from a World Bank web site: http://www.worldbank.org/urban/urbanruurseminar/