

A view from the North

# Rural areas in 2016: Vibrant or vacant?

*Two images have dominated the northern media in recent months. The first is of desolation in remote, rural areas in Africa affected by drought, conflict or famine, such as in Somalia, northern Kenya or Darfur, Sudan. The second is a different kind of desolation – that of urban squalor as portrayed in the film «The Constant Gardener». Nairobi's Kibera, which provides a backdrop for the film, is a bustling shantytown with a population of ca. 800,000 people on 250 hectares. The contrast between this and the images from the dry north, with their miles of empty barrenness, could not be greater.*

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Is what we are seeing in the media a foretaste of 2016? Kibera (Kenya) and other urban slums in the developing world from São Paulo to Calcutta represent one end of a spatial continuum. Remote, rural areas – often marginal deserts or mountains – where economies are stagnating and life is getting ever harder as population outstrips the capacity of the land, represent the other. In between lies a huge variety of situations from increasingly prosperous peri-urban areas linked to booming city economies to more recognizably 'typical' rural areas where, even if poverty is the norm, there is some reliability of living and the potential for improvement.

To answer the question what will rural areas look like in 2016 we have to ask the wider question: what will rural and urban areas look like. In the developing world it is increasingly hard to say what is urban and what is rural. There is a huge variety of settlement across rural and urban space. Rural settlements include large villages, hamlets, scattered homesteads, and seasonal or nomadic camps. Urban settlements range in size from small towns to megacities. The boundaries between urban and rural areas have become increasingly blurred as settlements have changed and spread. From a data perspective, there are no internationally agreed definitions of 'rural' and 'urban'. National definitions of the cut-off point between a village and a town vary from 200 to 20,000 inhabitants. The line between small urban towns and large rural villages is particularly 'fuzzy'. India – where most people live in villages of 500 to 5,000 people and which is usually considered around 70 per cent rural – would become a predominantly urban country if it adopted the Swedish definition of urban (200 or more inhabitants).

According to the UN, virtually all the growth in the world's population in the next 25 years will be in urban areas. The scale of urban expansion facing Asia and Africa is unprecedented in world history. The urban population of Asia is already nearly triple that of the highly industrialized countries and is set to continue growing rapidly. Although data for Africa is incomplete, some estimates suggest that the continent's urban population will increase by nearly 70 per cent between 2000 and 2015 – an additional 200 million people to be accommodated in the continent's towns and cities.

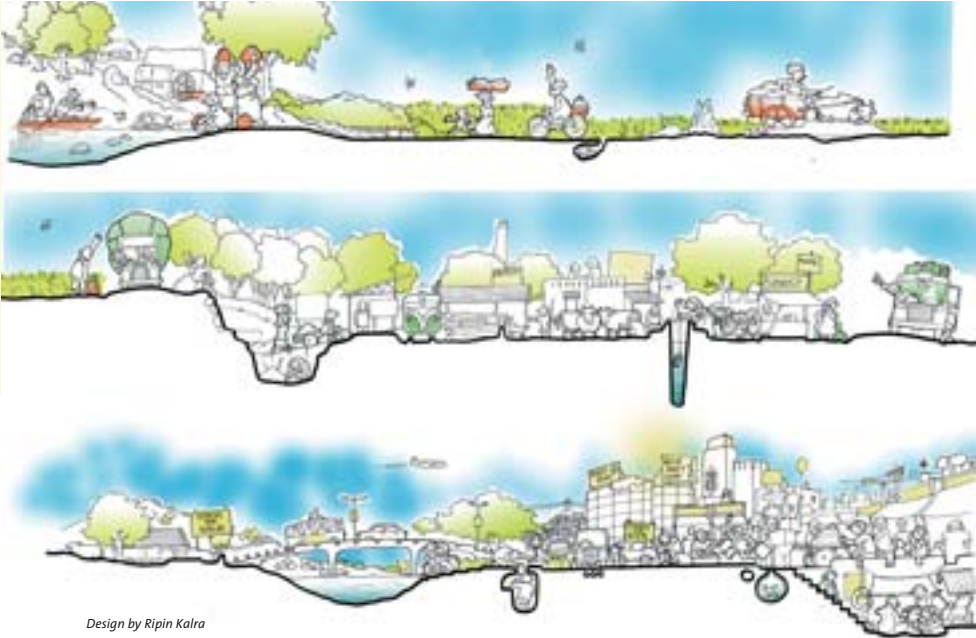
Does this mean that rural areas will gradually empty? Although the trend of urbanization is well known, it is less well understood that most of the growth in

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urban centres is not happening in megacities. Many megacities have experienced slow growth rates or net out-migration in the last one or two decades. This is partly because once cities reach a certain size the benefits of spatial concentration start to be overtaken by disadvantages, such as high costs of land, shortages of

water, transport gridlock and pollution. Rich countries can overcome this, but in poorer countries it leads to a slow dispersion, for example of industries relocating outside the centre. The growth of villages and small towns – the spreading of 'urban' conditions into rural areas – is important to the understanding of rural futures. Even if we can't be sure about the definitions or data, we can be pretty sure that there will not be a permanent reduction in rural populations, if we include the part-rural, part-urban settlement patterns that are emerging in many places.

What is certain is that urban and rural areas are increasingly linked and interdependent. Across most low and middle-income countries in Africa, Asia and Latin



Design by Ripin Kalra

America, people's livelihoods rely on occupational diversification and mobility ranging from daily commuting to long-term and long-distance migration. The proportion of rural households' incomes derived from non-farm sources (including cash transfers and remittances) can be as high as 50 per cent in sub-Saharan Africa (and 90 per cent in southern Africa), 60 per cent in South Asia and 40 per cent in Latin America. Migration is an important part of livelihood diversification. In some parts of the Sahel, four out of five rural households have at least one migrant member. In most regions, women moving independently are the fastest-growing group amongst migrants.

Diversification and mobility are driven by emerging employment opportunities (especially in services), affordable transport links and communications, and constrained access to land, credit, labour and markets, especially for small-scale farmers and rural women with no land inheritance rights. From a livelihood perspective, diversification and mobility can be described as positive strategies that lead to the accumulation of assets; or as coping strategies that ensure, at best, individual and sometimes household survival. This distinction is important for policies that seek to reduce poverty and vulnerability, as increasing access to assets is more likely to have a positive impact than attempting to control mobility and occupation.

### Where is economic growth taking place?

The patterns of economic activity determine market opportunities and their location. Over the past 50 years there have been large increases in urban-based manufacturing and services compared with agriculture – although agricultural pro-

ductivity has grown massively and has been an essential precursor of broader-based growth. Industry and service sectors are usually located in urban areas, where they benefit from economies of scale, ready access to markets and labour, and exchange of knowledge and ideas. Urban centres now produce 55 percent of GDP in low-income countries, and 73 percent in middle-income countries.

For several decades, the prevailing view was that economic growth is achieved mainly through the transfer of underproductive, surplus labour in traditional agriculture to supposedly more efficient agribusiness and export-oriented production systems and to industrial and services sectors. This approach is not supported by evidence. We have seen the failure – in most cases – of policies aimed at inducing rapid industrialization. The main stimulus to agricultural production now is the increase in urban demand. Small farmers are better suited to respond to changes in demand than large commercial farms; access to non-farm income sources is an essential factor of small-farm agricultural investment; and wealthier farmers in turn stimulate demand for urban-produced goods and services.

But growth is rarely distributed evenly across regions within a country. Vibrant regional development usually involves dynamic local urban centres; however, the capacity of small towns to trigger regional and rural economic growth that contributes to rural and urban poverty reduction is much influenced by regional characteristics, including the natural resource base, population density and infrastructure, land ownership patterns and socio-economic and cultural transformations at the local, national and international levels. A wide range of factors is important in attracting investment and industrial development, including: skilled labour,

access to markets, available land, quality of infrastructure, quality of governance, access to specialized services. Investment is also affected by global changes in prices and markets, technological advances, and new communication opportunities. Nevertheless, location and accessibility are still important. For example, coastal cities are generally better off than inland cities and agriculture is usually more profitable if urban markets are within easy reach.

### We should not see urbanization as a problem

Cities and towns are often vibrant centres of innovation, culture and politics. They offer many advantages as higher population densities make it possible to create jobs and provide services. There is an issue in that many national and local governments fail to manage this, leading to the sorts of problems we see in places like Kibera. But the swiftly growing internal market driven by urbanization is becoming much more important for rural areas and is a main driver of change in farming systems and non-farm opportunities. Agricultural and non-agricultural labour represent each other's market. Economists have long suggested that there is a structural transformation 'tipping point' between rural and urban economies, when the absolute size of the agricultural workforce begins to decline. A number of developing countries, even in sub-Saharan Africa, are at or near this point (Mary Tiffen: *Transition in Sub-Saharan Africa: Agriculture, urbanization and growth*. World Development Vol. 31 No. 8 pp 1343-1366, 2003).

### Links between urban and rural areas

The links between rural and urban areas include movements of:

- people between rural and urban areas (commuting, using services and facilities or long-term migration);
- rural products such as agricultural goods, for processing or export;
- environmental resources such as water and energy;
- manufactured and imported goods from urban centres to rural settlements;
- services provided to rural people such as health and education;
- information on markets, employment opportunities, ideas and social changes;
- money sent home by migrants, transfers such as pensions, and investments and credit from urban based institutions;
- wastes that are generated mostly in urban areas but disposed of in rural and peri-urban areas.

Photo: Harvey



### This is – mostly – good for rural areas

In a previous article (e&lr 1/2006, pp 27-29), Kevin Cleaver of the World Bank discussed the continuing importance of rural growth. He showed that to achieve the Millennium Development Goals of reducing by half the number of poor people attention must be given to improving the wellbeing of people in rural areas. This is because – even with substantial rates of urbanization and migration – poverty will still be as much a rural as an urban phenomenon.

Rural areas have one great, and obvious, comparative advantage: agriculture. As urban populations increase so does the demand for agricultural products. Rural areas will have to feed an additional two to three billion people globally – most of whom will be living in towns and cities – and will have to substantially improve the diets of the 2.5 billion to three billion people living on less than US\$ 2 a day. Until now the returns and rates of growth in agriculture in developing countries have been determined – and in many cases constrained – by the weak local demand for agricultural goods. We have seen this, especially, in countries with a low urban and industrial base and limited connectivity to global markets where, in spite of low productivity, any improvement in output – particularly when helped by a good rainy season – is met by spectacularly falling prices. You still see this happening in countries such as Uganda. In Ethiopia, although it is thought that agriculture could grow significantly – and that to reduce poverty it should grow – it is possible that it will be «demand-constrained» well below its potential. But then Ethiopia has one of the lowest levels of urbanization in the world.

So the increase in world population, and urbanization, are good for agriculture and

should be good for rural areas. Urbanization is potentially a solution to the problems of rural areas and rural poverty, provided, of course, that cities and growing small towns have effective, democratic governments to allow them to respond to the challenges urbanization poses. And peri-urban areas, in particular, are expanding around rapidly growing urban centres (LM van den Berg, MS van Wijk and Pham Van Hoi: *The transformation of agriculture and rural life downstream of Hanoi*. Environment & Urbanization, Vol. 15, April 2003). They are often the location of the most visible transformations in land use and population increase as urban

### The problems caused by poor policies affect the poorest most:

- rapid growth of slums: currently some 900 million people live in slums, predicted to increase to almost two billion;
- poor service delivery (health, education, finance, water, sanitation, transport and others), failing to reach the poor in different locations and in times of change;
- lack of job security or certainty for poor people;
- barriers to livelihoods – for example, multiple taxation on movement of agricultural goods, harassment of street vendors, exploitation of migrants, laws preventing official residence in urban areas;
- growing regional and local inequalities – for example neglect of remote rural areas and pockets of deprivation in cities;
- environmental damage through careless use of land, air and water resources in rural, peri-urban and urban areas; and
- growing social dislocation, alienation and violence linked to rising insecurity and lack of support for vulnerable groups in times of change.

Small rural towns are becoming more and more the places where things are happening.

settlements and activities expand on to agricultural land. But the situation is not entirely rosy. We need to think carefully about how to get good policies and best-placed investments to maximize poverty benefits and ensure environmental sustainability. Many policies explicitly or implicitly aim to prevent change occurring, and in the process create barriers. For example, rural-urban migration is frequently seen as ‘bad’ for rural development and investment policies in rural areas aim to stop out-migration. Other policies aim to deter rural-urban migration through limiting access to urban services, or to channel people towards predetermined destinations, with mixed results. In some areas, governments seek to prevent urbanization where they do not recognize the economic contribution of the urban poor and migrants, or through fear of increased political mobilization and opposition as people concentrate in towns and cities.

### How can we ensure rural vibrancy over the next ten years?

Economies are fundamentally different at different stages and points in time. This particularly relates to the relative sizes of their agricultural and non-agricultural sectors. Policies need to be varied according to the stage that a country finds itself in. The development of the agricultural sector is initially extremely important. At a later stage, increases in the productivity of urban areas are required to improve urban incomes, to stimulate agricultural investment through growing demand, and to provide alternative or additional occupations for rural poor people. It is much more than rural development policy that we have to consider to assure vibrancy in rural areas.

Three factors seem particularly important in determining whether rural areas will thrive or fail: productive potential, especially for agriculture; connectivity; and policies that recognize and promote the interaction between rural and urban areas and economies. The appropriate areas for government and aid-assisted investment need to take account of farm

and non-farm sectors and the changing rural-urban balance. In some cases, such as Niger, the emphasis should still be on the enabling environment for small farmers to become buyers of urban services and manufactures. Other countries now need to give more attention to developing the urban sector whilst at the same time supporting rural areas to meet urban demand. The priority must be for policies, actions and investments that enable citizens to secure productive livelihoods wherever they are – increasingly crossing rural and urban boundaries.

### Developing productive potential

Making the transition to a more diversified and faster growing economy is the key to sustained poverty reduction for the world's poorest countries. But it is increasing agricultural productivity that has

also means extending the reach of productive services such as finance, business services, and market services to create an enabling environment for farm and non-farm enterprise.

### Improving connectivity

Poor transport infrastructure makes it difficult for people to access markets and public services, to get themselves to work, to deal with health emergencies, to send children to schools, and to play a wider role in society. Road densities are especially critical to intensifying agriculture. In Africa, they are particularly low with respect both to population and to area, averaging just 63 km per 1 000 km<sup>2</sup> – about 40 times less than in India in 1973. It is estimated that 60 percent of Africa's rural population live in areas with good agricultural potential but poor access to markets. Poor electricity supplies and

telecommunications contribute to this «infrastructure gap» – although we are beginning to see rapid penetration of mobile phone technology – something previously thought of as «urban». The interaction between rural and urban depends on better communications. We need to take more of a regional perspective, one that takes into account rural

and urban potentials and interactions, and takes a broad approach to productivity that goes beyond physical potential.

### Policies must not act as barriers

Rural and urban policies are often handled by different people working in separate analytical boxes for planning, development, and investment purposes. Poverty reduction strategy papers often put urban and rural in separate chapters – ignoring the links between the two and overlooking the fact that people's lives and livelihoods increasingly straddle several locations. Thinking, planning and the way governments and donors respond needs to keep up with the pace of change between rural and urban. Investment policies need to make the links between

rural and urban, and to tackle growing regional inequality. The spatial implications of policy shocks and changes such as those implied by trade agreements and relationships need to be thought through. More effective local governance is essential for achieving poverty reduction in both rural and urban areas. Greater capacity and accountability are required from local officials and elected representatives, but equally important are horizontal collaboration between local authorities across rural-urban boundaries, and vertical collaboration between different levels of government, especially better integration between local initiatives and national policies.

### Where does that leave us?

From a rural perspective, the greatest pressures to be managed are at the peri-urban interface. This invariably exhibits the characteristics of an urban settlement, is often the most economically vibrant area for poor people, yet is still managed by rural agencies that lack the resources and capacity to manage the transformation effectively. The peri-urban interface is far from homogenous: some areas have high concentrations of high and middle income residential development that encroaches on good agricultural land and displaces poor people. Downstream locations where urban waste accumulates almost universally host low-income housing and heavy industries. Many of the environmental pressures that originate in urban centres have major impacts on their surrounding rural regions.

The other pressure point comes in low potential, remote areas. Even with investment in communications infrastructure, increasing energy costs – especially fuel oil – will mean that these areas are likely to remain poorly integrated and developed. Improvements will be dependent on local innovation and adaptation. Productivity increases are possible in less-favoured environments: agricultural researchers have demonstrated that degraded lands can be rehabilitated, moisture conserved, fertility enhanced, crop systems diversified and productivity and incomes improved (*What ICRISAT Thinks... Diversity delivers the dryland goods*. ICRISAT, Hyderabad, March 2006). People are innovative and resilient. But whether they take these opportunities or vote with their feet remains to be seen. In the long-term, vacancy may be the better option. In the short-term we need to be looking at effective safety nets, breaking the cycle of food aid dependency, and helping people to find livelihood alternatives.



Photo: Harvey

New businesses in small towns create jobs for rural women: frankincense grading in Bahir Dar, Ethiopia.

allowed poor countries to make the initial step on to the ladder leading to prosperity. This is particularly the case for labour-intensive, small-scale agriculture with its strong links to growth in other areas. No poor country has ever successfully reduced poverty through agriculture alone, but almost none have achieved it without first increasing agricultural productivity. However to achieve this we need to give priority to agricultural development in places where significant productivity gains are possible and the potential links to the wider economy are strongest. It