

Rapid Returns on Investment Are Critical in Meeting the Challenges of the Monetising Peri-Urban Economy

Fast returns on new activities are needed because peri-urban dwellers are leaving a non-cash economy at the same time as they are losing the natural resource base of their productive activities. Often they do not have sufficient cash generating strands to their livelihoods, the savings, or the food self-sufficiency on which to depend while waiting for a new activity to produce returns, especially when this new activity demands loan repayments.

The loss of access to natural resources, especially land and forest, limits traditional self-provisioning and pushes people towards dependency on cash-based income generation within a monetised economy. This process of monetisation of livelihoods is a defining characteristic of the PUI.

Loss of a Natural Resource Base. Destruction of natural resources tends to take the form of loss of land and forest to urban development. It may also be the loss of soil fertility due to extraction of construction materials, opportunistic farming practises driven by insecurity of tenure or by an inability to afford fertiliser, and soil and water pollution originating from the city. Farmland is in demand for urban housing, commercial development and public infrastructure. Any compensation paid for the loss of farmland is rarely sufficient to allow the development of alternative livelihoods. Damage to and loss of the natural resource base also disproportionately affects the poorest people. Typically, the poor lose common property rights as a result of these processes along with other resource appropriators, but the benefits, where they exist, tend to accrue only to richer individuals. This in turn perpetuates and exacerbates structural inequalities. There is evidence that degradation of the natural resource base pushes people who were not previously vulnerable into such a state.

The result is considerable pressure for very poor people to adopt non natural resource-based livelihoods. This drives them to increasing dependence on a cash-based economy, reducing the livelihood security inherent in strategies based on access to common pool resources.

The trend away from natural resource-based activity becomes more pronounced in locations in closer proximity to the city. This change is most significant amongst men, with women and poorer people remaining more dependent on natural resource-based livelihoods.

Female Vulnerability. Women are often particularly vulnerable. The research indicates that women are less educated and have more limited access to money to pay for training. Consequently, they possess fewer income-generating skills, and therefore have more limited opportunities. A gendered perception of socially and culturally 'appropriate' work also serves to dictate the occupations and locations available to women (for example, in the East Kolkata Wetlands, fish production is the main income-generating activity, but women's involvement in this area is generally considered culturally inappropriate). A greater proportion of women's time is taken up with domestic responsibility, which further limits mobility and availability for paid work. Women also tend to have access to fewer collateral assets and, consequently, less access to funds for investment in the income-generating opportunities that arise from proximity to a city or town.

Moving to Income Generating Opportunities. Poor people need to borrow to start many of the new activities that are possible. For the poorest, low-waged casual work and/or small returns from business, farming or petty trading leave little scope for saving. At the same time, the combination of insecure title to assets, low earnings and poor job security prevent peri-urban dwellers from gaining access to affordable credit.

The range of income-generating activities undertaken in the PUI is broad, including casual labour in the agricultural and non-agricultural sectors, artisanal activities, trading, and resource extraction.

Some activities, notably farming and petty trading, serve as bridging activities that allow people to combine income-generating strategies in order to maximise long and short term benefits. For example, mushroom growing in Kumasi and fruit growing in Hubli-Dharwad are often combined with trading and farming respectively.

When the speed of cash return on new activities is not adequate for daily cash needs, this tends lower the capacity of the poorest people to maintain interest in those activities. Examples are snail and grass-cutter rearing in Kumasi, both of which

*This is a message from new research into lives affected by the meeting of rural and urban, of country and town: the meeting called the **peri-urban interface**. It is a product of ten years of study, focusing on livelihoods, systems of production and poverty in Kumasi (Ghana), Hubli-Dharwad and Kolkata (both India). It was funded by the Natural Resources Systems Programme of the Department for International Development of the UK Government (DFID), for the benefit of developing countries. The view expressed are not necessarily those of DFID.*

The source of this brief is "A Synthesis of Peri-Urban Research of Kumasi, Hubli-Dharwad and Kolkata PUIs" at <http://www.ucl.ac.uk/dpu/pui/research/previous/synthesis/index.html>, which is also Annex B of the Final Technical Report of NRSP Project R8491

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require a great many months for the production of marketable outputs. One of the most important considerations in terms of crop selection for the poorest farmers is the speed of the production cycle. For them, it is important to achieve the briefest possible gap between purchasing seed and other inputs, and the availability of produce to sell. In many situations where the outputs are delayed, the activity has then been taken over by less poor people with access to sufficient livelihood assets to enable them to take a longer term view.

The economic benefits of urban markets are unevenly shared and a dichotomy has emerged between richer and more entrepreneurial peri-urban farmers who are able to take advantage of the opportunities offered by the proximity of urban markets and asset-poor farmers who struggle to provide sufficient food to meet their own household requirements. In many instances, maintaining livestock remains a viable option for the poorest groups because it is not linked directly to land ownership. In Hubli-Dharwad, for instance, dairy farming affords an excellent income-generating opportunity for women.

Natural Resource-Based Activities are Still Important. The research shows that developing a diverse range of crops is a livelihood strategy that helps people to manage livelihood shocks. The

research further shows that where utilisation of the peri-urban natural resource base is not purely extractive, natural resources are better protected and provide improved food security, greater income and increased livelihood diversity.

Where improvements were made to agricultural techniques, livestock husbandry, soil fertility, and water management, and where cropping diversity and promote tree planting were encouraged, fewer people moved off the land or sold it for materials extraction, while incomes and food security improved.

The research also demonstrated that the number of food insecure households fell in areas where natural resource improvement was undertaken, but remained the same where this focus was lacking. The numbers of small farmers leaving the land or selling topsoil for construction also fell in areas where natural resource management training was carried out.

Policy Implications

To be effective, policy to promote changes to better peri-urban livelihoods must recognise that the need is exceptional for new income generating activities that can produce rapid returns to poor people when they make cash investments.



DFID Natural Resources Systems Programme



dpu

The Development Planning Unit
University College London

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