



©Arnaud Thierry Gouegnon

BACKGROUND

It is well recognized that with higher incomes and urbanization, patterns of demand for food change and expand – potentially creating new opportunities for food producers in many of today’s developing countries. It is not always equally well recognized that much of the urban expansion involves the growth of (often previously rural) towns, with these settlements retaining many of their rural characteristics. The continued prevalence of small-scale farming in local livelihoods – albeit increasingly buttressed by increasingly dynamic non-farm sectors – remains a feature of many of these so-called “urban” settlements. Notably, small towns and cities of less than 500,000 inhabitants now represent the largest share of the global urban population, with the majority of the projected urban growth in the decades ahead to be absorbed by these centres.¹

In this context, policy discourses surrounding rural transformation and urbanization that are framed within a narrative of rural exodus and urban expansion risk missing much of the unfolding – and more complex – dynamics. Far from a predictable and unidirectional movement of people, production and economic activities from villages to cities, what is being observed is multi-directional, multi-faceted flows of goods, services, capital and people (labour) from, to, and within heterogeneous settlement types along the rural-urban continuum.

Greater connectivity – driven by improvements in transport and technology infrastructure – has enhanced the access of many rural producers to markets in nearby towns, as well as farther afield. This has attracted new sources of investment into rural areas, creating more dynamic and entrepreneurial food systems with wider opportunities for commercial production. Higher incomes enable small-scale farmers to invest in their farming and non-farming enterprises, to finance travel to nearby towns and cities and to contribute to increased effective demand in

KEY MESSAGES

- Greater attention to the specificities, complexities and implications of current urbanization processes is needed – in particular the role of growing towns and small-scale food systems actors therein.
- The socio-economic benefits of working with small-scale food systems actors are often unrecognized and unrealized, but offer significant potential for promoting food security and nutrition in the context of emerging transitions.
- Balanced, territorial and people-centred approaches that support the roles of local small-scale actors and the inclusion of vulnerable groups offer a viable model of working in the evolving contexts.

¹ UN-DESA (2014) *World Urbanization Prospects: 2014 Revision*. New York, UN-DESA Population Division.



©IFAD/Giuseppe Bizzari

local economies. These dynamics all potentially lead to improved outcomes in food security and nutrition; however, not all people and not all communities are automatically set to benefit.

Worryingly, the residents of more remote rural settlements not enjoying the benefits of increased connectivity are likely to be excluded from new opportunities. Indeed, the reliance on private actors to fund large-scale infrastructure projects leaves these communities in a vulnerable position, with investments skewed towards areas with greater population concentrations and proximity to markets. Further, many people within communities that are rapidly expanding and transforming may not be well placed to benefit, including in particular: smallholders constrained by scarcity of capacity, assets and land, and informal landless workers in rural and urban areas earning insufficient incomes to afford sufficient and nutritious food. Greater pressure on land as a result of still-increasing rural populations in Africa and parts of Southern Asia mean limited prospects for their growing youth populations to earn livelihoods through farming. At the same time, the lack of structural transformation in sub-Saharan Africa raises serious questions about where young labour markets entrants will work in the decades ahead.

Against this background, considerations loom large about which models of food supply and production should be promoted in the years ahead. Growing dependence on food imports² and the perceived productivity benefits associated with larger-scale models of farming undermine smallholders' prospects of benefiting from emerging dynamics and potentially leveraging local

² In 2012, SSA countries spent US\$37.7 billion on food imports (Montpellier Panel, 2014) and the majority of Africa's low-income countries (mostly in SSA) are net food importers.



©IFAD/R. Ramasomanana

knock-on socio-economic benefits at community level. Quantitative and case study evidence demonstrates potential productivity and societal-wide, socio-economic gains associated with smallholder models,³ indicating that further reflection is needed in this area.

Bearing in mind the above trends, opportunities and challenges, this policy brief provides recommendations for creating synergies between different settlement types, leveraging rural-urban linkages, providing avenues for vulnerable groups to advocate for their interests, and supporting small-scale actors in food systems.

PROMOTING BALANCED, SYNERGETIC DEVELOPMENT ACROSS ALL TYPES OF SETTLEMENT

Rural and urban areas and populations are increasingly interlinked, with interactions between different settlements along the rural-urban continuum shaping the livelihoods and food nutritional and security outcomes of vulnerable food producers and consumers. Consider that: (i) rural products are sold in urban markets, and are important sources of income for rural economies; (ii) rural areas rely on cities for access to services, employment and information; (iii) urban areas in turn look to rural areas for key goods and services such as food, raw materials and natural resources; and (iv) rural people often move to urban

³ In terms of ensuring a sustainable supply of food, studies have demonstrated that, in addition to its capacity to retain local value-added and generate employment, smallholder agriculture offers advantages in terms of production per unit of land, which tends to be higher on small farms. This is largely a result of the relative efficiency and lower transaction costs associated with using family labour rather than hired labour. Family farms, therefore, are likely to have specific advantages where labour is abundant and capital is scarce – as is the case in many of today's poorest countries.

centres temporarily or permanently for work or to access services often lacking in rural areas (electricity, transport networks, etc.), in many cases maintaining close links with rural areas through family connections, remittances and investments, land, and other assets.

As such, coherence and integration of policy processes that cut across rural and urban areas is imperative, especially in areas such as agriculture, rural development, urban planning, employment, climate and natural resource management. Territorial approaches provide a useful paradigm for this coherence (see Box 1), encompassing enhanced participation of actors who are often marginal to policy and planning processes, such as small-scale food producers, representatives of business groups operating across agri-food value chains, and worker groups in rural and urban areas. Synergies from national to regional and local level governance – in fiscal policies, service provision, pricing policies and regulatory frameworks (especially relating to land tenure and natural resource management) – will be essential if multiplier benefits along the rural-urban continuum are to be realized. Moreover, fiscal and financial architecture should enable decentralized authorities, with particular attention to those in growing small towns,⁴ to fulfil their role in a changing landscape.

Box 1: IFAD's territorial approaches to development in Peru

The Apurímac, Ene and Mantaro Rivers Valley (VRAEM) geopolitical area in central Peru suffers a high incidence of extreme poverty and has largely been excluded from the country's development. The area's population is approximately 75 per cent rural and 25 per cent urban. Seventy-four per cent of the population in the area lives below the monetary poverty line.

To address the situation and promote balanced territorial development, a recently designed IFAD project Public Services Improvement for Sustainable Territorial Development in the Apurímac, Ene and Mantaro River Basins focused on three interrelated objectives:

- 1) Building institutional capacities in the territory, including in local and provincial governments, and supporting initiatives to improve communal goods and properties;
- 2) Developing a network of associations among potential project beneficiaries to promote and expand opportunities for economic development and social inclusion, providing support for economic activities by interest groups such as farmer organizations, together with financial inclusion of families and associations; and
- 3) Enhancing connectivity within the territory, focusing in particular on facilitating market access, creating jobs with start-ups or contracting local micro-enterprises for maintenance of roads, water-harvesting and irrigation infrastructure at community level.

The territorial development approach combines production transformation to link the territory's economy with dynamic markets with institutional development to include poor people in these transformation processes and benefits. Focus is on participatory, community-driven development through delegation to community organizations to design and implement sub-projects that prioritize approaches to improve the access of poor groups to social, human, financial and physical assets. Working with poor groups' organizations – especially small-scale and indigenous farmers' groups – and recognizing, as well as securing rights to, tangible and intangible assets of these groups, is a priority.

⁴ For more elaboration on leveraging the important role of small towns, see: Tacoli, C and Agergaard, J (2017) *Urbanisation, rural transformations and food systems: the role of small towns*. IIED, London.

RECOGNIZE AND SUPPORT THE ROLE OF SMALL-SCALE AND INFORMAL ACTORS

The smallholder farming model remains the predominant modality of farming in much of the world – producing the majority of the food in Africa and Asia. With growing food markets in growing towns, peri-urban and urban areas, increased commercialization, and declining relevance of subsistence farming, measures will be needed to enable these actors to respond to consumer preferences, as well as meet expectations on quality and quantity from buyers across agri-food value chains.

It is an unfortunate reality that, in many cases, policies and regulations tend to discriminate against small-scale actors, reflecting gaps between the reality and perception of food safety and quality in local markets. In reality, small-scale, mostly informal, producers, processors and traders are already playing a key role in managing tensions over price and quality within food systems: widening market opportunities for smallholders and offering affordable food for consumers.⁵ Much more needs to be done to recognize and support these actors, not only in building capacities to comply with regulations through service provision and targeted investment, but in sensitizing regulators to the realities of different modalities and scales of production.



©IFAD/Pablo Corral Vega

⁵ Tacoli, C (2017) *Informal food systems and food security in rural and urban East Africa*. IIED & IFAD, London.

Strategies to support and enable local markets mean facilitating arrangements to provide necessary services to smallholders, in coordination with creating enhanced opportunities for rural and urban food system actors such as service providers, food processors and vendors, especially in growing market towns. In regions experiencing rapid inflows of youth into labour markets – coincidentally, also those where the rural population is set to continue to increase (especially, but not exclusively, in Africa) – investments and policy frameworks need to focus on enabling youth to access (increasingly scarce) land and access employment and entrepreneurship-related services, particularly training, apprenticeships and finance (see Box 2).

Box 2: Integrating local financial institutions into youth training initiatives

The Enterprise Your Life Curriculum in Egypt and Yemen was funded through an IFAD grant to Making Cents International and Silatech in January 2014. It focuses on extending services such as finance and training to young people in rural areas.

Pre-design consultations with young rural people conducted by the local implementing agency, Plan Egypt, indicated that, in many cases, young rural people lack the necessary services to start their own businesses and do not have the negotiation, communication, planning, or idea-generation skills to successfully run an agro-enterprise. The consultations also indicated that young people learned from mentors and appreciated ongoing support.

As a result, the Enterprise Your Life Curriculum – which focuses on the practical development of enterprising life skills and the formation of Youth Saving Groups (YSGs) in rural areas – was developed. This curriculum includes a coaching component with a YSG promoter who provides advice on the utilization of training content. The curriculum was designed around short, targeted drills that enable practice and hands-on learning for continual development of skills, allowing young people to experiment and then seek coaching advice from other members, as well as the YSG promoter.

The project uses capacity building – among both youth and microfinance institutions (MFIs) – to create lender-borrower relations between young rural people and formal financial institutions. This is achieved by building the financial capability of YSG members to prepare them to access formal financial services. Then, MFIs are educated on the value of YSGs for developing reliable clients for their services. By discussing the programme, sharing statistics about savings and lending rates, and inviting representatives to group meetings, project staff make MFI staff more comfortable with extending services to younger rural clients.

Youth participants in YSGs have expressed appreciation for the Enterprise Your Life Curriculum. More concretely, initial survey results substantiate the potential of this combination of capacity-building and access to financial services: in a survey of 1,000 participants who had finished half of the curriculum, 75 per cent reported that they increased their knowledge, 25 per cent indicated that they have applied their knowledge, and 20 per cent noted that they used the information to start or improve an income-generating activity.

REDUCING RISKS OF DOING BUSINESS FOR RURAL AND URBAN ACTORS

The policies of social protection – defined as a set of interrelated public policies and interventions implemented to reduce poverty, vulnerability and risk⁶ – via targeted social interventions have the potential to enhance the capacity of vulnerable groups to benefit from rural and urban transformation. By enhancing the participation of often marginalized groups – smallholder farmers, landless labourers, informal rural and urban traders, and indigenous groups – these policies can be crucial drivers of balanced territorial development.

A review of social protection programmes around the world leaves the impression that, despite the gradual emergence of new models, programmes are poorly tailored to the diverse needs of vulnerable and food-insecure groups in rural and urban areas. On the one hand, in most countries, social protection policies are not designed to serve the rural poor nor address rural vulnerabilities and constraints. On the other hand, the increasing incidence of poverty and undernourishment in urban areas has not yet been met with adequate social protection measures to reduce the exclusion and risks faced by this group – many of whom are migrants from rural areas. There needs to be an examination of potential synergies in addressing the needs of these groups in an integrated and coordinated manner. Approaches, for example, should examine how to:

- Enable rural small-scale producers to provide affordable and nutritious food to poor consumers across rural areas, towns, peri-urban and urban areas;
- Target people in poor, remote and disadvantaged settlement-types who are at particular risk of exclusion (see Box 3);

Box 3: Targeting social protection at people in remote rural settlements⁷

The BRAC Graduation Model “Challenging the frontiers of poverty reduction” was targeted at 100,000 ultra-poor households in the poorest 15 districts of Bangladesh. The BRAC methodology combines multiple interventions to enable people living in some of the poorest and most remote locations to achieve sustainable gains in income and other dimensions of well-being.

The five main components of BRAC programmes are targeting, consumption stipend, formal saving accounts, transfer of productive assets and productive training. These graduation programmes provide a holistic set of services targeted at the specific needs of people living in relatively remote settlements, including the grant of a productive asset to the poorest households in a village. The beneficiaries are identified through a participatory process in a village meeting, followed by a verification visit by the organization’s staff. Selected beneficiaries are then given a productive asset that they choose from a list, training and support for the asset they have chosen, general life-skills coaching, weekly consumption support for a fixed period, and typically access to savings accounts and health information or services.

Compelling evidence indicates the success of the programme, noting that positive effects on income, food security, employment and asset holding remained six years after the intervention concluded. The programme’s primary goal – to substantially increase consumption of the very poor – was found to be achieved by the end of the programme and maintained one year later. This experience shows that tailored, targeted multi-dimensional graduation approaches to increasing income and well-being for those living in the least advantageous settlements is feasible.

⁶ IFAD (2016) *Spotlight 1: Social Protection*. In: Rural Development Report 2016. Rome, IFAD.

⁷ Extracted from: IFAD (2016) *Spotlight 1: Social Protection*. In: Rural Development Report 2016. Rome, IFAD.



©IFAD/GMB Akash

- Link service providers upstream and downstream of primary production to smallholders in order to increase productivity, and create employment and business opportunities across food systems;
- Focus on generating opportunities to access employment, assets and services in growing small towns, leveraging these settlements as strategic centres to link rural and urban activities across food systems.

NEW WAYS OF WORKING TO ENSURE NO ONE IS LEFT BEHIND

Integrated approaches – focusing on the needs of the most vulnerable people in rural and urban areas – will be essential to foster balanced and inclusive rural-urban transformations. Policy and investment frameworks must respond to the emerging complexities and the specific scenarios facing people in all settlement types along the rural-urban continuum.

Moving to more integrated approaches means new ways of working and addressing multiple obstacles related to social and economic power imbalances – particularly the exclusion of small-scale and informal food systems actors from planning and policy approaches – as well as the need to tailor interventions to protect the interests of those who, under a business-as-usual scenario, risk being excluded from new opportunities.

Specifically, prioritizing the needs of groups experiencing particular vulnerabilities, such as poor smallholders and poor people living in urban centres, rural women, young people, indigenous populations and migrants, and ensuring their representation in planning processes, will be critical. Adopting approaches specific to the requirements of less developed or poorer areas and their populations must also be prioritized, not least in the context of the 2030 Agenda for Sustainable Development.



International Fund for
Agricultural Development

Via Paolo di Dono, 44
00142 Rome, Italy
Tel: +39 06 54591

Fax: +39 06 5043463

E-mail: ifad@ifad.org

www.ifad.org

www.ruralpovertyportal.org

ifad-un.blogspot.com

www.facebook.com/ifad

[instagram.com/ifadnews](https://www.instagram.com/ifadnews)

www.twitter.com/ifadnews

www.youtube.com/user/ifadTV