

Development at the Rural-Urban Interface

Initial Ideas for a New Initiative on Territorial
Inequality and Development

July 2015

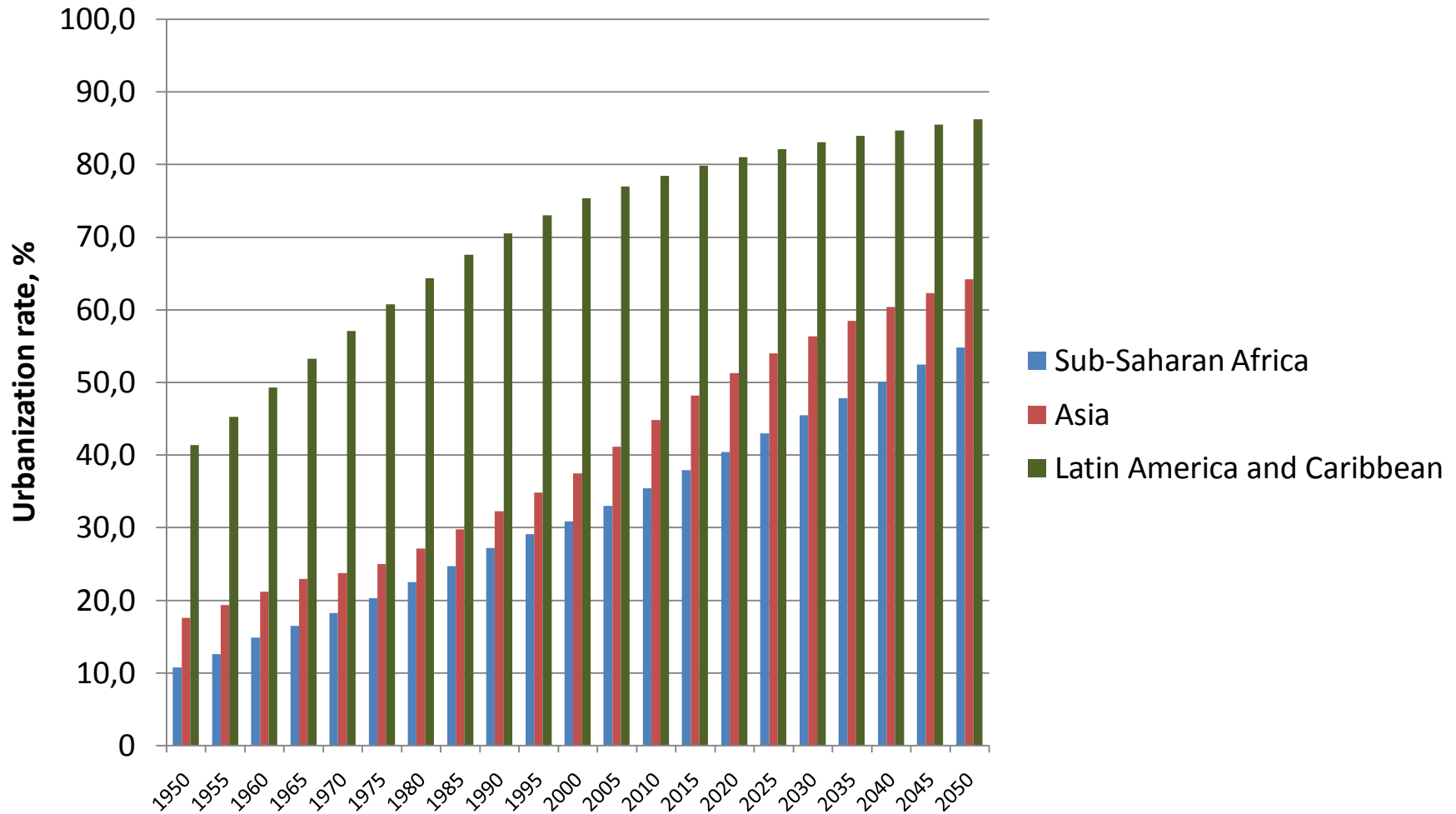




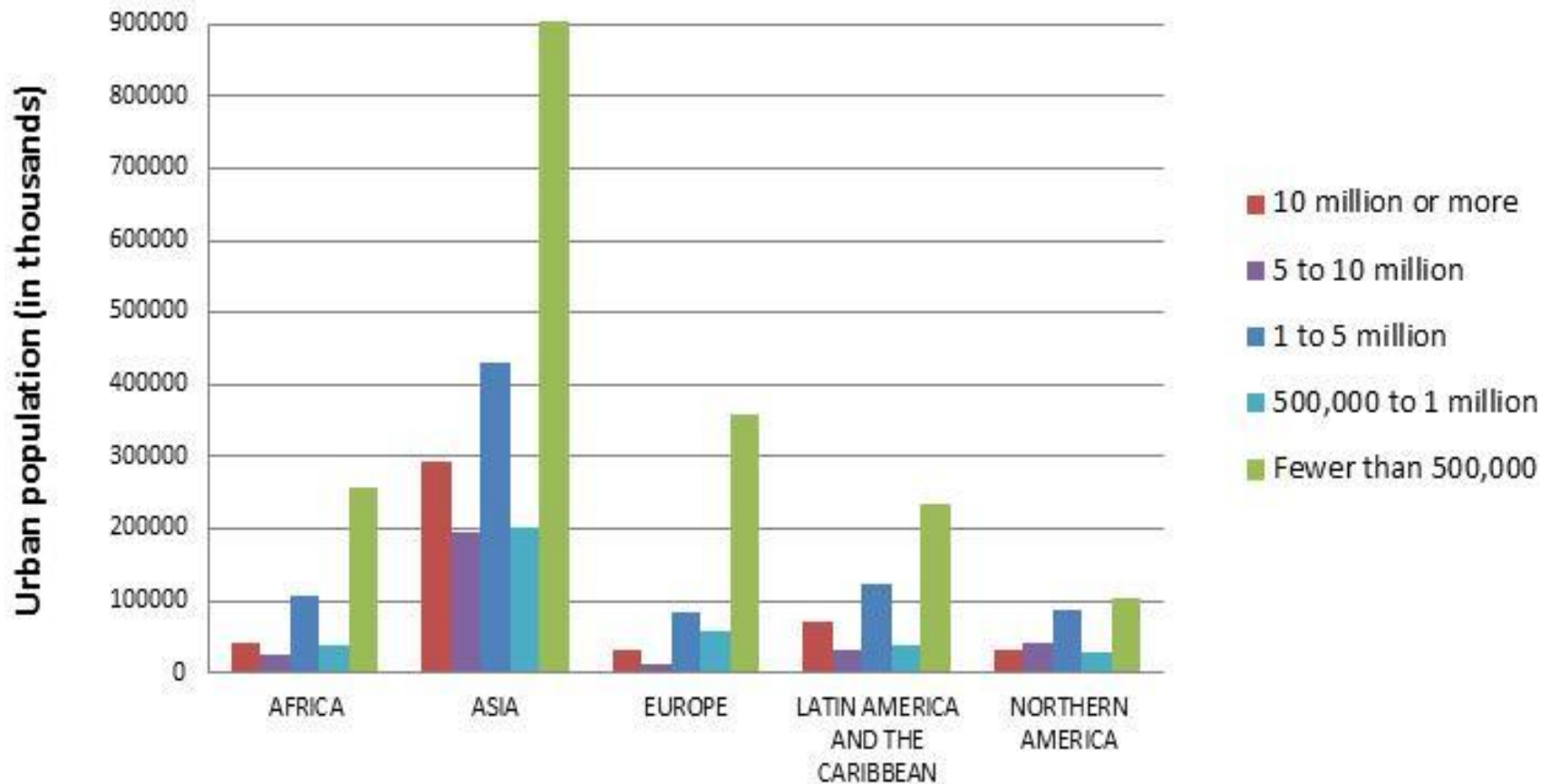
The development opportunity

- ▶ The program is about the livelihoods of 5.5 billion persons, three quarters of all of us on Earth, that live in the increasingly diffuse and porous interface of rural and urban societies

The developing world is urbanizing

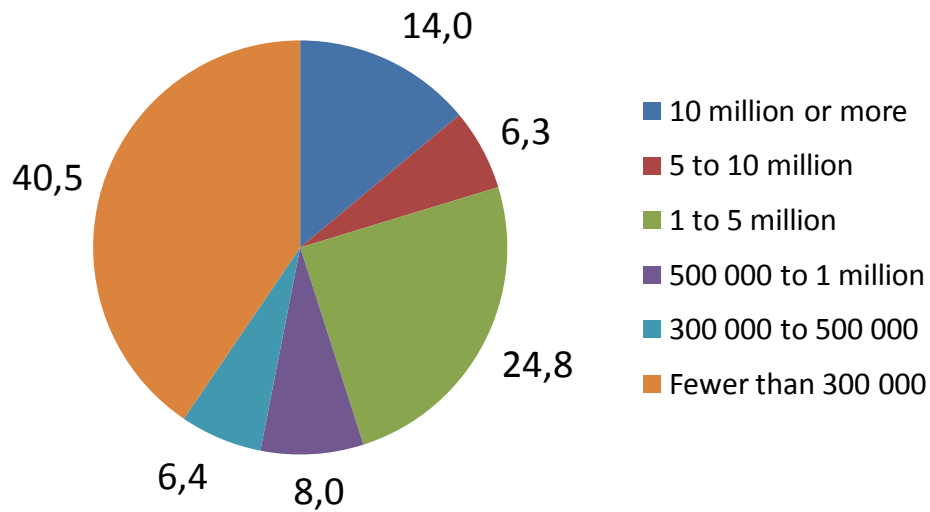


50% of the world's urban population lives in cities smaller than 500k

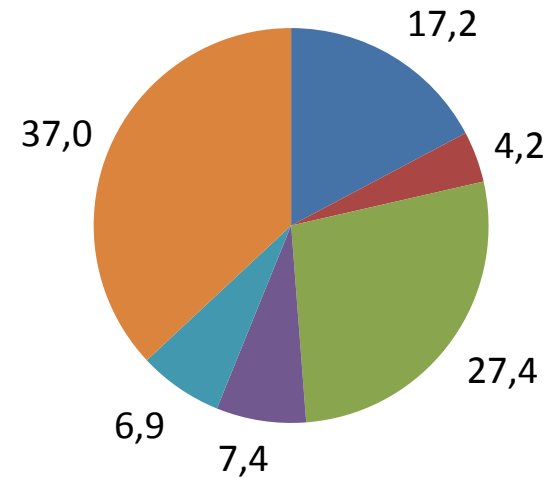


LAC, % urban population by city size

2015



2030

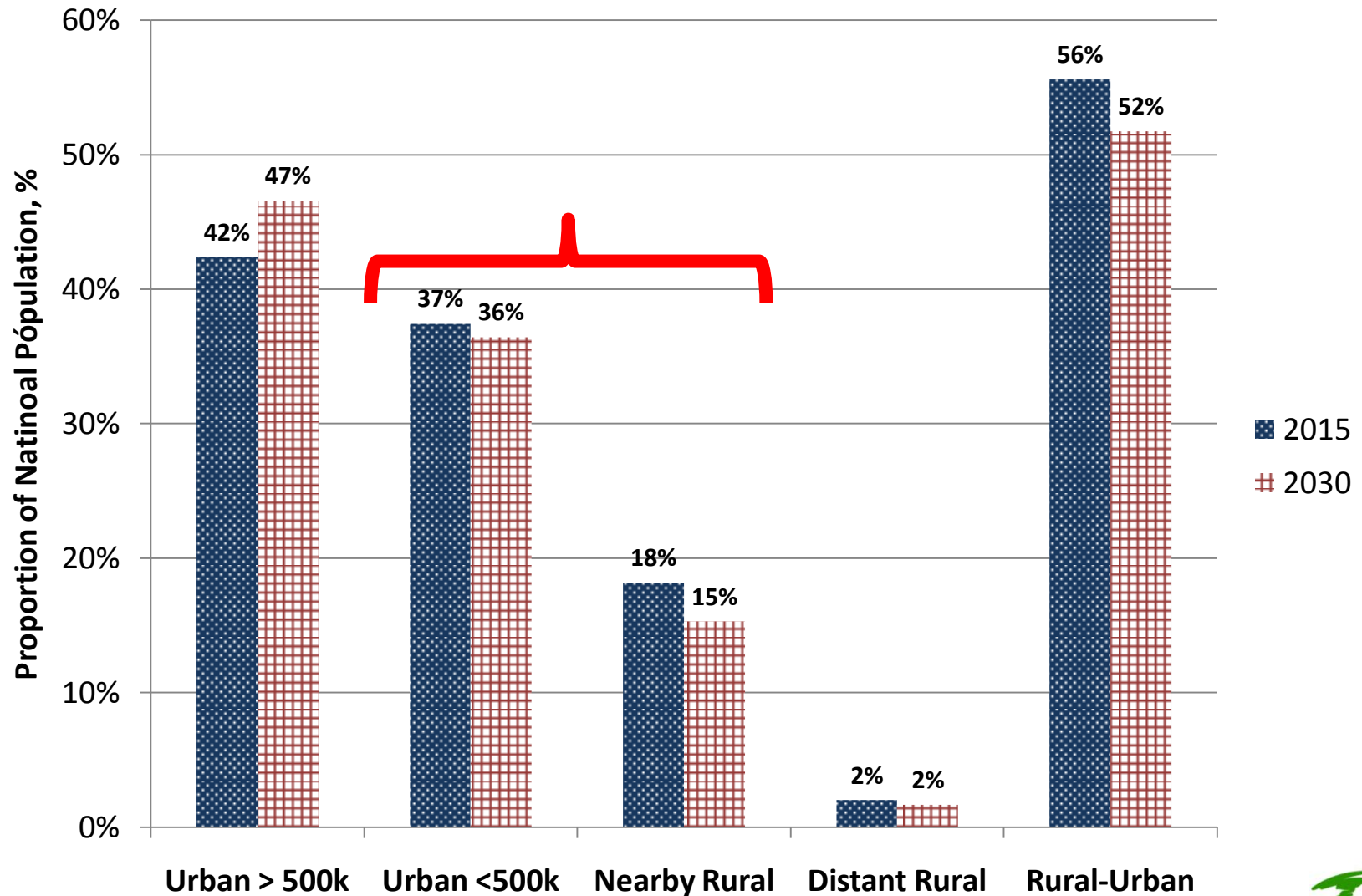


Rural population living away from a city of $\geq 50k$

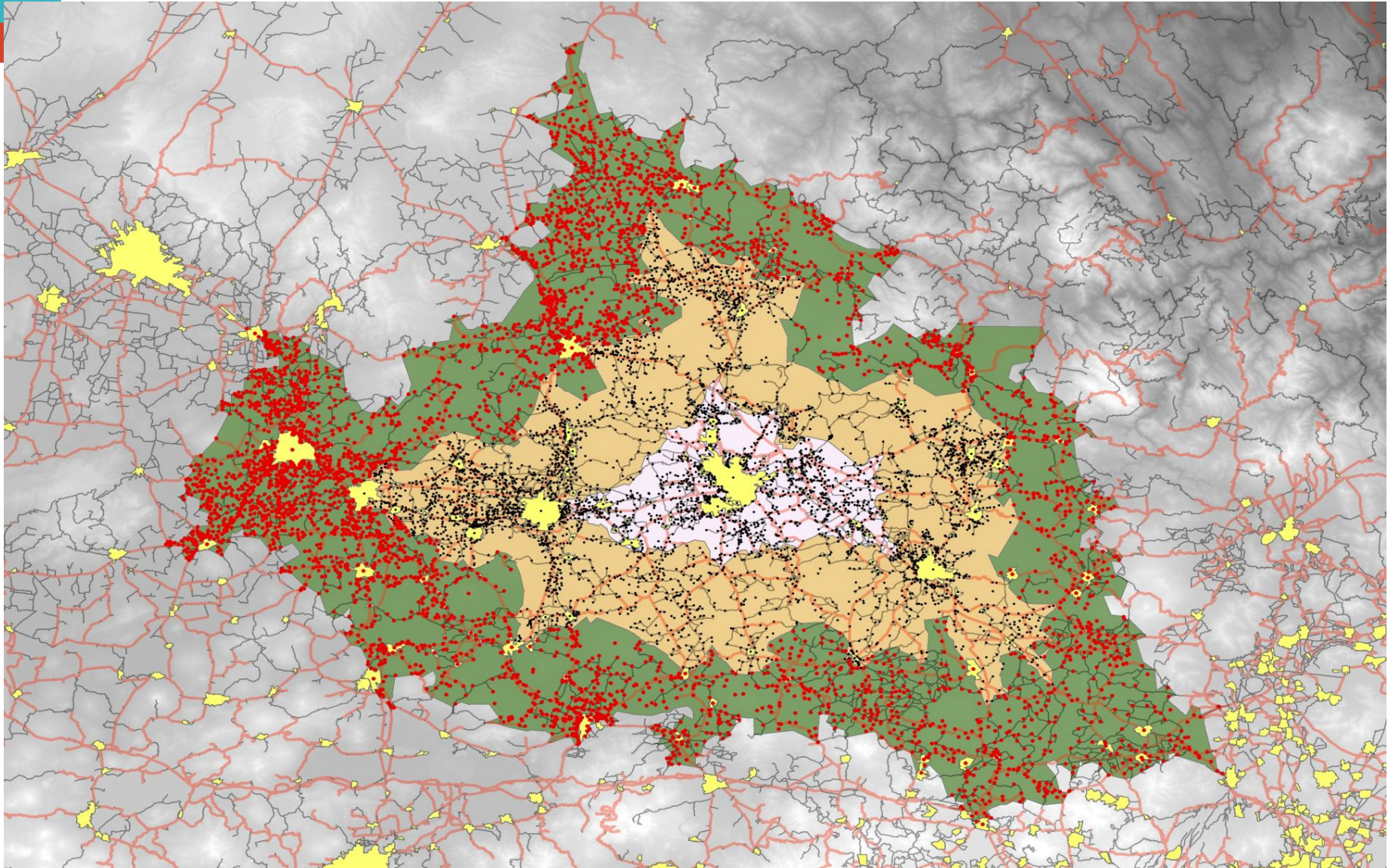
	%
World	2.6
Developed countries	1.1
Developing countries	2.8
Far East and the Pacific	5.4
Europe and Central Asia	3.8
Sub-Saharan Africa	2.6
Latin America and the Caribbean	1.4
Middle East and North Africa	0.1
South Asia	0.1

Source: Own estimates based on **Barbier & Hochard, 2014**

Over half of LAC's total population lives in the rural-urban interface

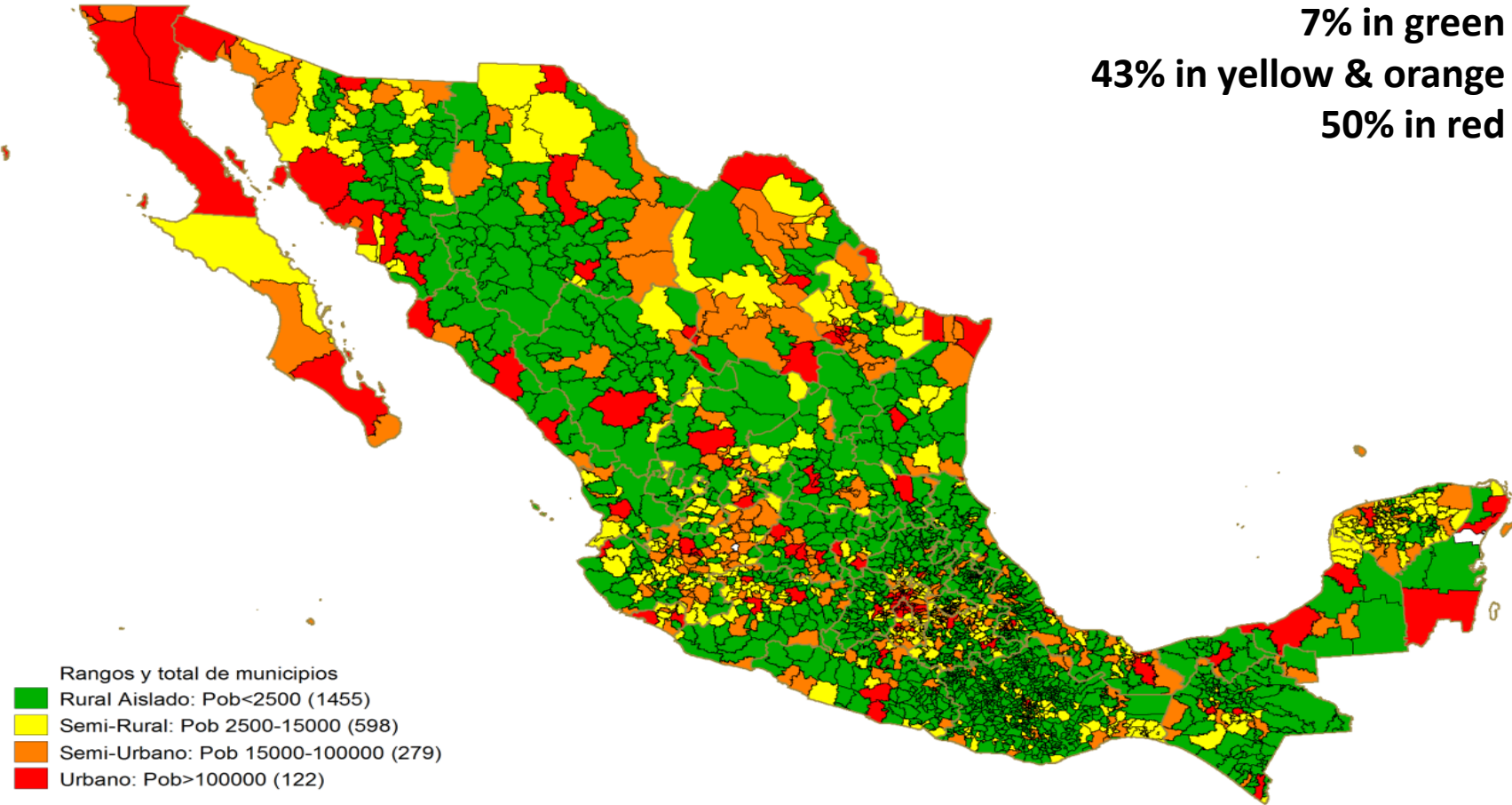


Note: Rough estimates, as it assumes that all proximate rural are near small and medium cities





Population:
7% in green
43% in yellow & orange
50% in red

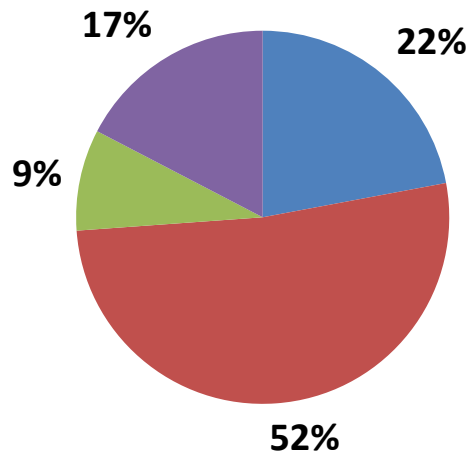




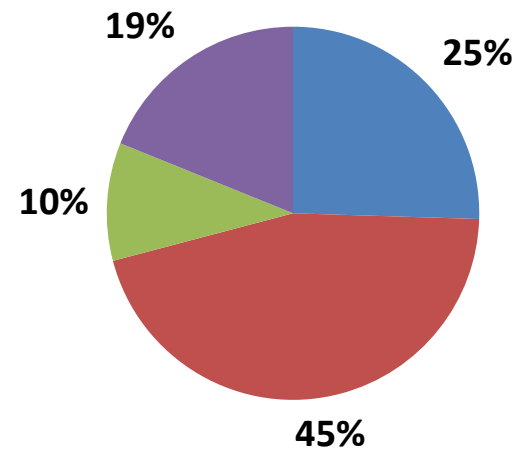
And (very likely) a large majority of the poor are in rural-urban territories

► Distribution of the poor by size of municipality

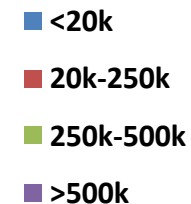
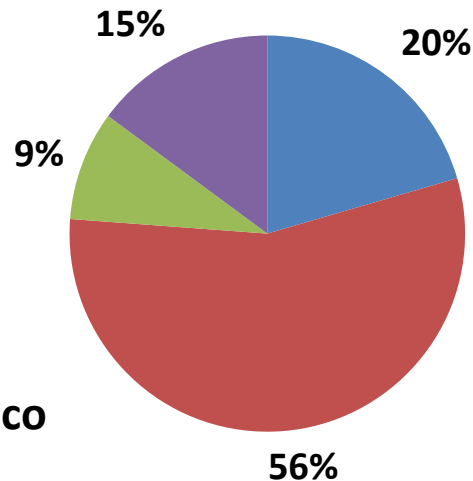
Brazil



Colombia

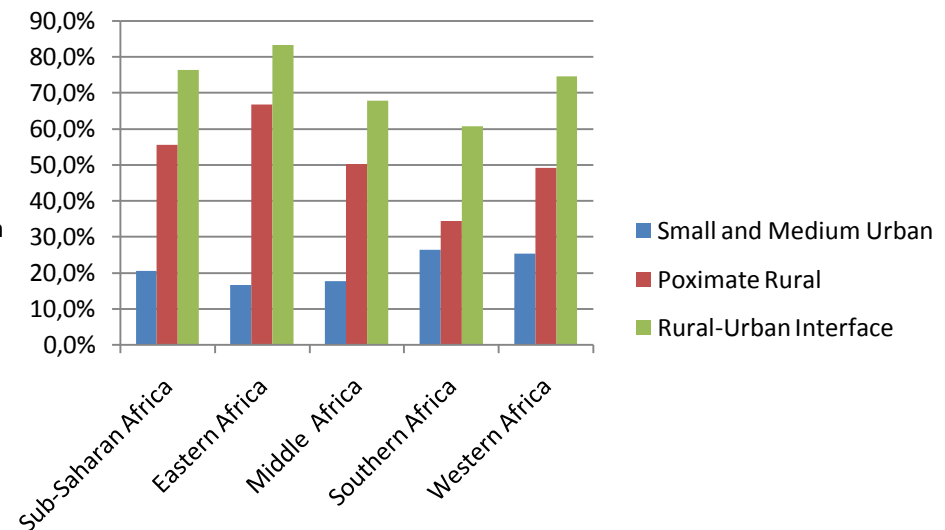
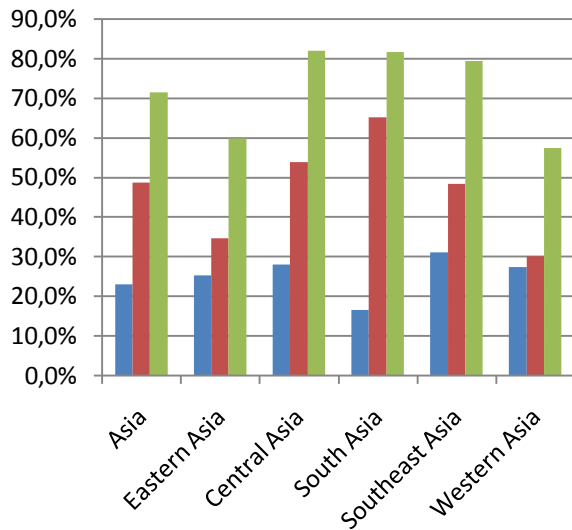


Mexico



Also Africa and Asia

Share of total population, 2014-2015



Note: Rough estimates, as it assumes that all proximate rural are near small and medium cities

Another development iceberg?

Rimisp is good at discovering development icebergs



- ▶ In the 1990s, rural non-farm income, 47%
- ▶ In the 2000s, supermarket share of food market, 55%
- ▶ **Large and important development trends, and yet, largely invisible to development thinking and policy-making**



A new understanding of the rural – urban interface

- ▶ Lewis (1954), Myrdal (1957), Hirschmann (1958)
 - ▶ Two distinct categories in opposition to each other
 - ▶ Development is urbanization and transfer of labor and capital from rural to urban
- ▶ Rondinelli (1983), Douglass (1998), Tacoli (1998)
 - ▶ The possibility of mutually-beneficial and even synergistic interactions



Two types of rural – urban linkages

1. Flows of people, goods, money and information, between large city or metropolis X and a large number of indeterminate rural areas
2. Systematic and repeated flow of goods, services, people and money, between an urban location and a number of specific, identifiable rural areas, aided by geographic proximity and by the relatively small size of the urban center
 - ▶ A stronger degree of reciprocal dependency between the rural and the urban components.
 - ▶ To the extent the urban center and the rural hinterland can become integral components of a single rural-urban functional territory, often cutting across administrative boundaries



The rural–urban dichotomy is a constraint on understanding and acting

- ▶ Livelihoods of majority of rural households are hardly only rural; “rural” defines main place of residence, but no longer the spatial scope of livelihoods
- ▶ The same is true of a large number of “urban” households, whose livelihoods are intimately dependent on rural areas, as urban economies often are natural resource-dependent
- ▶ “Rural” and “urban” defined in the traditional way, are conceptual lenses that distort our view of social processes and can only lead to sub-optimal policies and investments
- ▶ Rural development policy and practice, have for the most part not internalized it
- ▶ Urban development has been characterized by a metropolitan bias
- ▶ Public policy does not dialogue across rural-urban divide



So what?

- ▶ If it is true that these places are functional socio-economic systems with urban and rural dependent on each other, and not random collections of proximate but functionally unrelated rural and urban localities, and
- ▶ If it is also true that a majority of the population and, in particular, of the poor live in these functional rural-urban territories, then
- ▶ One could **leverage the rural-urban linkages** that bind together these places to
 - ▶ Support rural **and** urban economic development
 - ▶ Reduce rural **and** urban poverty
 - ▶ Provide services to the rural **and** urban populations**with an integrated set of development investments**



Development objective

- ▶ Leverage rural-urban linkages to enhance the development opportunities and well-being of 5.5 billion urban and rural people that live in the rural-urban interface



Specific objectives

1. Understand the importance and the dynamics of rural-urban territories, with an emphasis on the opportunities and well-being of poor and vulnerable people
2. Identify entry points for public policy, concerted action by civil society, and private investment, by describing and explaining specific functional linkages between small and medium towns and cities and rural areas
3. Support the design and implementation of specific policies and programs, including public-private partnerships, to enhance development at the rural-urban interface



Components

1. Research

- ▶ Importance and dynamics of rural-urban territories
- ▶ Entry points
 - ▶ Jobs
 - ▶ Food systems
 - ▶ Water
 - ▶ (...)
- ▶ Governance and delivery of services

2. Policy support

- ▶ Documenting solutions
- ▶ Supporting decision-making



Building up the program

Research	Importance & dynamics of RUT with emphasis on the poor and vulnerable	Country level	Standard method; secondary data analysis; policy reviews; stakeholder maps	Core component , all countries
	Entry points / functional linkages	(Growing) network of case studies of RUT	Specific method for each entry point; primary data (surveys), field research	Ad hoc, according to funding opportunities
	Governance and service delivery	Country level and network of case studies of RUT	Standard method, secondary data, field research	Core component in part , developed as per funding opportunities
Policy support	Documenting solutions	Global	Competitive fund	Core component
	Supporting decision-making	Country level	Ad hoc agreements	Core in five LAC countries , the rest as per funding opportunities



Research

Importance and dynamics of rural-urban territories

1. Country data bases and maps of rural-urban territories
2. Evolution of population, household income, poverty and income inequality, comparing rural vs rural-urban vs large city and metros
3. Poverty, vulnerability and inequality profiles comparing rural vs rural-urban vs large city and metros
4. Effects of small and medium cities on household income, poverty and income inequality in rural-urban territory
5. Effect of characteristics of small and medium cities on household income, poverty, and income inequality of rural area within rural-urban territories
6. Effect of characteristics of rural areas on small and medium city household income, poverty, and income inequality



Research

Entry points - jobs

- ▶ Lack of information about labor markets in small and medium urban centers - it is assumed they are alike metro areas
- ▶ Although we know:
 - ▶ Specialized in activities related to the primary sector
 - ▶ Significant commuting and circular migration to/from rural areas; rural nonfarm jobs, but also urban farm jobs
 - ▶ Dominance of micro- and small firms
 - ▶ Dominance of informal enterprises and jobs
 - ▶ Lagging in technology; fewer skilled jobs
 - ▶ Fewer and less developed business-development public and private services
 - ▶ Highly important gender effects in these labor markets
- ▶ Labor and entrepreneurship policies with distinct metro bias, fail to capture these particular conditions



Research

Entry points - jobs

- ▶ Research questions
 1. What is the structure of labor markets in rural-urban territories?
 2. How do labor markets in rural-urban territories impact differentially on the poor and vulnerable?
 3. What are the differential opportunities and challenges that youth face in labor markets of rural-urban territories?
 4. What are the differential opportunities and challenges that micro, small and medium firms face to create better and more productive jobs in rural-urban territories?
 5. What are appropriate policies and their entry points, to promote
 - ▶ Entrepreneurship and business development?
 - ▶ Creation of better quality and more productive jobs?
 - ▶ Access to better and more productive jobs by young men and women?



Research

Entry points – food systems

- ▶ Ongoing transformation of agrifood systems and value chains
 - ▶ Diet change driven by income and urbanization
 - ▶ The 'supermarket revolution' in retail
 - ▶ A 'quiet revolution' driven by small and medium entrepreneurs in midstream segments of value chain: wholesale, processing, logistics, services to the above and to farm sector



Research

Entry points – food systems

- ▶ Partial and anecdotal evidence that this transformation is differentially distributed between large cities and metro areas vs rural-urban territories
- ▶ Small and medium cities could be playing critical role in the transformation; yet undocumented!
- ▶ Opportunity to support:
 - ▶ Productivity increases and sustainable intensification in farming
 - ▶ Job creation, particularly for youth in the midstream segments and RNFE
 - ▶ Food and nutrition security



Research

Entry points – food systems

- ▶ Research questions
 1. How are rural-urban territories participating in the transformation of agrifood systems and value chains?
 2. What are the characteristics of rural-urban territories that are taking advantage of the transformation of agrifood systems and value chains? What are the characteristics of those that are losing out?
 3. What are the effects of agrifood system and value chain transformation in rural-urban territories, on the poor and vulnerable?
 4. What are the options for alternative food systems in these territories, leveraging rural-urban linkages?
 5. How food consumption patterns have evolved in rural-urban territories, and what are the effects on food security and nutrition?



Research

Governance and delivery of services

- ▶ Two important issues:
 - ▶ Coordination between: levels and sectors of government; several rural and urban governments at local level; public-private at territorial level
 - ▶ Service delivery taking advantage of rural-urban linkages and economies of scale
 - ▶ Public services
 - ▶ Business services
- ▶ Closely linked with component 2 – documenting solutions



Research

Governance and delivery of services

- ▶ Research questions:
 1. What are the networks linking supply and demand of
 - ▶ Public services (PS)?
 - ▶ Business services (BS)?
 2. What is the extent of collaboration in the delivery of PS/BS between local governments in rural-urban territories, and why? In which areas there is more/less collaboration?
 3. What is the political economy of the constraints and incentives to collaboration in the delivery of PS/BS ?
 4. What are politically and fiscally feasible incentives and capacities that could be put in place to enhance collaboration between local governments for the delivery of PS/BS ?



Policy support

Documenting solutions

- ▶ Finding and documenting good practice from around the world
- ▶ Two important issues:
 - ▶ Coordination between: levels and sectors of government; several rural and urban governments at local level; public-private at territorial level
 - ▶ Service delivery taking advantage of rural-urban linkages and economies of scale
 - ▶ Public services
 - ▶ Business services
- ▶ Global competitive calls, with regional partners



Policy support

Supporting decision making

- ▶ Working *with* policy makers and policy managers to support the design and implementation of new or improved policies and programs
- ▶ Policy dialogue and technical assistance
- ▶ Co-funding from program and government partner
- ▶ Core priorities
 - ▶ Mexico
 - ▶ Colombia
 - ▶ Ecuador
 - ▶ Peru
 - ▶ Chile



Communications

- ▶ Built into each main activity
- ▶ Basic common services
 - ▶ Web and social networks
 - ▶ Policy messaging
 - ▶ Supporting high quality technical communications
- ▶ Participation in important international fora and scientific meetings



Monitoring and evaluation

- ▶ Annual progress reports
- ▶ External process and deliverables evaluation every two years
- ▶ Final external evaluation, results, outcomes and perspectives for impact, commissioned by or in coordination with main donors



Governance and Management

- ▶ Regular Rimisp governance system – International Board
- ▶ Annual meeting of core partners
- ▶ Core funding to the program that allows flexible decision-making, based on growing understanding of the issues, previous results, and new opportunities
- ▶ Detailed annual work plans
- ▶ Detailed design notes of each research and policy initiative
- ▶ MoU's between Rimisp and partners in each initiative
- ▶ Coordination of specific initiatives in any component can be delegated to a core partner



Where

▶ **Option 1 – LAC only**

- ▶ Mexico
- ▶ Colombia
- ▶ Ecuador
- ▶ Peru
- ▶ Chile

▶ **Option 2 – a global program**

- ▶ There is value in cross-region sharing and learning
- ▶ Rapid change in urbanization and economic growth, but with wide diversity of levels rates, pc GDP
- ▶ SS-Africa: Burkina Faso, Kenya, Mali, Nigeria, S Africa, Tanzania
- ▶ Asia: China, Bangladesh, Indonesia or Philippines, Vietnam
- ▶ LAC: Chile, Colombia, Ecuador, Mexico, Peru



Coordination team

- ▶ One program coordinator
- ▶ One research coordinator
- ▶ One policy coordinator
- ▶ Three assistants (MSc level)
- ▶ One communications specialist and one assistant

- ▶ Coordinators – distributed across Rimisp country offices?



Budget

- ▶ **LAC only, \$ 6 million**
 - ▶ 5 countries
 - ▶ Two core research initiatives
 - ▶ Two entry points – jobs and food systems
 - ▶ Policy support

- ▶ **Global, \$ 10 million**
 - ▶ 4 LAC countries
 - ▶ 6 countries in Asia and Africa
 - ▶ Two core research initiatives
 - ▶ Two entry points – jobs and food systems
 - ▶ Policy support only in LAC countries

Thank you

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