Territorial solutions from the ground up:
Development at the rural-urban interface

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What are the broad global issues affecting agricultural and rural development?

• What’s the role of family agriculture in sustainable food systems for the future?

• Would we really be able to reduce rural poverty just following good old RD ‘sectorial’ practices in ‘rural’ areas?

• Or should we focus on increasing prosperity by promoting multi-sectorial development at the rural-urban interface?
Julio Berdegué et al.

- World Development 2015  Vol. 73
- IFAD 2011. LA: the state of smallholders in agriculture 2011
Substantive progress on how to rethink the pathways for rural prosperity in LAC

- Not yet visible in development circles, the region has been ‘the lab’ for rural institutional and technical change
- A fundamental change since 1980s; fast economic growth; LAC is a very different place than just a generation ago
Why rural poverty did not decrease with economic growth?

- **1980**: Total rural population 124M, 74M poor, 41M extreme poor
- **2010**: Total rural population 119M, 62M poor, 35M extreme poor
- **Three main reasons**: 1) inequality, 2) context, 3) lack of effective development policies
Agriculture: a key element of the rural economy

• Given the backward and forward linkages the sector represents at least 3 times more in the overall economy than usually accounted for...

• But, in relative terms, too little investments in non-staples, policies and institutions. In GU and ME 20% of new rural income is due to new crops and livestock (fruits and vegetables, coffee, cocoa, ornamentals, poultry)

• Towards sustainable food systems: agricultural research could contribute a lot to raise incomes of ~4M of the total 15M family farms in LAC
The transformation of food systems

• Deep and rapid changes in all segments of food system
  o Consumer
  o Retail and intermediate segments
  o Food production

• Interlinked drivers
  o Urbanization
  o Diet change
  o Agrifood market system transformation
  o Rural factor market transformation
  o Intensification of farm technology and agricultural transformation
The transformation of food systems

• Creates new opportunities for rural-urban spaces: new investments, new actors, new sources of employment and of local economic dynamism
• Not all rural-urban spaces are equally competitive in attracting these investments
• Not all changes are positive from the perspective of the poor, smallholders, consumer health, or the environment
• Exploiting these opportunities requires strategies, action plans, and public and private investments, some of them sectorial, others place-based
The rural economy is much more than agriculture

- Understanding **territorial development** & the **rural-urban interface** are key to generate meaningful local solutions!

- **Non-farm employment** accounts for a growing share of total jobs and of rural household income (37% in Africa, 51% in Asia and **47% in LAC**)

- But, rural areas with weaker connections to urban locations of certain size, have lower participation in the non-farm economy and the density and quality of those jobs are lower
A great return to rural issues in LAC

• For almost 2 decades (80s and 90s) to talk about rural poverty in LA was not a priority issue since markets, foreign investment and trickle down economics plus migration were going to solve this perennial issue...

• These arguments are now a thing of the past, there has been a strong comeback to territorial rural development, peace processes, land markets, infrastructure, extension and agricultural research focusing on ‘family farming’
A territorial rural development approach

• Uncoordinated sectorial policies alone have not been able to reduce poverty.

• The key challenge is to better articulate social and productive policies under a territorial logic (social policy, production policy, infrastructure and basic services policies, etc.).

• How can we articulate the territorial approach with the traditional sectoral approach of agricultural & rural development?
Building a new development portfolio

• Very limited rigorous impact evaluations, there is no much evidence that rural poverty decreased during the 80s & 90s despite solid economic growth in the region

• Fatigue with social programs that expanded hand outs dramatically without major impact in rural areas. Mexico now invests 22B in rural development but less than 3% in rural poverty per se...

• Great heterogeneity, from the very small minifundia in remote areas to agricultural entrepreneurs well linked to clusters, contract agriculture and dynamic markets
A meaningful local solution:
Development at the rural-urban interface

5.5B people
(of the 7.5B total) live in the increasingly diffuse and porous interface of rural and urban societies
Yes, the developing world is urbanizing fast
50% of the world’s urban population lives in cities smaller than 500k
% urban population by LAC city size

2015

- 10 million or more: 40.5%
- 5 to 10 million: 6.4%
- 1 to 5 million: 8.0%
- 500 000 to 1 million: 24.8%
- 300 000 to 500 000: 14.0%
- Fewer than 300 000: 6.3%

2030

- 10 million or more: 37.0%
- 5 to 10 million: 6.9%
- 1 to 5 million: 7.4%
- 500 000 to 1 million: 27.4%
- 300 000 to 500 000: 4.2%
- Fewer than 300 000: 17.2%
# Rural population living away from a city of ≥50k

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2.6</td>
</tr>
<tr>
<td>Developed countries</td>
<td>1.1</td>
</tr>
<tr>
<td>Developing countries</td>
<td>2.8</td>
</tr>
<tr>
<td>Far East and the Pacific</td>
<td>5.4</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>3.8</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Latin America and the Caribbean</strong></td>
<td><strong>1.4</strong></td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>0.1</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.1</td>
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Source: RIMISP estimates based on Barbier & Hochard, 2014
Over half of LAC’s total population lives in the rural-urban interface!

Note: it assumes that all proximate rural are near small and medium cities.
Population:
7% in green
43% in yellow & orange
50% in red
And a large majority of the poor are in rural-urban territories

- Distribution of the poor by size of municipality

**Brazil**
- <20k: 22%
- 20k-250k: 17%
- 250k-500k: 9%
- >500k: 9%
- Total: 52%

**Mexico**
- <20k: 15%
- 20k-250k: 15%
- 250k-500k: 9%
- >500k: 9%
- Total: 56%

**Colombia**
- <20k: 20%
- 20k-250k: 19%
- 250k-500k: 10%
- >500k: 19%
- Total: 45%
Family Farming

Feeding the world, caring for the earth

Family farming is inextricably linked to national and global food security. Both in developing and developed countries, family farming is the predominant form of agriculture in the food production sector.

Family farming includes all family-based agricultural activities (FAO)

There are more than 570 million farms in the world of which over 500 million are family owned.

They are responsible for at least 56% of agricultural production.

- agricultural
- forestry
- fisheries
- pastoral production
- aquaculture production
Perhaps only a third of family farms in LAC can have a viable future via agriculture alone...?

<table>
<thead>
<tr>
<th>Type of family farm</th>
<th>Farms (Million)</th>
<th>Area (M HA)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subsistence</strong>, very scarce assets in less favorable environments, non-farm Jobs, remittances, susidies</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td><strong>Intermediate</strong>, integrated in ag markets but with significant constraints from asset endowment and context where they operate</td>
<td>4</td>
<td>200</td>
</tr>
<tr>
<td><strong>Competitive</strong>, abundant assets in more favorable environments, hire permanent labor</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>400</strong></td>
</tr>
</tbody>
</table>
Four things we can do

• Differentiate development strategies and policies according to the 3 categories of family farms
• Policies ought to focus not only on developing the assets of farmers, farm HH, farms and farmers’ organizations, but of the territorial contexts in which they operate
• Play greater attention to those growing domestic food markets in the rural-urban interface
• Emphasize the development of public services and public goods that can work at the scale of 15M family farms, instead of programs that transfer private assets to only a small proportion of family farmers...
The bottom line

• A **generic** sustainable agricultural intensification strategy may not be an option for two thirds of family agricultural HH

• A diversification strategy where **agriculture is a complementary** element and rural HH invest their time and money in other sectors seems more plausible,

• Except in high value products for niche markets (organic certified, fairtrade certified, wallmart, nestle, unilever and others) that represent 2% of regional markets....
The bottom line

• Because of a strong income diversification in rural areas in LAC, there is an increasing number of rural HH that depend much less on agricultural related income (rural non-farm income continues to grow)

• Within those rural households where agriculture is a central source of income, specialization is becoming more important than diversification!

• Promote rural-urban linkages and inter-sectoral linkages (agriculture-industry-services)
Should we just make improvements on the margins of what has been done in the past 50 years?

• Need to rethink our strategic involvement at the rural-urban interface and in national sustainable food systems
• From sectorial to territorial development
• From just rural to the rural – urban interface
• From ‘agriculture’ to family agriculture & sustainable food systems
Avoiding the traps of urbanization, towards a sustainable rural – urban interface
CIAT: A strong global research organization

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Lima, Peru
Office at CIP
Managua, Nicaragua
Sub-regional Office for Central America
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Regional Office for Africa

Hanoi, Vietnam
Regional Office for Asia

Vientiane, Laos
Los Baños, Philippines

Annual Budget US$125 M
Total Staff 968