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Policy pointers

There are now more consumers than producers of food: the majority of the world's population lives in urban centres and farming accounts for a declining proportion of rural households' income.

The linkages between rural and urban areas, people and enterprises have become more intensive, both across space and across sectors — agriculture, industry and services — with important implications for food systems.

Small towns are a crucial connection in rural-urban linkages and reflect bottom-up urbanisation of rural regions that combine a diversified economic base with access and links to wider markets.

Local governance is key, and is best supported by the understanding of the spatial impacts of macro policies and sectoral priorities, a better recognition of context-specific factors, and an appropriate fiscal and financial architecture.

Why small towns matter: urbanisation, rural transformations and food security

The multiple and complex interconnections between rural and urban spaces, people and enterprises and how these affect poverty and food insecurity are all too often overlooked. Small towns are an important but often neglected element of rural landscapes and food systems. They perform several essential functions, from market nodes for food producers and processors to providers of services, goods and non-farm employment to their own population and that of their surrounding rural region. They are also home to about half the world's urban population and are projected to absorb much of its growth in the next decades. Such is their importance that they cannot and should no longer be ignored by policies concerned with poverty reduction, and food and nutrition security.

How we frame food security and nutrition has changed

From an overwhelming concern with food quantity, there is now a growing concern with quality, and with access to food and its utilisation. There are several reasons for this shift. The first is that while the absolute number of hungry people has declined in recent years, we are now facing a crisis of malnutrition with growing numbers of overweight and obese individuals and, often within the same household, a high proportion of malnourished children.¹ This nutrition transition goes hand in hand with the urban transition. The majority of the world's population now lives in urban areas and is made up of food consumers rather than producers. By 2025, projections suggest that there will be close to three urban dwellers for every two rural dwellers.²

At the same time, while it is often assumed that rural dwellers are able to rely on subsistence food production and so are less likely to go hungry than the urban poor, this is less and less true. The growing proportion of rural net-food buyers was

badly affected by food price hikes in 2008. For the rural poor as well as the urban poor, income poverty is the root cause of hunger. Income-generating activities in rural areas are becoming increasingly important for poverty reduction.

As we change the ways we frame food security and nutrition, small towns take a central role in food systems. They do this by acting as market nodes linking food producers to urban consumers and where this is accompanied by processing and other value-adding activities they also provide non-farm employment opportunities. In turn, this supports the strengthening of the local economy through diversification, and income generation for marginalised and vulnerable rural groups.

What do we mean by 'small towns'?

The renewed interest in small urban centres comes in part from the recognition that in many countries a significant and often growing proportion of the urban population lives in urban centres other than large cities. About half the world's urban population lives in urban centres

with less than 500,000, and in many cases just a few thousand, inhabitants. But such a broad category is unlikely to provide sufficiently detailed information on the demographic and

socioeconomic functions of smaller centres.

A recent United Cities and Local Governments (UCLG) report examines the proportion of the world's population estimated to live in three

categories of urban centres: metropolitan areas, intermediary cities and small towns with up to 50,000 residents.³ While overall 20 per cent of the world's urban population lives in small towns, there are considerable variations between and within regions. For example, the average for Africa is 26.4 per cent, but it hides major differences between East and West Africa, where around 30 per cent of the urban population lives in small towns, and Central Africa where this proportion is only 12.7 per cent. High-income regions also show marked differences, for example between Europe — with a higher than average proportion of urban residents living in small towns — and North America, with only just over 10 per cent.

Small towns act as market nodes linking food producers to urban consumers

To a large extent, these differences reflect the diversity of national (and regional) urban systems which, in turn, are determined by geographical, economic, social, cultural and political factors. This is important: regional planning policies that included small towns as 'growth centres' were popular in the second half of the twentieth century, but had a high rate of failure because in most cases they were not sufficiently context specific, and were instead based on general ideas of what small towns should be. So while the renewed interest in small towns is necessary and probably overdue, new policies need to build on the understanding of past shortcomings.

Small towns and regional development

The economic interdependence between urban-based enterprises, rural producers and urban markets is often stronger around small towns. Traders based in these centres can provide access to markets for small-scale producers who may find it otherwise difficult to attract the interest of large supply chains that usually require consistent quality and relatively large quantities of produce. As incomes grow, domestic demand increases for locally produced perishable foodstuffs, supporting related processing activities in small towns.^{4,5,6} Value-adding processing of food is also an increasingly important function of enterprises based in small towns. In many cases, this is the basis of successful diversification of the local economic base.

Small towns also act as centres for the provision of manufactured goods and services for people living in the surrounding rural area. In this way, small towns are where the growth and consolidation of non-farm activities and employment are located within the rural region, either through the development of small and medium-sized enterprises or through the relocation of branches of private and public enterprises. In so doing, small towns attract migrants looking for non-farm employment or work as seasonal agricultural waged labour for local family farms (see Box 1).^{7,8}

Context is important

There are great variations in the extent to which small towns can fulfil their roles. Many small towns develop in close symbiosis with their rural region, and their fortunes are interlinked with those of specific commodities. Fresh fruit and vegetables, either for domestic or international markets, are often the drivers of economic growth but are also vulnerable to changes in demand and sudden collapses of international prices, as was the case in Ghana with cocoa in the early 1980s and pineapples in 2005.^{9,10} In agricultural regions

Box 1. The five main roles of small towns in regional and rural development

For most regional planning policies, small towns can contribute to regional and rural development in five main ways:

By acting as centres of demand/markets for agricultural produce from the rural region, either for local consumers or as links to national and export markets. Access to markets is a prerequisite to increase rural agricultural incomes, and the proximity of local small and intermediate centres to production areas is assumed to be a key factor.

By acting as centres for the production and distribution of goods and services to their rural region. Such concentration is assumed to reduce costs and improve access to a variety of services, both public and private and for both rural households and enterprises. Hence, services include agricultural extension, health and education (and access to other government services), as well as banking, post, services of professionals such as lawyers and accountants, lower-order services such as bars and restaurants, and wholesale and retail sales of manufactured goods from within and outside the region.

By becoming centres for the growth and consolidation of rural non-farm activities and employment, through the development of small and medium-sized enterprises or through the relocation of branches of large private or parastatal enterprises.

By attracting rural migrants from the surrounding region through demand for non-farm labour, and thereby decreasing pressure on larger urban centres.

By managing natural resources in ways that respond to the needs of growing rural and urban populations with special attention to protecting resources in the face of local and global environmental change.

where production is dominated by large commercial farms, large volumes of cash crops bypass local towns and added value tends not to be reinvested locally. And while the links to agriculture and food production are important, other drivers can be just as important in different contexts, for example tourism, mining and industrial clustering.

Small towns and the management of natural resources

Small towns are sometimes assumed to be able to ensure that natural resource management responds to the needs of all economic sectors in different locations. In many cases, however, there is more likely to be latent or open conflict over the use of land and water. For small towns in the proximity of large urban conurbations, competition over scarce natural resources can benefit large urban-based firms and higher-income residents at the expense of low-income residents. For example, industries in peri-urban areas can occupy agricultural land or pollute water used for domestic and agricultural use by rural and small-town residents.

Perhaps most important is that the absence of functioning local governments dramatically increases the environmental risks faced by small towns facing the combined challenges of changing uses of natural resources and the impacts of climate change.

Migration, remittances and small town development

In many cases, migrant flows overlap: in Senegal, Bolivia and Tanzania, remittances from migrants to cities and international destinations are used to pay seasonal waged labourers coming from poorer rural areas to work on family farms and compensate for the labour shortages caused by out-migration.¹¹

Often, remittances from internal and international migrants have a positive impact on their relatives' well-being and on local economies. They can provide capital to invest in new, higher-value crops, and help communities withstand recurrent economic and ecological crises. But remittances can also increase social polarisation and in the absence of adequate planning, investment in housing can result in house-price inflation and environmental degradation.^{12,13}

Small town governance and territorial development policies

Emerging approaches to rural-urban partnerships emphasise the opportunities for economic growth and development that exist in places outside large cities, and call for strategies that mobilise assets and harness complementarities at the regional level.^{14,15} But

three key challenges affect the ability of local governance systems to support the role of small towns in regional and rural development.

First is the underestimation of macroeconomic policies, pricing policies and sectoral priorities, including policies related to agri-food systems, which do not make explicit reference to spatial dimensions. What happens at the local level reflects policies and strategic choices made at the macro level. Clearly, local and regional governments cannot support local sustainable development if there is no synergy with national and supra-national levels. Equally important are land tenure and security, as sectoral investments can increase poverty and exacerbate social polarisation.

Second, in many cases policies are not grounded in the recognition of context-specific factors that shape opportunities and constraints for local development. In most low and middle-income nations, the lack of sub-national data undermines local government action. This includes economic activities, especially the large proportion of informal-sector enterprises; demographic changes due to migration and mobility, especially seasonal and temporary movements; and the locally specific characteristics of poverty and vulnerability, including both income and non-income dimensions.

Third, while local institutions and local governments are increasingly recognised as central to regional development, this has not been accompanied by an appropriate fiscal and financial architecture that enables local governments to perform their growing role. This is especially the case in low- and middle-income nations — while in Europe and Japan, for example, the proportion of local government revenue is above 35–40 per cent of total government revenue, in sub-Saharan countries on average it is only 7 per cent.¹⁶

From 'what' to 'how': options for policymakers

The general consensus on what needs to be done is well represented by the Sustainable Development Goals. How to achieve the goals is, however, less clear. The changing focus on food security and

Box 2. Emerging urban centres in Tanzania¹⁷

The villages of Ilula and Madizini in Tanzania have rapidly become small towns following liberalisation in agricultural production. Ilula's development is spurred by growing trade links with a network of urban markets for its main produce, tomatoes. This has created several opportunities for related non-farm activities, such as women weaving baskets that they rent out to traders for transporting tomatoes to the market of Dar es Salaam. In Madizini, processing of sugarcane is the driver of the village transformation into a small town. However, in both centres this social and economic transformation has not been accompanied by adequate changes in governance systems, which remain a major challenge for their continuing success.

nutrition involves a growing interest in food systems. These include all processes involved in food-chain activities, from the manufacturing and distribution of inputs (seed, animal feed, fertilisers, pest control); agricultural production (crops, livestock, fisheries, wild foods); processing, packaging, storage, transport and distribution; marketing and retail; preparation and cooking; and waste disposal. What is perhaps more important is that food systems include not only these activities, but their outcomes and their governance.¹⁸

Although small towns are not usually included in food systems, they reflect the geographic location of key activities. This is important in considerations on how to improve infrastructure and make it more resilient to environmental impacts. It is also important in rural development initiatives, including increasing non-farm

employment opportunities for the rural poor (see for example Box 2). Local governments in small towns also have a key role to play in supporting effective food systems. But this can be constrained by limited and inadequate information, insufficient revenue, and lack of collaboration with regional and national governments. And ultimately, food security depends largely on addressing fundamental issues underpinning inequality both between and within urban and rural locations.

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Urbanisation, rural-urban transformations and food systems

This policy brief is part of the IFAD-funded project Rural-Urban Transformations and Food Systems: Re-Framing Food Security Narratives and Identifying Policy Options That Foster Sustainable Transitions. Global food security and rural development are often framed in terms of inadequate agricultural production. But urbanisation is driving profound transformations in food systems in rural, peri-urban and urban areas – from food consumption to food processing, transport, markets and all related activities. Local, national, regional and global policies are critical to shaping rural-urban linkages and the political economy of food systems. Policies must support food security and livelihoods of low-income groups in all locations – while fostering sustainable rural-urban transitions.

IIED is convening and supporting a global network of researchers and practitioners in sub-Saharan Africa, Asia and China. These include local government officials, civil society organisations and regional research institutions, both urban and rural. Network members are also engaging with international agencies such as the International Fund for Agricultural Development (IFAD), UN Habitat, the Food and Agriculture Organization of the United Nations (FAO) and the Organisation for Economic Co-operation and Development (OECD). For a full list of project policy briefs and working papers, see: www.iied.org/urbanisation-rural-urban-transformations-food-systems



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Investing in rural people

Notes

¹ GPAFSN (2016) Food systems and diets: facing the challenges of the 21st century. Global Panel on Agriculture and Food Systems for Nutrition, London. www.glopan.org/foresight / ² Satterthwaite, D *et al.* (2010) Urbanization and its implications for food and farming. *Philosophical Transactions of the Royal Society B* 365: 2,809–2,820. / ³ UCLG (2016) Co-creating the urban future: the agenda of metropolises, cities and territories. Fourth global report on decentralization and local democracy. http://habitat3.org/wp-content/uploads/event_files/4vfEAub2oXJyzoVilK.pdf / ⁴ Tschirley, D *et al.* (2015) The rise of a middle class in East and Southern Africa: implications for food system transformation. *Journal of International Development* 27 (5). <http://onlinelibrary.wiley.com/doi/10.1002/jid.3107/full> / ⁵ Thanh, HX *et al.* (2015) Urbanisation and rural development in Vietnam's Mekong Delta: Revisiting livelihood transformations in three fruit-growing settlements, 2006–2015. IIED Working Paper. IIED, London. <http://pubs.iied.org/10751IIED> / ⁶ Satterthwaite, D and Tacoli, C (2003) The urban part of rural development: the role of small and intermediate urban centres in rural and regional development and poverty reduction. IIED, London. <http://pubs.iied.org/9226IIED> / ⁷ Fold, N and Tacoli, C (2010) Agricultural frontier settlements: markets, livelihood diversification and small town development. In: J Agergaard *et al.* (eds) (2010) *Rural-urban dynamics: livelihoods, mobility and markets in African and Asian frontiers*. Routledge, London and New York. / ⁸ Sall, M *et al.* (2011) Climate change, adaptation strategies and mobility: evidence from four settlements in Senegal. IIED, London. <http://pubs.iied.org/10598IIED> / ⁹ Songsore, J (2000) Towards a better understanding of urban change: the Ghana case study. IIED, London. / ¹⁰ Gough, K and Fold, N (2010) Rise and fall of smallholder pineapple production in Ghana: changing global markets, livelihoods and settlement growth. In: J Agergaard *et al.* (eds) (2010) *Rural-urban dynamics: livelihoods, mobility and markets in African and Asian frontiers*. Routledge, London and New York. / ¹¹ Tacoli, C (2013) Migration as a response to local and global transformations: a typology of mobility in the context of climate change. In: G Martine and Schensul, D (eds.) *The demography of adaptation to climate change*. UNFPA, IIED and El Colegio de Mexico. <http://tinyurl.com/unpfa-2013-migration> / ¹² Sall, M (2010) Straightforward critics or would-be candidates? International migrants and the management of local affairs and development: the case of the Senegal River Valley. *Environment and Urbanization* 22(1): 81–89. <http://journals.sagepub.com/toc/eaue/22/1> / ¹³ Klafus, C (2010) Watching the city grow: remittances and sprawl in intermediate Central American cities. *Environment and Urbanization* 22(1): 125–138. <http://journals.sagepub.com/toc/eaue/22/1> / ¹⁴ OECD (2013) Rural-urban partnerships: an integrated approach to economic development. / ¹⁵ EU (2014) Territorial dynamics in Europe: evidence for a European urban agenda. Territorial Observation No. 13, November 2014. Luxembourg: European Union. <http://tinyurl.com/eu-2014-TO13> / ¹⁶ OECD (2015) African economic outlook 2015: regional development and spatial inclusion. <http://tinyurl.com/african-economic-outlook-2015> / ¹⁷ This box draws on the Sokoine Agricultural University and University of Copenhagen project Rural-Urban Transformation: Governance, Mobility, and Economic Dynamics in Emerging Urban Centres for Poverty Reduction. See: <http://ign.ku.dk/rut/> / ¹⁸ Vermeulen, S *et al.* (2012) Climate change and food systems. *Annual Review of Environment and Resources* 37: 195–222.