



## PLOW Learning Resource: Urban Rural Change

### *Important Note:*

This learning resource was developed as part of the Professional Development for Livelihoods Advisers Website (PLOW) which was operational between 2006-2008.

PLOW was funded by the Department for International Development (DFID) and supported the professional development of DFID livelihoods advisers. PLOW hosted 17 learning modules of which this is one. Modules were produced using guidance provided by the Livelihoods Technical Competence Framework that described technical competencies, knowledge, and experience required by DFID Livelihoods Advisers.

PLOW modules were designed to help advisers get up to speed on areas of the competency framework, to prepare for new postings, or to refresh existing knowledge on particular subject areas. They were produced and developed by a partnership comprising the Programme of Advisory Support Service (PASS) and Livelihoods Connect based at the Institute of Development Studies (IDS). Each module was written by an expert or experts in the subject and provided:

- an overview of the subject in a briefing note;
- key texts;
- a summary of recent policy debates;
- points on where to find other resources; and
- a glossary of key terms used in the briefing note.

Although the learning modules produced were written with the DFID Livelihoods cadre in mind they were accessible to a global audience through the website.

Twelve of the original PLOW modules are now hosted on the Evidence on Demand website. This PLOW module was produced between 2005 and 2008 and has not been updated since. Some of the material that it draws upon may no longer represent current thinking and some of the links to resources may no longer exist. Nevertheless, we believe that it is still a useful resource that provides useful reference material.





## Urban Rural Change

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The relation between agriculture, manufacturing and services is a traditional concern of development economics, and regional development planning has also a long-term interest in managing population distribution and economic development through spatial strategies. The current interest in rural-urban linkages, however, is related primarily to changes in thinking about 'development' and policy priorities.

- There have been profound transformations in the understanding of how people make a living and of the non-income dimensions of poverty. This has led to attention to the complexities of people's livelihoods, which often straddle rural-urban boundaries in the form of mobility and occupational diversification.
- With more emphasis on market-based economic growth since the 1980s, there is increasing recognition of the importance of urban markets for rural producers and, with widespread declines in incomes from farming, of the rural non-farm sector which is most often located in small towns.
- Labour market transformations are closely linked to increased migration, both internal and international and both between rural settlements, between urban centres and from rural to urban areas. Migration is very rapidly becoming one of the key emerging policy issues at the global level.
- Finally, forms and patterns of urbanization and their impacts on regional (and rural) local economic development and natural resource management are likely to become increasingly important issues for local, national and regional policy making.

This Briefing Note reviews definitions of urban and rural areas and the importance of location and context for the understanding of poverty. It describes the relevance of rural urban change processes to livelihoods transformations, and the ways in which policies have addressed, or ignored, the role of urban centres in regional and rural development. It explores the impact of urban growth on poverty, infrastructure and the environment.

### *Contents:*

- [Briefing Notes](#)
- [Key Texts](#)
- [Policy Debates](#)
- [Further Reading](#)
- [Glossary](#)

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## Briefing Notes

- [Defining rural and urban](#)
- [Rural-urban change processes](#)
- [Role of urban centres](#)
- [Peri-urban areas](#)

### Defining rural and urban, and the importance of location and context

The linkages between urban centres and rural areas include flows across space of people and goods, money and information and other social transactions. They also include linkages between sectors - typically, the 'forward' and 'backward' linkages along production and marketing chains for agricultural and manufactured goods, which often overlap with spatial (urban or rural) location. But whilst there is relative consensus on the nature of rural-urban linkages, there can be wide variations in how different nations define what constitutes an urban centre ('rural' is effectively a residual category). Criteria can include population size, administrative importance or economic structure, and thresholds often vary between nations and at different points in time making international comparisons and longitudinal analyses problematic. There are also no universal rules on where to draw the boundaries of urban settlements, which in some cases may extend to include large areas of agricultural land. In other cases, urban boundaries have not kept up with urban expansion and many 'urban' enterprises and people clearly associated with the urban centre find themselves in areas classed as 'rural'. The implications go beyond definitional issues, since urban status usually confers wider responsibilities and access to revenue to local administrations.

The many links between rural and urban people and enterprises make the dividing line between the rural and urban areas imprecise and somewhat artificial. However, while these spatial and sectoral interdependencies are often neglected, there are also crucial differences between rural and urban contexts that affect the determinants and characteristics of their populations' poverty and vulnerability. And there is also considerable diversity between and within urban contexts, especially large cities, and between rural areas. Understanding the diversity of local contexts and their complexity is essential for understanding poverty and how best to address it.

### Rural-urban change processes and livelihood transformations

Across most low and middle-income countries in Africa, Asia and Latin America, people's livelihoods rely on occupational diversification (defined here as combining farm and non-farm activities and incomes) and some form of mobility ranging from daily commuting to long-term and long-distance migration. Diversification is rarely captured by national level data, but small scale studies estimate that the proportion of rural households' incomes derived from non-farm sources (including transfers and remittances) can be as high as 30 to 50 percent in sub-Saharan Africa (and 80 to 90 percent in southern Africa), 60 percent in South Asia and 40 percent in Latin America. Data on urban residents' engagement in agriculture are even more limited, but there is evidence that farming, either as wage labour, for commercial purposes or for household consumption, is widespread especially in low-income countries. Migration is an important element of occupational diversification. In some areas of the Sahel, up to 80 percent of rural households have at least one migrant member, and many rural households across the world rely on migrants' remittances for investment in agricultural intensification and diversification. In many regions, women moving independently are the fastest-growing group amongst migrants.

Diversification and mobility are linked to both emerging employment opportunities (especially in services), affordable transport links and communications, and to limited access to land, credit, labour and markets, especially for small-scale farmers and for rural women with no land inheritance rights. From a livelihood perspective, diversification and mobility can be described as strategies that lead to the accumulation of assets, or as strategies that only ensure 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.

### The role of urban centres in regional and rural development: how policies address or ignore it

For several decades, the prevailing views were 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 dualistic approach is not supported by evidence. On the contrary, the main stimulus to agricultural production 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 stimulate demand for urban-produced goods and services. 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 urban and rural 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.

- [Figure 1](#)
- [Figure 2](#)

More effective local governance is essential to meet goals and targets for poverty reduction in both rural and urban areas. More capacity and accountability are required from local officials and councillors, 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 macro-economic and sectoral policies.

### Peri-urban areas, infrastructure and environmental issues

Areas within the sphere of influence of urban centres, especially dynamic cities with high economic and population growth rates, tend to undergo rapid transformations in the use of natural resources, reflecting changes in the occupational base and in population density. For poor and vulnerable groups, retaining access to assets or obtaining compensation for loss of land that reflects market values can be difficult, especially where local institutions are weak. But the peri-urban interface of metropolitan areas is far from homogenous: some areas, especially those upstream of any river flowing through the urban area, often have high concentrations of high and middle income residential development that may encroach on high value agricultural land. Downstream locations where streams and rivers tend to accumulate urban waste almost universally host low-income housing and heavy industries. With the increase in non-farm employment, small and micro enterprises located in peri-urban residential areas may contribute to local environmental problems as they lack capital and technology information, and because of the limited capacity of local governments to provide appropriate and affordable infrastructure.

Many of the environmental pressures that originate in urban centres have major impacts on their surrounding regions, and the ability of rural areas to respond to them is critical to the long-term sustainability of urban centres. The scale of environmental burdens affects their nature as well as the appropriate level of government responsible for addressing them. Within urban centres, local environmental quality (water, sanitation, solid waste management...) particularly affects the lives of the poorest residents. In surrounding regions, the relations between urban development and rural natural resources (land, water...) and ecosystems are key issues; and globally, as cities and their residents become wealthier, the impact of consumption and production affects increasingly distant resources.

## Key Texts

**Transition in sub-Saharan Africa: Agriculture, Urbanization and Income Growth** Tiffen, Mary, 2003, World Development, Vol 31, No 8, pp 1343-1366

This paper uses a wealth of longitudinal, qualitative and quantitative data from four districts in Africa's drylands to describe change between 1960 and 2000. It shows how local urban growth and increased demand has stimulated small-scale farmers to respond by a multitude of small investments linked to technology and products, often funded by family members engaged in non-farm activities, and often without appropriate policy support. The author suggests that current policies should focus on urban productivity as this will stimulate agriculture through urban demand and provide jobs for those leaving farming.

**The Urban Part of Rural Development: the Role of Small and Intermediate Urban Centres in Rural and Regional Development and Poverty Reduction** Satterthwaite David and Cecilia Tacoli, 2003, Rural-Urban Working Paper 9, IIED ( *Recommended reading ....*

This paper is an extensive overview of current literature and covers the following:

- changes in national and regional urban systems: definitions and factors driving urban change
- the role of small urban centres in regional and rural development: theoretical assumptions and recent evidence (with a focus on markets, occupational diversification, mobility and migration)
- poverty and the provision of services to local residents and those of the surrounding rural region
- a critical review of some relevant policies
- poverty reduction and governance

## Policy Debates

### *Contents:*

- [Sustainability of Current Patterns of Growth](#)
- [Remittances](#)
- [Local Economic Development](#)

### **How Sustainable are Current Patterns of Urban Growth that Concentrate in Expanding Metropolitan Regions?**

Better access to markets and infrastructure, clustering of small and micro enterprises and migration drive 'peri-urbanization' in many rapidly industrialising countries (China, India, Vietnam) but with a host of environmental problems, weak local government capacity and accountability, conflict over access to natural resources and the growth of sub-standard housing for migrants and local residents.

**Challenges of Peri-urbanization in the Lower Yangtze Region: The Case of the Hangzhou-Ningbo Corridor** Webster, D and Muller, L, 2002, Asia/Pacific Research Center, Stanford University, Stanford.

**The Peri-Urban Interface: Approaches to Sustainable Natural and Human Resource Use** McGregor, D., Simon D., and Thompson D.,(eds), 2006, Earthscan, London

**Liberalisation, Urbanisation and Industrial Location in Developing Countries 2005**, DFID Policy Division Rural Urban Change Team Briefing

### **Are Remittances the New Development Mantra?**

How does migration (both international and internal) affect sending areas, and how can local governance be strengthened to ensure that the interests of both migrants and non-migrants (often the poorest groups) are taken into account?

**Migratory Flows, Poverty and Social Inclusion in Latin America**, Serageldin, M., Cabannes, Y., Solloso, E., and Valenzuela L., 2005, in Nabeel Hamdi (ed) Urban Futures: Economic Growth and Poverty Reduction, Urban Management Series, ITDG Publishing

**Remittances: Development Impacts and Future Prospects** Munzele M., Maimbo, S., and Dilip Ratha (eds), 2005, The World Bank

### **Local Economic Development and Globalisation**

Local governments are best placed to address the constraints and take advantage of the opportunities in their own areas. Decentralization increasingly includes supporting local economic development, but there are new challenges such as competition from cheaper imported goods. How can local economic development thrive in an era of globalisation?

**The Urban Part of Rural Development: the Role of Small and Intermediate Urban Centres in Rural and Regional Development and Poverty Reduction**, Satterthwaite, Tacoli, D., and Tacoli, C., 2003, Rural-Urban working paper 9, IIED, especially section 5  
<http://www.iied.org/pubs/display.php?o=9226IIED&n=3&l=11&s=RUWP&x>

## Further Reading

Research and technical resources to explore Urban and Rural Change themes in more depth

### *Documents*

**The Urban Transition in Vietnam** Douglas, M., DiGregorio, M., Pichaya, V., Boonchuen, P., Brunner, M., Bunjamin, W., Foster, D., Handler, S., Komalasari, R., Taniguchi, K., 2002, UNDP

**Regional study on rural, urban and sub-regional linkages in the Greater Mekong sub-region (Vietnam, Lao PDR, Cambodia)** (RETA 6121) [www.adb.org](http://www.adb.org)

**Rural-Urban Linkages** Key Sheets for Sustainable Livelihoods, 2002, DFID, Norwegian Ministry of Foreign Affairs

<http://www.odi.org.uk/resources/details.asp?id=3868&title=key-sheets-sustainable-livelihoods>

### *Websites*

DFID Policy Division **Urban and Rural Change Team** Outputs

The Urban and Rural Change Team (now closed) developed materials in three core areas - Rural Urban; Place Matters; Economic Growth and Governance.

### **Livelihoods Connect**

[www.livelihoods.org](http://www.livelihoods.org)

The Livelihoods Connect website has two 'hot topics' pages, one on urban-rural change and the other on migration with useful information, downloadable papers and further links.

### **International Institute for Environment and Development**

[www.iied.org](http://www.iied.org)

IIED's web page on rural-urban linkages includes reports of collaborative research projects, links to other websites of interest, links to the two special issues of the journal *Environment and Urbanization* on rural-urban linkages (and free downloads of articles)

### **University College London, Development Planning Unit**

<http://www.ucl.ac.uk/dpu>

The Development Planning Unit at University College London runs a research programme on the peri-urban interface

### **International Food Policy Research Institute**

<http://www.ifpri.org>

The International Food Policy Research Institute (IFPRI) has recently published a number of papers on rural-urban linkages in its Food Consumption and Nutrition Division. The papers and related briefs can be downloaded from IFPRI's website: <http://www.ifpri.org/divs/fcnd/fcndp.asp>

### **Rural Urban Partnership Programme, Nepal**

<http://www.rupp.org.np/aboutus.asp>

The Rural-urban Partnership Programme (RUPP) is a programme supported by the Government of Nepal and UNDP.

### **UN-Habitat**

<http://www.unhabitat.org>

The UN-Habitat has also a long-standing interest in rural-urban linkages and regional development planning.

**World Bank**

<http://worldbank.org>

The World Bank has launched a joint initiative on rural-urban linkages, see Urban Development Page.





## Glossary

**Forward and Backward Linkages** Forward linkages and backward linkages refer to different but related stages of production and marketing for specific products. In agriculture, backward linkages include the production and provision of agricultural inputs (fertiliser, seeds, etc), extension services and credit; forward linkages include transport, processing and marketing. In manufacturing, backward linkages include the production of raw materials and forward linkages can include packaging, transport and marketing.

**Remittances** Money that is sent home by family/household members living and working away from home.

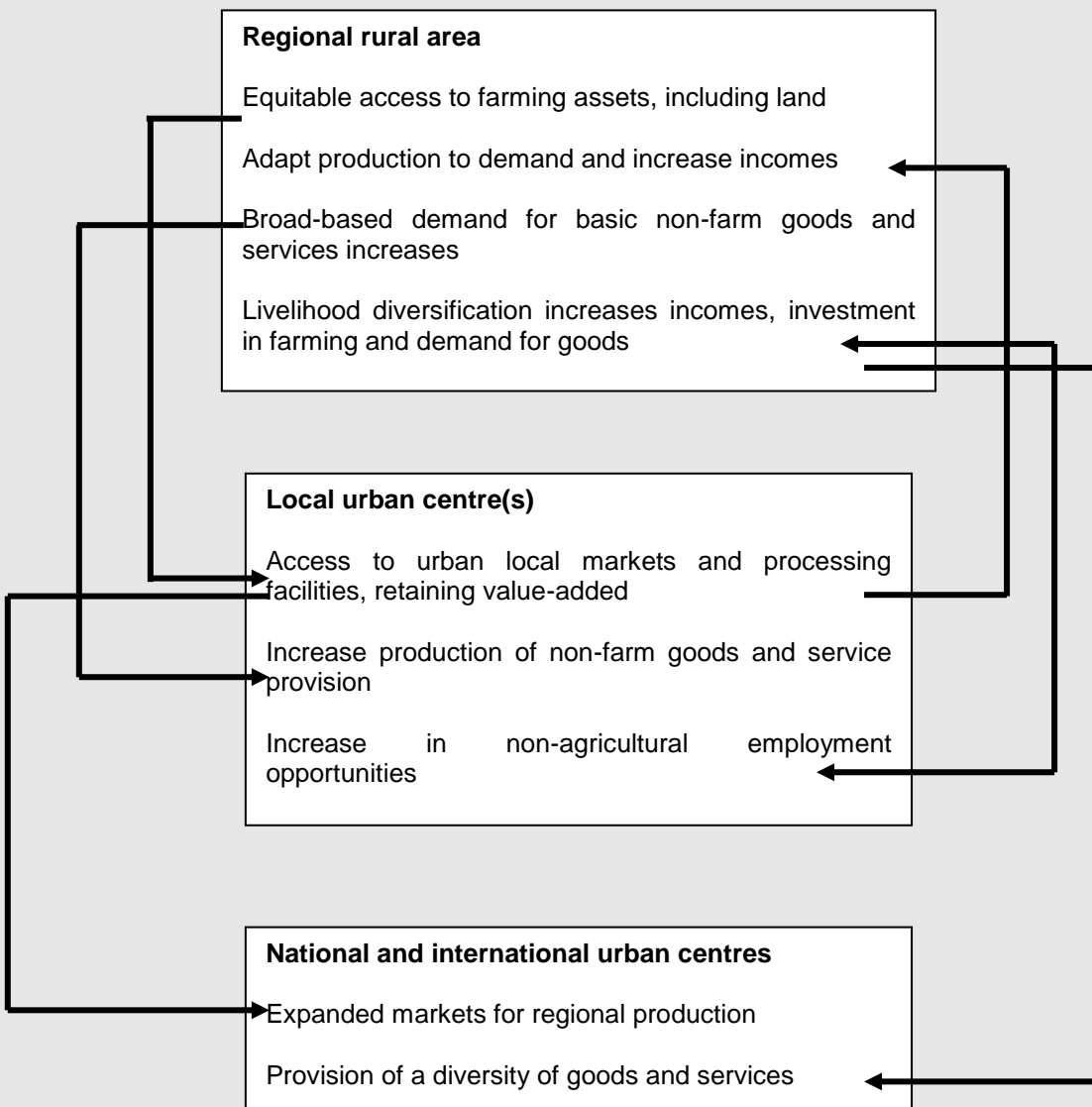
**Vulnerability** The probability or risk of falling into, or deeper into, poverty.

**Figure 1: Positive rural-urban interactions and regional development**

**International context:** access to international markets for small and medium-sized producers, with stable commodities prices. Foreign investment supports local production, imports do not compete with locally produced goods.

**National context:** equitable distribution of and access to land; regionally balanced growth strategies including satisfactory provision of infrastructure, credit facilities for small and medium-sized producers, and basic services (education, health, water and sanitation); revenue support to local government; regulated institutional structure of markets.

**Local governance:** accountable, with adequate resources and capacity; identifies local needs and priorities and responds to them; supports forward and backward linkages between agriculture and services and industry located in local urban centres; regulates local natural resource management; integrated with national planning



**Figure 2: Negative rural-urban interactions and regional development**

