

# Urban and rural areas: A changing relationship

*The relationship between urban and rural areas has undergone great change in recent years. It is now often difficult to clearly define the borders between the two; instead we find a continuum ranging from agricultural zones to suburbs, informal settlements and urban centers. But do countries and development cooperation policies have the instruments needed to promote a dynamic and balanced development of urban and rural areas and open up opportunities for the people who live there?*

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Especially in recent decades a marked change has taken place in the relationship between cities and rural areas. In all the great civilizations of the past this relationship was determined by the power of the cities and the need to defend farmers against invaders in order to secure a continuous food supply. Today, by contrast, it is the availability and mutual exchange of diverse resources which shape the way urban and rural areas live together.

More than 50 percent of the world's population now lives in towns and cities. Particularly in the typically rural developing countries of Africa and Asia, the urban population is growing proportionally faster than the population as a whole. The cities have a magnetic effect on the rural population; their pulling power is intensified by the fact that many poorer rural dwellers have few opportunities within a modern competitive agricultural system. The walls which once encircled cities have disappeared and with them the clear division between the city and the countryside. This is apparent from the wide belts of predominantly informal settlements housing rural immigrants around the big cities. At the same time in many countries more and more people from the overcrowded cities are moving out into the surrounding areas, seeking to combine the advantages of the range of services available in the city with the benefits of rural life. The consumption of resources spirals out of control, land is spoiled by uncontrolled development, water supplies become polluted. Higher traffic levels and increased energy consumption cause air pollution, affecting the climate and endangering the production of food and raw materials for the economy.

The classic Regional Rural Development approach emphasized support to rural production and services and included rural towns in their role as service centers. Since the 1990s, however, these ancient ties have been neglected. All over the world, investment in the rural sector has been drastically reduced. At times, urban

development has been encouraged without reference to the surrounding agricultural areas. Rural regions have been left to themselves and consequently left behind in the dynamic process of development.

## The successes of Regional Rural Development

A study carried out in 2004 by the German Federal Ministry for Economic Cooperation and Development (BMZ) showed that four large Regional Rural Development projects of the 1970s and 1980s in Indonesia, Sri Lanka, Tanzania and Zambia were successful in many areas. Despite some implementation deficits, the projects brought the people of the regions not only economic benefits but also improved sustainable access to education and health services. This was the case even where long-term improvements in institutional capacity and performance

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did not occur. The evaluation identifies investment in infrastructure such as schools and hospitals as being particularly successful and of sustained value, as are investments in market access and irrigation systems, provided that the latter are managed and maintained by the water users themselves.

Economic success always appears to be most sustainable in situations where clear economic interests prevail between farmers and markets. Women and young people in particular have benefited from these development schemes. The inclusion of small and medium-sized towns in rural development was an important element in the design concept of these regional development projects.

## Interactions and synergies

Our thinking about the relationships between urban and rural areas is heavily influenced by the classic model of complementarity: towns function as service centers for the rural hinterland and as markets for agricultural produce, and they offer employment in non-agrarian sectors of the economy. Rural areas provide raw materials and manpower as well as generating demand for the city's goods and services. In this interactive process towns and the countryside are linked by the flow of people, goods, money, information and natural resources (such as water and energy, but also waste products).

These interactions can be analyzed and divided into three categories (J. Garrett, IFPRI, 2005 during the Eschborn Dialogue, modified):

### Livelihood

- Urban dwellers retain their relationship to rural areas, for example for the provision of food (produce from a farm run by relatives).
- The rural population receives income from the city.
- Many households are geographically divided in this way; the term «multi-local households» is used.
- This type of livelihood strategy represents a way of coping with life under precarious conditions, and even better-

### Regional management in South Africa

The GTZ project «Strengthening Local Governance» in South Africa is trialling regional management. District authorities are confronted with a wide range of challenges which can no longer be solved at local level but require targeted inter-municipal cooperation. The issues include, for example, housing development, economic promotion, spatial planning, tourism development, agriculture, infrastructure development, land reform and environmental management. At the top of the agenda is the fight against poverty and the expansion of job opportunities.

The South African politicians also hope that regional management will help them tackle difficult issues which stand in the forefront of public debate such as black economic empowerment and the redistribution of wealth.



Photo: GlobalAware

off households practice it as a kind of accumulation strategy.

### Economic synergies

- The cities profit from the more dynamic agriculture practiced in the hinterland.
- The rural areas profit from the demand and investment emanating from the city (for example: food production links agriculture, processing and marketing in a rural-urban continuum).

### Political synergies

- Support of regional economic relationships;
- Regional institutions and regional policies for joint planning and coordination.

(See also David Satterthwaite's article).

## Economic development as driving force

Support to economic interlinkages between urban and rural areas can set regional development processes in motion and help avoid isolated development. Nowadays the need to raise competitiveness assumes ever greater importance. Various development-cooperation concepts and instruments are available in this connection:

**REED** (Rural Economic and Enterprise Development) is a development tool to analyze and plan economic promotion measures in rural areas. The underlying principle is not to support individual businesses or sectors but to consider the problems and potential of a district, a province or a geographical region holistically.

This approach takes into account

- political and institutional framework factors;
- the infrastructure, services and markets situation;
- the competitiveness of businesses and
- the involvement and networking of interested groups and individuals.



Photo: Neidhardt/Hutter

Working with participants from urban and rural settlement areas, weaknesses and potentials are identified at district or province level right from the planning stage. A classification into ten key elements simplifies priority setting for poverty-focussed sustainable development in the regions. The cooperation between urban and rural areas and the utilization of synergies at a regional level promote balanced development and avoid uncoordinated investment with high follow-on costs. Experience from South Africa and Asia indicates that wherever there is broad participation – including, in particular, the private sector – a good basis can be created for economic growth in rural areas which will create jobs and reduce poverty.

By supporting value-adding chains, individual branches of production are targeted for support. To the extent that it is possible to attach the value-adding process to a region, this contributes to regional development. In most cases a value-adding chain involves a combination of primary production and initial processing stages taking place in a rural setting with further processing and marketing in an urban context (see also the article by Gladys Maingi and Heike Hoeffler).

The **cluster method** is based on the observation that businesses in the same sector are likely to be established in geographical proximity to each other since they require the same or similar raw materials, services and type of (wo)manpower qualifications. Support to services and human



Traditional food comes from the region and is part of the regional identity.

resources training can increase the competitiveness of all the businesses involved. This leads to the creation of jobs and a more dynamic development of the regional economy as a whole.

Supporting economic linkages and relations also has a geographical dimension of particular relevance to Local and Regional Economic Development (LRED). This approach aims to raise the competitiveness of selected locations and areas in order to improve the employment and income prospects of the population. Emphasis here is placed on cooperation between the public and private sectors at local and regional level in order to enhance the framework conditions for the private sector. Such a geographical approach to development is cross-sectoral by nature.

### Political synergies

Development needs political guidance and control. Political guidance can succeed if the right organizational forms of government and administration are found. The political and administrative strengthening of urban-rural networks often involves support to coordination efforts and setting up and developing the appropriate and necessary institutions. Local or regional governance is the defining model here. This concept means a democratic state under the rule of law, in which the people have the possibility to participate in the political process, power is transparent and those who exercise it are held accountable, and public services are provided through cooperative interaction with the private business sector and civil society.

Decentralization is an important precondition for local and regional governance in the context of urban-rural linkages. The transfer of tasks and political responsibility to the regional and local level is a precondition when promoting small and medium-sized rural centers. It creates a favourable environment for local economic initiative, making it easier to implement local priorities, to cope with the challenges of the local situation (e.g. development of infrastructure, land conflicts, HIV/AIDS) and to engage the cooperation of private and public partners. Local civil-society groups can participate in political processes; vibrant local democracy develops.

However, the problems which arise in the course of decentralization often reach beyond the borders of individual communities. In such situations inter-municipal cooperative approaches have proved their worth. These associations are likely to be successful if a number of conditions are fulfilled: clear separation between the tasks of the individual municipalities and the (regional) association, separate local funds (from levies or the local budget), democratic legitimization of the association's decision-making organs and a geographical range which is based on functional networks rather than being the outcome of endless compromises.

One form of voluntary regional cooperation is Regional Management. This involves reaching agreement on a succession of planning steps and implementation measures with which the region will work towards jointly identified development goals. The process will include analysing the strengths and weaknesses of the individual municipalities, and also requires the principal groupings involved – from politics, administration, business

and societal groups – to agree on a model for the development of the region. These groups are also responsible for seeing that the plans are implemented; they hold the project management to account. Local governance also involves reconciling different interests at local level and managing conflicts without resorting to violence. For example, in the area around cities there is often competition for natural resources such as water or land. Local conflict management and decentralized control of the use of natural resources can achieve a great deal in this area. For the development of local governance, the scope for political action which is created by national policies is just as important as decentralized skills and resources. In the area of land law, in particular (including, for example, reconciliation with traditional local practices), or in the support of business and industry, it is essential that local and national policies dovetail.

Land management regulates access to land and establishes land rights. In peri-urban areas there is enormous potential for conflict with vegetable growers and dairy producers living close to the city; this conflict arises from the rapid growth of informal settlements and also from the development of gated residential estates for rich fugitives from the city. The environmental pollution accompanying the urban sprawl particularly affects the quality of the water but frequently leads also to contamination of the land.

### Open questions

**Livelihoods, migration:** Patterns of diversified livelihood strategies reflect a dynamic process of economic, social and cultural transformation. There are as yet few practical guidelines to indicate which control mechanisms are suitable to support and stabilize complex urban-rural linkages in a more targeted manner. For example: How can secure systems be set up to enable migrants to transfer money? Can advisory services contribute to the forward-looking use of migrants' remittances?

**Peri-urban areas:** The coming decades will see the growth not so much of the cities themselves but of the newly urbanized or peri-urban regions. In these regions a clear distinction between urban and rural is no longer possible. Conflicts over natural resources and the distribution of power and functions will become particularly virulent in these areas.

**Provisioning of megacities:** As energy and transport costs rise it will become increasingly difficult to maintain daily supplies of fresh, safe food to megacities.