



---

# CITIES IN RURAL TERRITORIAL DEVELOPMENT

---

Key Aspects of Territorial Development Series



This document is an overview of the research and capacity-building and policy-dialogue activities carried out within the context of the Rural Territorial Dynamics Program (Programa Dinamicas Territoriales Rurales, or DTR, in Spanish). The Program's objective is to contribute to the design and implementation of public policies that encourage and support virtuous circles of economic growth, social inclusion and environmental sustainability in non-metropolitan areas of Latin America. It was coordinated by Rimisp and implemented in collaboration with 52 partner organizations in 11 Latin American countries. This initiative has received financial support from the International Development Research Center (IDRC, Canada), the International Fund for Agricultural Development (IFAD) and the New Zealand Aid Programme.



Rimisp-Latin American Center for Rural Development is a non-profit organization operating since 1986. Its mission is to achieve rural development in the continent. Development is understood as strengthening the capabilities of rural social groups and as the expansion of the liberties of people in the region's rural societies. Rimisp's knowledge contribution supports institutional change, innovation and the strengthening of social actors, to revitalize and transform Latin American rural societies so they become more just and equitable.

**Julio A. Berdegue**, has a Ph. D. in Social Sciences from the University of Wageningen in The Netherlands. In recent years, Dr. Berdegue has been working on issues of territorial development, the relationship between growth and poverty and inequality, and on food-market changes and their impact on micro, small and medium-size agro-rural enterprises. He has been a consultant for several international organizations and member of the team that prepared the 2008 World Development Report on "Agriculture for Development" for the World Bank. Currently, he is the coordinator of the Rural Territorial Dynamics Program at Rimisp.

**M. Francisca Meynard Vivar**, has a B.S. in Geography from the Pontificia Universidad Catolica de Chile, a M.S. in Agricultural Systems and Development Research from the Institut des Regions Chaudes, Montpellier SupAgro, France, and an International Master in Local Rural Development from the Universidad Politecnica in Madrid, Spain. She was part of the Ministry of the Interior's Inter-ministerial Committee on Remote Area Development, and has worked as an environmental consultant, on rural tourism development projects and participatory planning. She's currently working as a consultant for RIMISP.

Partial or total reproduction and the circulation of this document are authorized as long as it is for non-profit purposes and sources are cited.

Citation: Berdegue, Julio A. and M. Francisca Meynard Vivar. (2012). *Las ciudades en el desarrollo territorial rural*. Serie: Claves para el desarrollo territorial. Santiago, Chile: RIMISP-Centro Latinoamericano para el Desarrollo Rural.

# Key Messages

## **Rural-urban territories, which include a city and its rural surroundings, are a growing reality opening up new options for a more socially inclusive economic growth process in Latin America. (Pages. 2 - 4)**

The concentration of populations in large cities has come to a halt. In 2025, no country in Latin America will have more than 50% of its population living in large cities, and in most of these countries the percentage will be lower than 40%. The percentage of people living in remote rural areas will continue to fall, and by 2025 it will be no higher than 30% in any country. On the other hand, the percentage of people living in rural-urban territories will continue to increase. In 2025, between 35% and 65% of the population in Latin American countries will be living in these territories. This phenomenon has already changed the reality of rural societies, even as public policies have yet to follow suit.

## **People, organizations and businesses interact in functional territories. These areas emerge and assume their identities based on the activities carried out by social actors over time. (Pages. 5 - 8)**

A functional territory is a space that contains a high frequency of interactions between its population, organizations and businesses. It's a space in which people live and work. A large percentage of the population living in functional territories was born there. Economic, social, cultural and environmental activities articulate and give cohesion to these areas. Unfortunately, these functional spaces do not closely correlate with State organization and government, which divides them into several municipalities. Rural-urban territories are those that include a small to medium-size city functionally tied to its rural surroundings.

## **Cities offer a set of advantages to the territories to which they belong. They foster economic growth and quicken poverty reduction, even as some inequalities are worsened. (Pages. 9 - 13)**

Rural-urban territories have certain advantages over deep rural areas: more and better services for businesses and people; more employment and a more diversified economy; a greater proportion of economic surplus that has been reinvested, saved and/or spent locally; greater market access for small farmers and other small rural entrepreneurs; more women participating in the labor market; less youth migration; greater human capital and population diversity; stronger ties with other regions and countries; and, greater political power. All of these characteristics translate into more growth and a greater reduction in the poverty rate. However, there's also an increase in income concentration compared to deep rural areas.

## **Gender systems in rural-urban territories are different from those in rural areas. Some gender inequalities are reduced, while others are worsened. (Pages. 14 - 15)**

Remote rural territories tend to push women out, especially young, more-educated women. This trend is not found in rural-urban territories with a medium to large city. Female participation in formal labor markets is significantly greater in rural-urban territories than in deep rural areas. However, gender-based salary discrimination is greater in rural-urban territories.

## **Supporting functional rural-urban territories and their cities is advantageous to the country as a whole. To this end, public policy options can be useful. (Pages. 16 - 17)**

Our public policy recommendations point to strengthening the development and cohesion of rural-urban functional territories; to addressing their current governance shortfalls; to recognizing and supporting the role that small and medium-size cities play in their articulation; and, to confronting the adverse effects their development has on some aspects of equality and social inclusion.

## Rural-urban territories, which include a city and its rural surroundings, are a growing reality opening up new options for a more socially inclusive economic growth process in Latin America.

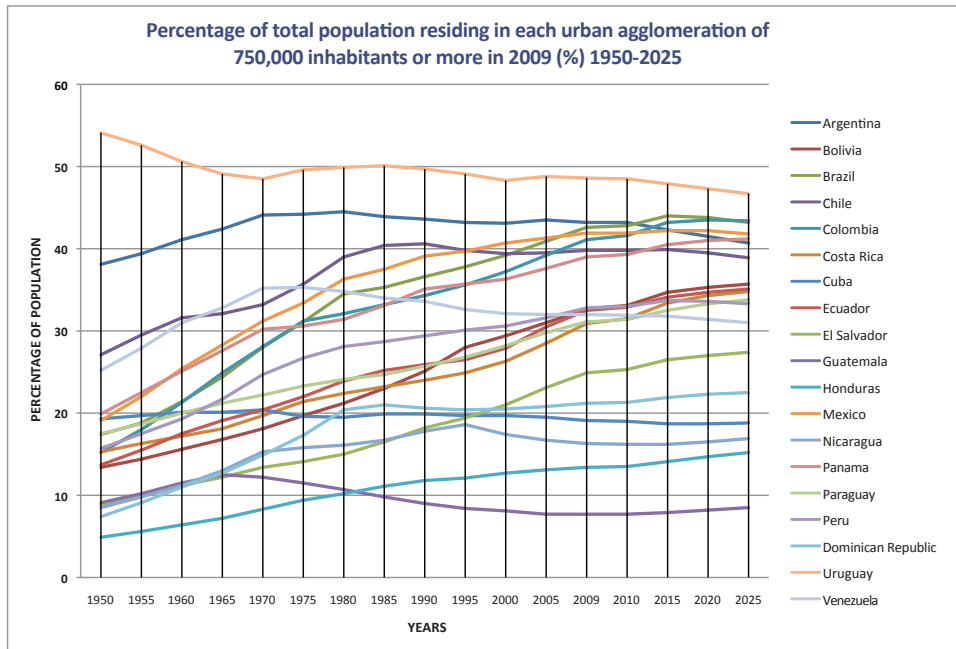


---

Latin America is not a mega-urbanized region. Only 38% of the population in the continent lives in its 79 large urban centers with over 750,000 residents. In Chile, population growth in large cities stalled 20 years ago, and in Mexico, this happened a short time later. In Uruguay, Argentina, Venezuela, Guatemala and Cuba, population growth in large cities stopped 40 or more years ago.

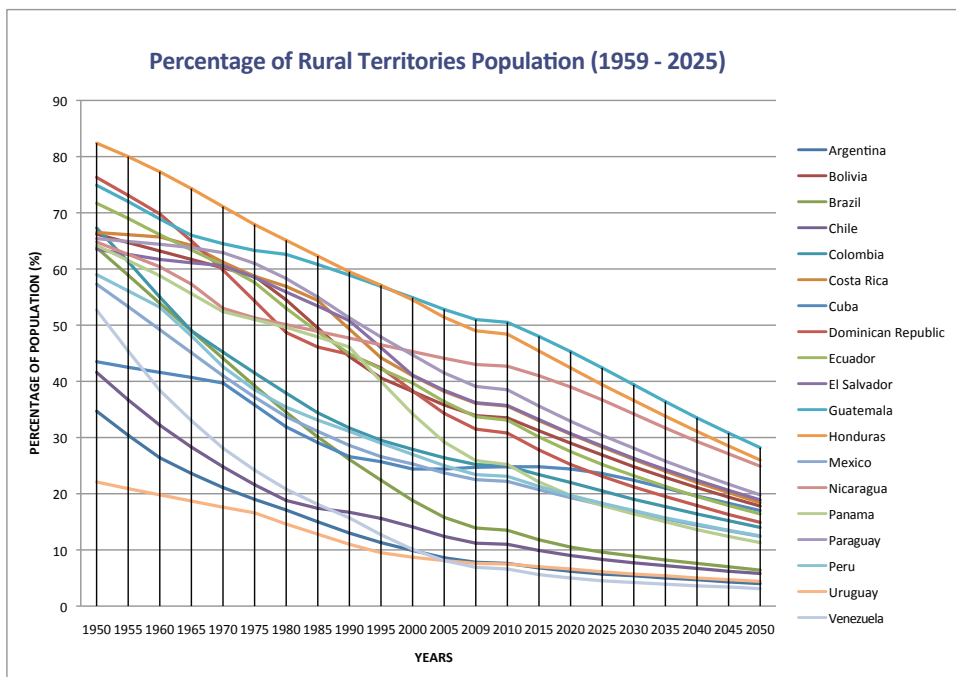
---

- Around 1970, many countries started experiencing slower population growth in large cities (with over 750,000 residents), and some countries even saw a decrease in the percentage of people living in these large urban centers. This trend has been observed in such diverse countries as Uruguay, Argentina, Chile, the Dominican Republic, Guatemala, Venezuela and Nicaragua. Projections for the next 20 years predict a stabilization of population concentrations in these large cities; depending on the country, 10% to 50% of the population will live in large cities. Deep rural areas, on the other hand, have shown a continuous decrease in population in the past several decades, and today, 3% to 30% of the country's total population can be found in these areas. Projections for the next several years predict this trend to continue.
- The concept of "rural" has changed. Long ago, Latin American rural societies stopped being what most people and most public policy makers understand as "rural": a space in which disperse populations, with few services, relatively isolated and remote, live "in the countryside" practicing agricultural and other basic activities. While this **deep rurality** is less and less significant, is also overrepresented in the discourse and practice of governmental and non-governmental actors who work on rural development.
- Today, every rural area depends on urban centers for the provision of a set of basic goods and services. Often, this relationship is created between a rural area and a relatively distant city. In other instances, there are rural-urban territories in which a small to medium-size city is closely tied to a rural area in part due to their geographic proximity, but mostly due to economic, social, cultural and environmental functionalities.
- The space between the deep rural world and large metropolitan cities, a space occupied by **rural-urban territories**, has been expanding strongly for years. Depending on the country, 35% to 65% of the population already lives in these rural-urban spaces and projections expect an increase in the foreseeable future.
- It is in these rural-urban territories where Latin American rural development comes to play, as it is there that we need to achieve a large portion of poverty-reduction goals and implement efforts for a more inclusive society.



Source: World Urbanization Prospects: The 2009 Revision Population Database. United Nations. Population Division.

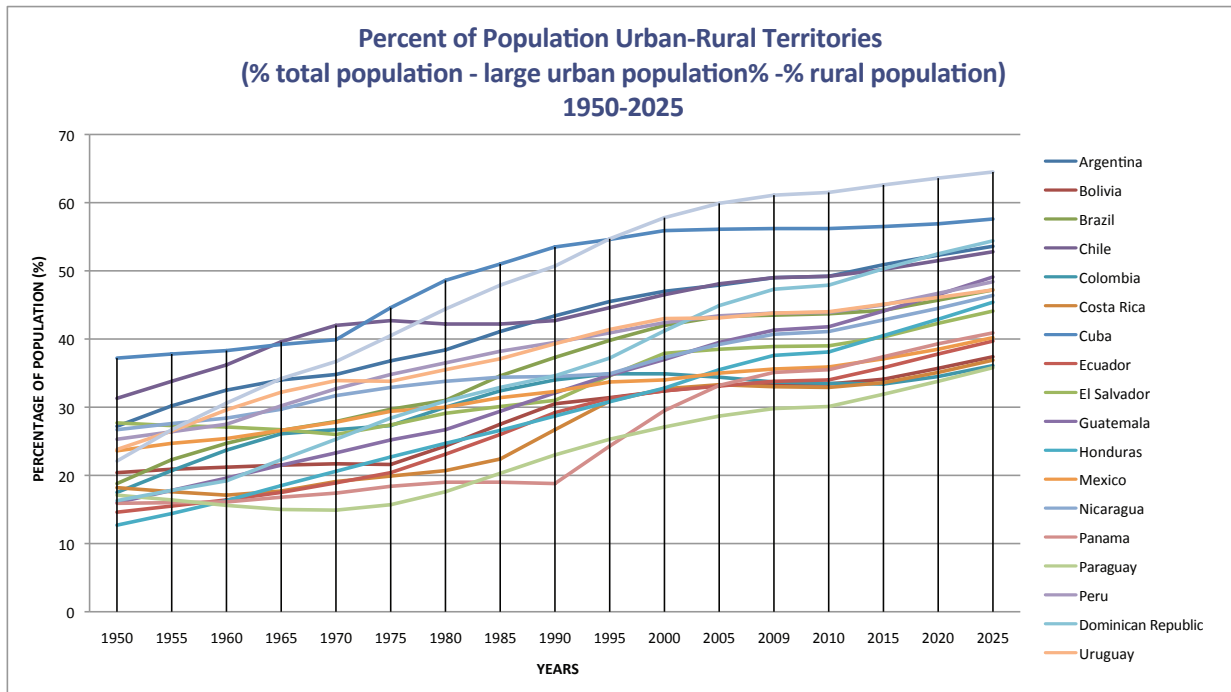
Guatemala is the country with the greatest percentage of people living in deep rural areas, and the only one in 2010 that surpassed the 50% mark, even as a strong decreasing trend could be observed. In Chile, Mexico and Colombia, the percentage of the population living in deep rural areas is only 6%, 7% and 17%, respectively.



Source: World Urbanization Prospects: The 2009 Revision Population Database. United Nations. Population Division.

In Nicaragua, 1.7 million people live in rural communities with less than a thousand residents, and another million in Managua, which means that more than half of the total population lives in small and medium-size cities and towns.

In Colombia, according to the rural-urban dichotomic perspective, 26% of the population would be considered rural. If we use the rural-urban gradient concept, then 62% of the population lives in territories with a degree of rural significance, but in which small and medium-size cities are also important.



Source: World Urbanization Prospects: The 2009 Revision Population Database. United Nations. Population Division.

In Paraguay, 30% of the population lives in rural-urban territories, making it the country with the lowest concentration of people living in these areas. Venezuela, on the other hand, is the country with the highest concentration of people living in this type of territories, with over 60%. Cuba, Argentina, the Dominican Republic and Nicaragua are also examples of countries with a high concentration of people living in rural-urban territories.

- These rural-urban territories are made invisible by official census definitions on what constitutes the urban and the rural, definitions that make the “city” of Chiquilistlan, Jalisco, for example,

conceptually equivalent to Mexico City. This leads to big and costly mistakes when designing development strategies and public policies.



## People, organizations and businesses operate in functional territories. These areas emerge and assume their identities based on the lives and specific activities carried out by social actors over time.



---

Despite the mistaken perception that large numbers of people are migrating to big cities, the reality is that approximately 90% of the population in Mexico, for example, was born in the same functional territory in which it lives, and in Chile that number is closer to 70%.

---

---

In Mexico, functional rural-urban territories include 59.8% of the total number of municipalities. In Colombia, that number is 51%, while in Chile is 54%.

---

- The State is organized to govern a territory through municipalities, districts, provinces, departments and states. These politico-administrative units are significant; however, in Latin America, few people realize their private and social lives within the limits set by these official structures. The same is true with organizations and businesses, whose activities almost always transcend the limits set by the space's administrative division.

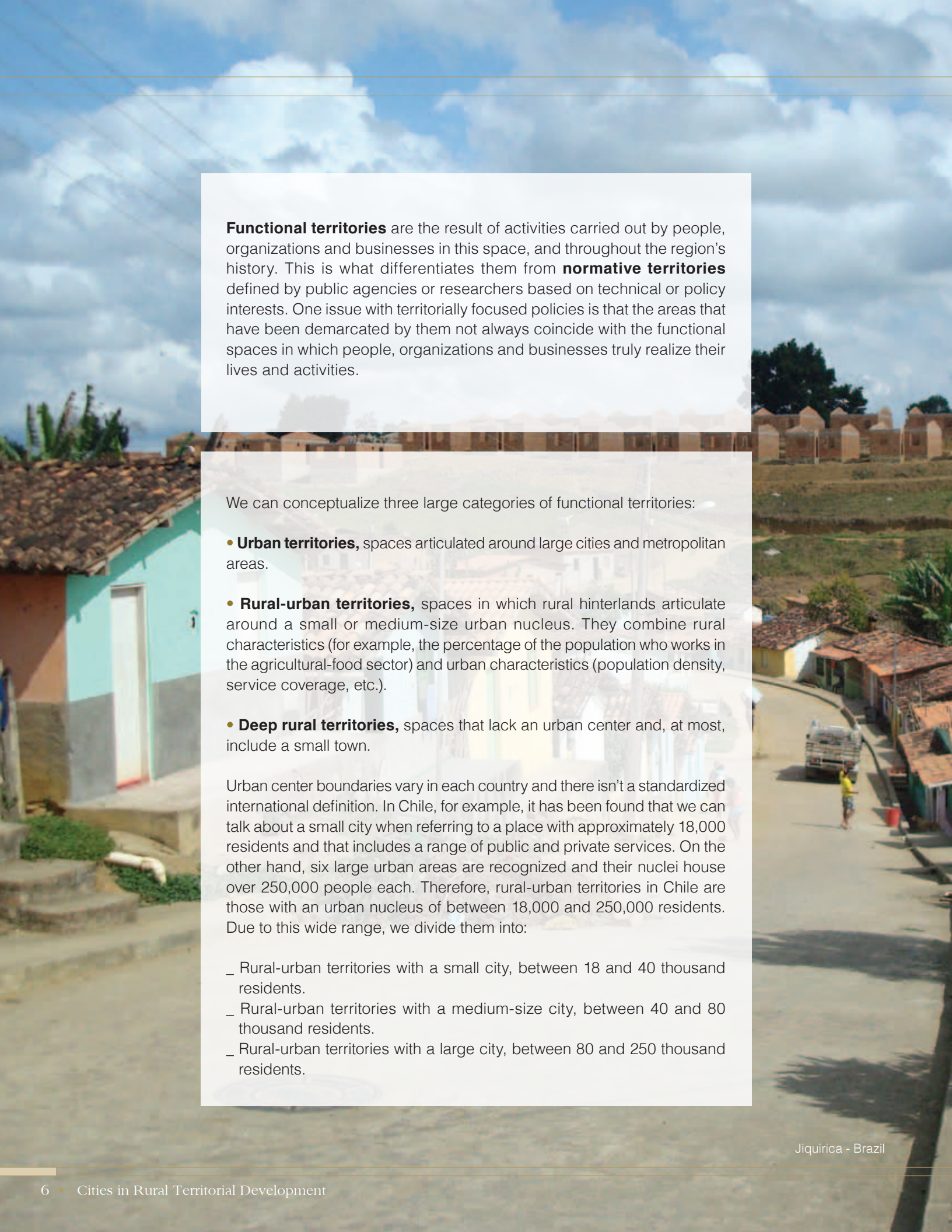
- People, organizations and businesses operate in larger spaces that we call **functional territories**. These are not the result of laws or decrees or of zoning exercises made by some government department or technical institute; they are social constructs, or spaces that emerge and gain an identity based on the lives and specific activities carried out by social actors over time. A functional territory is a space that contains a high frequency of interactions among its population, organizations and businesses. They are relatively self-contained spaces in which people live and work. Moreover, our research indicates that a large number of the population in these functional territories was born within them.

- The functions that articulate and give cohesion to these territories are based on different factors, including labor markets, goods and services markets, social networks, ecosystems and

environmental services, communication and transportation networks and services, public service spaces created by the politico-administrative organization of the State and, in some cases, local government institutions. The interactions that take place in these areas require and are aided by infrastructures that allow movement and communication among people and organizations and the exchange of goods and services.

- The integration of these economic, social, cultural and environmental spaces does not have the necessary correlation with State organization and government. Citizens, organizations and businesses operate in a larger space, but said area usually is subdivided into two or more municipalities often acting with serious lack of coordination. The territorial zoning created by service providers and governmental organizations is often based on their needs and interests rather than on the spaces around which social life is organized.

- In rural-urban territories with more than two municipalities, it often happens that one of them, the one with the urban center, starts to attract people, public and private services, economic activity, etc. In practice, a functional hierarchical organization of the territory is established, but, again, the territorial organization imposed by the State is blind to this fact.



**Functional territories** are the result of activities carried out by people, organizations and businesses in this space, and throughout the region's history. This is what differentiates them from **normative territories** defined by public agencies or researchers based on technical or policy interests. One issue with territorially focused policies is that the areas that have been demarcated by them not always coincide with the functional spaces in which people, organizations and businesses truly realize their lives and activities.

We can conceptualize three large categories of functional territories:

- **Urban territories**, spaces articulated around large cities and metropolitan areas.
- **Rural-urban territories**, spaces in which rural hinterlands articulate around a small or medium-size urban nucleus. They combine rural characteristics (for example, the percentage of the population who works in the agricultural-food sector) and urban characteristics (population density, service coverage, etc.).
- **Deep rural territories**, spaces that lack an urban center and, at most, include a small town.

Urban center boundaries vary in each country and there isn't a standardized international definition. In Chile, for example, it has been found that we can talk about a small city when referring to a place with approximately 18,000 residents and that includes a range of public and private services. On the other hand, six large urban areas are recognized and their nuclei house over 250,000 people each. Therefore, rural-urban territories in Chile are those with an urban nucleus of between 18,000 and 250,000 residents. Due to this wide range, we divide them into:

- \_ Rural-urban territories with a small city, between 18 and 40 thousand residents.
- \_ Rural-urban territories with a medium-size city, between 40 and 80 thousand residents.
- \_ Rural-urban territories with a large city, between 80 and 250 thousand residents.





Mexico has 399 functional rural-urban territories. Of these, 64% are territories with a small city, 20% have a medium-size city, and 17% are organized around a large city.

**Ciudad Serdan**, in the state of Puebla, is a small urban center (with 20,000 residents) in a rural-urban territory. Here, industrial activity is concentrated around a variety of sectors: food products, leather, wood artifacts and furniture, metal smelting and manufacturing of metal products, water and gas purification and supply, as well as *maquiladoras* for sweater and clothing production and shoemaking shops. The city also houses businesses offering graphic design services, prefabricated concrete parts for the building industry, and soft drink and flour production



Colombia has 68 functional rural-urban territories. Of these, 54% are territories with a small city, 32% have a medium-size city, and 13% organize around a relatively large city.

**Duitama** is a rural-urban territory with a medium-size city (92,000 residents). This territory is known as the “crossroads” because it connects several important cities from various departments, generating opportunities for businesspeople to stay in the region. This has led to the emergence of micro and small urban enterprises. The main economic sector is freight transport, including the transportation of food, livestock, metals and other commercial goods. Local city government is fairly active in promoting key public-private partnerships. There’s a strong presence of social organizations, especially urban actors doing social and environmental work, although some also work on fostering production in micro and small agro-rural enterprises. The city has educational institutions at the technical and university levels that allow youth in the territory to receive training due to the city’s proximity to its rural surroundings. These educational opportunities also produce a skilled workforce. Young people who leave to study in other universities usually come back to work in the territory.



Chile has 43 rural-urban territories whose primary characteristic is that each one includes a main city with two or more rural municipalities around it. These territories group 183 municipalities, and 38% of the total population. Rural-urban territories that include cities with 40,000 to 250,000 residents had the largest population increase between 1992 and 2002.

**Santa Cruz** is one rural-urban territory with a small city. This urban center has been a key factor for the development of tourism associated with its rural cultural heritage and wine production (Circuito del Vino). The city’s presence has attracted qualified wine-production professionals and has had an effect on the growth of commerce and tourism-related services. Fifty percent of workers in 450 businesses in the city are rural residents. Although this small city doesn’t offer sophisticated goods and services to the wine-production industry, it does house a viticultural technical center connected to a university.



Chiloe - Chile

**Table 1: Overview of functional territory distribution in Chile, Colombia and Mexico.**

Type of Territory	Number of Territories			Percentage of Municipalities			Population Percentage			Population Range in the Urban Center (In thousands)		
	CHI	COL	MEX	CHI	COL	MEX	CHI	COL	MEX	CHI	COL	MEX
Rural Territories	54	350	554	24	55	27	6	17	7	<18	<20	<2,5
Rural-urban Territories with a Small City	17	37	254	15	12	32	7	7	14	18-40	20-50	2,5-22,5
Rural-urban Territories with a Medium-size City	12	22	78	15	9	11	10	8	9	40-80	50-100	22,5-50
Rural-urban Territories with a Large City	14	9	67	24	4	17	20	6	20	80-250	100-250	50-250
Urban Territories and Metropolitan Areas	6	20	33	23	20	13	56	62	50	>250	>250	>250

Source: Based on Jara et al, 2012.

# Cities offer a set of advantages to the territories to which they belong. They foster economic growth and quicken poverty reduction, even as some inequalities are worsened.

- There are social, economic and political gradients between the most rural of territories and the metropolitan areas. It isn't the same for a person to be born, live, work, go to school and get organized in a rural and almost-always agricultural society with 5,000 residents than to do these things in one of 50,000 or 150,000 people. Indeed, it's not the same for women. It's also not the same for a small or medium-size business to be located in one or another type of territory.

- The influence of these urban centers over territorial dynamics is exerted due to certain characteristics and economic, social or political processes. These attributes that the territory possesses due to the city's presence within its boundaries offer a comparative advantage, in terms of its ability to grow and reduce poverty, as compared to rural territories without a city.

- Territories with a city have a more diversified economy. Cities are the substrates that allow the emergence of new types of productive structures, a key element in attaining growth that is more socially inclusive.

- Cities offer final markets for many producers and entrepreneurs (especially for micro and small enterprises) that lack the resources and capacity to get to larger cities and bigger markets.

- Cities are centers in which specialized services for territorially based businesses

emerge and operate. The degree of specialization and sophistication of these services clearly depends on the size of the urban center. Therefore, in small urban areas, services can be relatively basic but clearly different from a territory without a city (for example, bank branches, metal-mechanical shops, legal and accounting services and improved Internet connectivity).

- Cities in rural-urban territories offer larger and more diversified labor markets that provide employment and income generating opportunities to a variety of people and households possessing different assets and having different expectations, preferences and goals. Rural cities are the primary providers of non-agricultural rural employment.

- Small and medium-size cities in rural territories have proven to be a decisive factor in reducing the number of unmet basic needs among rural people living in poverty, offering more and improved personal services: education, healthcare, electricity, childcare and early childhood education, water and sewage, Internet connectivity, recreation, etc.

- Rural territories with a city will have more human capital, and this is favorable for economic growth and poverty and inequality reduction.

- Cities in these types of territories create a better environment for innovation, attracting to and retaining in the territory organizations (agencies,

---

Territorial economy in all countries is increasingly more diversified as we move toward the urban end of the rural-urban gradient. A measure of economic diversification is only 35% in the most rural regions of Mexico, while it reaches 90% in the urban areas.

---

---

In Chile, the effect of a city of 80,000 to 250,000 residents on average per capita income in a rural-urban territory is twice as large as the effect of a city with 18,000 to 40,000 residents.

---

---

In 2005 in Colombia, residents in rural-urban territories with a small city had an average of 4.6 years of education. This number increases to 5.3 in rural-urban territories with a medium-size city.

---

research centers, technical and higher-education institutions, etc.) and people (professionals and skilled workers, intellectuals, artists, etc.) that increase their capacity to innovate. Furthermore, they facilitate contact and interaction among a variety of social networks, including territorially based rural and urban networks as well as extraterritorial ones. Finally, population density and some of the services provided allow a higher frequency of interaction among actors directly or indirectly involved in the innovation process.

- Cities benefit the connectivity and ties to regional, national and global processes. Cities are hubs that connect territories and rural regions with economic, cultural and political dynamics.

- When a territory includes a city, it increases its ability to retain and reinvest a greater percentage of the local economy's surplus, as compared to a remote rural territory where the population or businesses must go to a far-away city to buy, sell, study, hire services and skilled workers, get loans or open a savings account, etc.

- A rural territory with a city will be more socially diverse. This diversity includes intellectuals, cultural agents, managers, union leaders, environmentalists from NGOs, manufacturing professionals, journalists, businesspeople, bureaucrats, blue-collar workers, trained technicians, etc. This social diversity translates into the creation of organizations, networks, interest

---

By 1990 in Mexico the average availability of electricity was around 60% in dispersed rural territories, while in territories with a small city the availability was of 80%.

---



groups and social and political coalitions vastly different from those formed when actors have a mostly agricultural background. This diversity of actors and organizations and forms of collective action also aids in formulating development visions and agendas that differ from those usually expressed in remote rural areas.

- The presence of a city within a territory contributes to a decrease in youth migration rates to large cities. This effect is weaker in rural-urban territories with smaller cities and varies according to the level of education among young people.

- Women who live in rural-urban territories have a much higher rate of participation in the labor market compared to remote rural territories. This is especially true among women with higher education.

- A rural territory with a city will tend to have greater political power than one without a city. Cities in rural-urban territories increase a region's contact with political figures: senators, representatives, mayors and councilmembers, party chiefs, etc. This provides an advantage to negotiate and secure investment, special projects or programs with more territorial relevance.

- In some countries we have found that small and medium-size rural cities offer shelter and greater relative security to residents of rural areas affected by violence and insecurity.

**The effects of cities on socially inclusive growth are different among the countries examined for this study. Nevertheless, the presence of a city in a territory clearly results in poverty reduction due to a growth effect that more than compensates for an increase in income concentration. These effects tend to be greater the larger the city, to the point that there could be size thresholds under which changes derived from the existence of an urban center can't be perceived.**

In Chile and in Colombia, cities in rural-urban territories are clearly associated with a greater capacity of the territory's economy to grow. This is accompanied by an increase in inequality in income distribution, even though this inequality is clearly less than what's observed in larger cities. However, the growth effect is greater than the adverse effect on income distribution, so that the net impact on the poverty rate of these territories is favorable.

In Mexico, results derived from statistical analysis are less clear regarding average income and its distribution. One possible explanation (that must be verified) is that large cash transfer government programs that benefit rural sectors with the highest poverty, and that have been operating for over a decade, have caused an increase in income for people living in these rural sectors that is similar to the increase in income of people living in cities. What is clear, however, is that cities are associated with a decrease (large and statistically significant) in poverty.

**Table 2: Overview of the effects of cities on territorial dynamics.**

Effects on Changes	Income / expenditure per capita			Concentration of Income (Gini)			Poverty (Net effect)		
	Chile	Colombia	Mexico	Chile	Colombia	Mexico	Chile	Colombia	Mexico
Country									
Territories with a Small City	Positive	No sig.	No sig.	Positive	Positive	No sig.	No sig.	No sig.	Positive
Territories with a Medium-size City	Positive	Positive	No sig.	Positive	Positive	No sig.	Negative	Negative	Negative
Territories with a Large City	Positive	Positive	No sig.	Positive	No sig.	No sig.	Negative	Negative	Negative
Territories with Metropolis	Positive	Positive	No sig.	Positive	Positive	No sig.	Negative	Negative	Negative

Source: Based on Jara et al, 2012.

**Table 3: Mechanisms through which cities have an impact on changes in income or expenditures, poverty rate and income/consumption distribution.**

Channels	Variables	Country	Effect on Income/Expenses	Effecto on Inequality	Net effect In Poverty
Access to specialized services	Population in consulting, TI and research	Chile	Increases	No sig.	Reduce
	Percentage of population with access to credit	Mexico	No sig.	No sig.	No sig.
Connectivity	Fixed telephony coverage in homes	Chile	No sig.	Reduce	No sig.
Productive Diversity	Economic diversity (Herfindahl Sectorial Index)	Chile	Increases	No sig.	No sig.
		Mexico	No sig.	No sig.	No sig.
	PEA in the secondary and tertiary sectors	Colombia	Increases	Increases	Reduce*
Public Investment	Reduction of sewerage coverage gap urban-rural	Chile	Increases	No sig.	Reduce
	Reducing the gap urban-rural electric power	Colombia	Increases	No sig.	Reduce
	Households with access to electricity	Mexico	No sig.	Reduce	Reduce
Social Diversity	Workplace diversity (Herfindahl Index by job category)	Chile	Increases	No sig.	Reduce
		Mexico	No sig.	No sig.	No sig.
	Workers Participation in the PEA	Colombia	Increases	Increases	Reduce*
Human Capital	Average Schooling	Chile	No sig.	No sig.	No sig.
		Mexico	Increases	No sig.	No sig.
	Professionals and technicians in the population	Mexico	Reduce	Reduce	Reduce
	University students in the population	Mexico	No sig.	Increases	Increases
	Population with Higher Education	Colombia	Increases	Increases	No sig.
Gender	Reducing the Gap Male-Female Employment	Chile	No sig.	Increases	Increases
		Mexico	Increases	Increases	Increases
		Colombia	Reduce	Reduce	No sig.
Jurisdiction Policy	Voting the winning candidate	Colombia	Reduce	Reduce	No sig.

\*Significant at 11%;

Source: Based on Jara et al, 2012.



**Ambato - Tungurahua, Ecuador:** The city of Ambato (154,000 residents), in Tungurahua, Ecuador, houses a wide network of local and regional markets that energize and articulate territorial economic and productive activity. This regional market encouraged economic diversification in the surrounding territory. The small and medium business actors that emerged fostered by this productive and commercial network gained power and capacities and are the main social and political actors in the territory.



**Jiquirica Valley, Brazil:** The cities of Santo Antonio de Jesus (89,000 residents), Jequie (150,000 residents), Amargosa (21,000 residents) and Jaguaquara (35,000 residents), in the Jiquirica territory, in Bahia, Brazil, provide basic public services but also others more specialized (such as administrative, financial, higher-education and more-sophisticated commercial services). These cities house agricultural markets (plantain, manioc, fruits and vegetables) and also the intermediaries who articulate with larger markets. Large and more successful small farmers invest their surplus in the city (in commercial, transportation, and retail services, among others).



**Loja (Corn and Coffee Zone), Ecuador:** For many years, the city of Cariamanga (11,000 residents) in Loja, Ecuador has played a role in agricultural and livestock production. It houses businesses that provide goods and services to the agricultural sector; it links the territory with commercial networks in Cuenca, Guayaquil and Peru. The city's financial institutions (using social economy organizations first and conventional financial systems later) have allowed it to capture a portion of the remittances and redirect that capital into transforming the coffee market. This capital-injection mechanism has been critical to the creation of a new coalition of actors associated with organic coffee production and niche markets and displaced old coffee producers that had dominated the local market.



**Chiloe Central:** Castro (29,000 residents) is the functional center of a group of comunas within the territory of Central Chiloe, in Chile. This city plays an important role in the salmon industry, housing a large portion of its workers and serving as a hub for public and private services for them and the rest of the population. These services allow salmon-related enterprises to attract technical teams and skilled workers. Castro also serves as the place where hundreds of businesses associated with the salmon industry settle, providing goods and services to commercial salmon fisheries.



## Gender systems in rural-urban territories are different from those in rural areas. Some gender inequalities are reduced, while others are worsened.



---

In 2005 in Colombia, the percentage of the male population (51%) was greater than the female population (49%) in dispersed rural territories, while in territories with a city the proportion of men to women was very similar.

---

---

In Chile, women represent only 48% of the population in remote rural areas and men represent 52%. On the other hand, in metropolitan areas, this proportion is reversed with 48% of the population being male and 52%, female. The percentages are almost equal at 50% in rural-urban territories with medium to large cities.

---

- Remote rural territories tend to push women out, especially those with more education. This trend is not seen in rural-urban territories, even in those with cities that are not very large.

- In Chile and Colombia's rural territories without a city, we found evidence of women with technical or professional training occupying a larger percentage of jobs with higher responsibility in local municipal government and public service organizations. This trend does not extend to publicly elected posts, category in which women are an unquestionable minority.

- Women's participation in formal labor markets is significantly higher in rural-urban territories than in rural areas without a city. Urban centers in rural-urban

territories facilitate the inclusion of women to urban work due in part to the availability of public services such as childcare and early childhood education centers, and also because shorter distances allow women to work close to home. Rural women who wish to work outside the home depend, almost exclusively, on supportive family networks. It is worth noting that these facilities reinforce unequal gender distribution of housework and childcare tasks.

- In two of the three countries studied in depth (Chile and Colombia) we found significant evidence of salary discrimination, as well as limitations for women in getting the highest-paid jobs in private companies. Due to these factors, greater female participation in the



workforce of rural-urban territories does not mean better income distribution, although it does result in poverty reduction.

- Rural-urban territories that have gone through a process of productive transformation often experience rapid growth in female participation in the workforce. Besides general growth in employment due to this productive transformation, new economic activities often include many that are culturally associated to female labor. In rural-urban territories the tendency to find a large proportion of female workers in the service and manufacturing sectors is reinforced.

- Men usually fill agricultural jobs, and we can't find examples of territories in which women participate in large numbers in salaried agricultural activities all year long. Giving women a permanent job in agricultural or agro-industrial activities creates additional costs for companies: long pregnancy leaves, childcare facilities if the number of employed women is higher than what is allowed by law, separate bathroom facilities for men and women, etc.

- There are some rural territories characterized by very labor-intensive agriculture, and by a massive participation of women in seasonal agricultural labor. Income from this seasonal, intensive and backbreaking work sometimes is considered by women workers as enough to sustain them all year.



---

In 1990 in Mexico's remote rural areas there was one woman for every 10 men in the labor force. This proportion increases slightly as we move to more urban territories: 2.5 women for every 10 employed men in rural-urban territories with a small city; 3.5 women for every 10 men in rural-urban territories with a medium-size city; and, 4 women for every 10 employed men in rural-urban territories with a large city and urban territories.

---

---

In Chile, the male participation rate is almost the same at around 40% regardless of the type of territory. Women, conversely, follow a strong gradient, with their participation rate hovering around 15% in rural territories and around 25% in rural-urban territories with a large city.

---

## Supporting functional rural-urban territories and their cities is advantageous to the country as a whole. To this end, public policy options can be useful.



- The existence of a number of rural-urban territories where a significant portion of the population resides and where an important part of the economic, social, cultural and political activity of a country is concentrated represents a development opportunity until now not sufficiently exploited. Latin American countries suffer the costs and consequences of metropolitan biases in many public policies, as well as in the practices of large private companies. Encouraging and supporting the development of rural-urban territories, and the intermediate cities that articulate them, can be a more effective strategy rather than hindering growth in large metropolitan areas through administrative or legal means. To achieve this objective, we offer the following options:

- Countries should recognize in their programs the existence of functional territories. This means they should implement strategies and policies to: give them visibility in the public agenda and political discourse; get well acquainted with their potentialities and limitations; support investments that strengthen functional ties and territorial cohesion; and, recognize –in their criteria for assigning investments– the differentiated role played in the various dimensions of development by cities and municipalities at the center of functional territories versus the role played by those in the periphery.

- People, organizations and businesses operate in functional territories that include several municipalities. This economic, social, cultural and environmental functionality doesn't have a political counterpart because the territory usually is divided into several local governments, often working without coordination. This creates governance and efficiency issues in public administration, as well as costs and lost opportunities for people, organizations and companies. Faced by the political impossibility of reconfiguring existing municipalities, the remaining option is to politically, legally and financially foster various types of municipal organizations. It's critical that this goes beyond a few specific inter-municipal projects, in order to have an increasing number of associations generating development strategies, deciding together on the type and location of strategic investment for the territory as a whole, opening up spaces for citizen participation at the inter-municipal level, and having a political voice and presence as such and not only as individual municipalities. There is ample room here for policy experimentation and to stimulate collective learning.

- There are three priority areas in which public investment must be strengthened in order to support the development of small and medium-size cities that articulate rural-urban territories: (a) facilitate physical and virtual connectivity and the flow of people and goods between the urban center and its rural surroundings inside each territory, and between its city and other larger cities; (b) facilitate the development of businesses and organizations providing more sophisticated and knowledge-intensive services that support the main economic activities of its rural environment; (c) invest on quality and increasingly sophisticated public and private services (including amenities), key variables in attracting and retaining human capital in rural-urban territories.

- There is a displacement of the axis of rural transformation from the countryside, agriculture and farmers to intermediate cities, diversified economies and social actors in these urban centers. This is true even for modernization processes in agriculture. The implication here is that rural development policies, and even agricultural development policies, need to be based and be the expression of new social coalitions that will certainly include farmers and agriculture, but must not be limited nor captured by them. In this way, a new governance structure for rural and agricultural development will emerge.
- By itself, growth in rural-urban territories and the cities that articulate them will deepen some inequalities in Latin America, particularly income disparity and some dimensions of gender inequality. Policies to encourage growth in rural-urban territories and intermediate cities must include objectives and mechanisms to mitigate and compensate for these effects, with an emphasis on policies to avoid income discrimination and other disparities for working women.

### Additional readings

Berdegue, Julio A., Esteban Jara, Felix Modrego, Ximena Sanclemente and Alexander Schejtman. (2010). *Ciudades rurales de Chile*. Working Paper N° 61. Rural Territorial Dynamics Program. Santiago, Chile: Rimisp.

Berdegue, Julio A., Benjamin Jara, Ricardo Fuentealba, Jaime Toha, Felix Modrego, Alexander Schejtman and Naim Bro. (2011). *Territorios funcionales en Chile*. Working Paper N° 102. Rural Territorial Dynamics Program. Santiago, Chile: Rimisp.

Carriazo, Fernando and Monica Reyes. (2012a). *Territorios funcionales: un análisis del gradiente rural-urbano para Colombia*. Project Report: Rural Cities and Territories. Rural Territorial Dynamics Program. Colombia: Universidad de los Andes, Rimisp.

Carriazo, Fernando and Monica Reyes. (2012b). *Núcleos urbanos y dinámicas de pobreza en territorios urbanos-rurales de Colombia*. Project Report: Rural Cities and Territories. Rural Territorial Dynamics Program. Colombia: Universidad de los Andes, Rimisp.

Jara, Benjamin; Felix Modrego and Julio A. Berdegue. (2012). *Ciudades, territorios y crecimiento inclusivo en Chile*. Project Report: Rural Cities and Territories. Rural Territorial Dynamics Program. Santiago, Chile: Rimisp.

Schejtman, A. (1999). *Las dimensiones urbanas en el desarrollo rural*. Revista de la CEPAL 67. Santiago, Chile: CEPAL.

Serrano Cote, Valeria, Isidro Soloaga and Antonio Yunez-Naude. (2012). *Ciudades y territorios rurales. El caso de México*. Project Report: Rural Cities and Territories. Rural Territorial Dynamics Program. Mexico: Rimisp.

Serrano Cote, Valeria, Isidro Soloaga and Antonio Yunez-Naude. (2011). *Territorios funcionales en México*. Project Report: Rural Cities and Territories. Rural Territorial Dynamics Program. Mexico: Rimisp.

### Photo Credits.

Front cover: Google Earth  
 Page 1: Manoel Marquez, Rimisp  
 Page 2: Raul Hernandez Asensio, IEP - Peru  
 Pages 4, 5, 15: Neil Palmer, CIAT  
 Pages 6, 7, 8, 13, 15 y 16: Rimisp

Page 7: Alvaro Espinel-Panoramio;  
 Paul James Campbell - Flickr  
 Page 10: Ilana Nussbaum  
 Page 13: Columbus GV Team - Flickr  
 Page 14: Susan Beccio - IFAD

---

**The project Cities and Territories was implemented in Colombia (Universidad de Los Andes), Mexico (Colegio de Mexico) and Chile (Rimisp).**

**Rimisp-Centro Latinoamericano para el Desarrollo Rural  
Programa Dinámicas Territoriales Rurales  
Casilla 228-22. Santiago, Chile  
Tel + (56-2) 236 45 57 Fax + (56-2) 236 45 58  
rimisp@rimisp.org**

**For additional information:  
[www.rimisp.org/dtr](http://www.rimisp.org/dtr)**

---

English Translator: Alejandra Castaneda  
English editor: Barbara Fraser  
Design & Layout: Okio - Karina Gonzalez