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LINKS BETWEEN RURAL AND URBAN DEVELOPMENT IN AFRICA AND ASIA*

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A. INTRODUCTION

The relation between rural and urban development is a traditional concern of development economics. While there is an established correlation between GDP growth and the share contributed to it by industry and services (and the proportion of the workforce employed in them), it is less clear how policies can drive the transformation of agricultural national economic bases into industrialised ones. Development paradigms have shifted since the 1960s, usually as the prescribed policies failed to achieve their aims, and so have views on whether economic growth should be driven by investment in industry or in agriculture. But the overarching dualistic approach, whereby traditional agriculture needs to give way to the supposedly more efficient agri-business production system and to modern, urban-based industrial and services sectors, remains pervasive.

In many instances and contexts, however, successful rural development stimulates and supports urban development, and urban development is often a key impetus to rural development, especially where the latter is based on relatively equal access to resources – which, in most cases, means small and medium size farming rather than agri-business production. This complementary relationship also occurs at the household level: for both poor and wealthier groups, either rural or urban-based, the diversification (and multiple location) of income sources and asset base is an increasingly widespread strategy to reduce vulnerability and, in the most positive instances, move out of poverty and accumulate assets. It is thus perhaps more accurate to think of "development" as a blurring of the rural-urban divide, rather than an unambiguous transition.

The growing understanding of the multi-dimensional nature of poverty and of the complex strategies people adopt to construct their livelihoods has promoted renewed interest in the links between urban development and rural development in recent years. Hence the notion that people and households may engage in a number of different activities and move between different locations has gained wider currency – although on the whole, policy efforts to recognise and accommodate it have been insufficient at the very least.

Despite the strong correlation between levels of urbanization and less agriculture-based economies, in many low- and middle-income nations, rural-urban migration is seen as the main source of urban poverty and therefore a problem that needs to be controlled. In most cases, however, urban growth (rather than urbanization) is more likely to be the real challenge, and one that needs to be addressed in ways that include the poor. The emphasis on rural-urban migration also tends to eclipse the importance of other forms of mobility that play a significant role in households' strategies and local economic development.

There are other long-held policy assumptions that are challenged by a closer look at the links between urban and rural development. In the agricultural sector, it is widely held that export production is the most profitable option, and that large commercial farms are more efficient in gaining access to international markets. The case studies reviewed in this paper suggest instead that in a wide range of contexts, domestic urban markets are the key driver of increased agricultural productivity, and that this is better achieved by the more flexible family farms, provided they are well connected to local trade networks and supported by non-farm income sources.

Finally, policies that promote the development of industries in rural areas often fail to recognise that in most cases, these are effectively located in large villages or in peri-urban areas. This in itself is not a problem. What is a problem, however, is that the lack of urban status means that local authorities are not equipped with the necessary technical capacity, financial base and decision-making power to address the environmental, economic and social issues that arise in these densely populated settlements with high concentrations of small scale, often home-based enterprises that compete with residential and agricultural uses of natural resources, especially land and water.

More broadly, local governments and local governance systems are an often overlooked but essential component of successful development. The links between rural and urban areas, people and enterprises are shaped by location-specific conditions - geographic, ecological, socio-cultural and political - which are fundamentally diverse, not only between and within regions, but also within national boundaries. Hence, while rural-urban linkages are crucial for poverty reduction and sustainable and equitable economic growth, they are best supported by policies grounded in a careful understanding of the local context. This level of detail, however, is hardly provided by national data and other regionally aggregated data, making it very difficult for local policymakers and administrators to access the basic information they need to operate fairly and effectively.

The rest of this paper draws on the growing body of micro-level empirical research in Africa and Asia to describe the interrelations between urbanization, mobility and local economic patterns, and discuss how policies can be more responsive to these complex and constantly evolving transformations.

B. URBANIZATION PATTERNS IN AFRICA AND ASIA

Africa and Asia are the regions where levels of urbanization have increased most rapidly between 1950 and 2000: from 14.7 to 36.2 percent in Africa, and from 16.8 to 37.1 in Asia (Satterthwaite, 2007). However, these aggregated data hide significant differences between and within both the African and the Asian regions. They also hide recent changes – in several African countries, there have been no recent censuses, and figures on urbanization are often based on projections of data collected in the 1970s and 1980s, when socio-economic and demographic trends were very different from current ones. In other cases, for example China and Vietnam, household registration systems tie people to specific locations – but not necessarily to where they actually live – making large numbers of migrants invisible. There are also substantial differences in the ways in which each nation defines an urban centre, and this affects primarily smaller towns (Satterthwaite and Tacoli, 2003). These definitions may change over time: in China, it has been estimated that the country's level of urbanization in 1999 would have been 23.9 percent if the pre-1982 definition of urban centres had been used; 73 per cent according to the 1982 definition; and 30.9 per cent using the 1990 definition (Liu et al., 2003).

This section does not attempt to give detailed analyses, let alone compare urbanization in Asia and Africa; the aim is more simply to provide a broad backdrop to the next sections. There are of course several exceptions to the trends described below for the African and Asian regions. There are also factors not included here which are likely to have important impacts on urbanization and economic growth. One of them is certainly the HIV/AIDS epidemic, for which data is still sketchy. The impacts of climate change and environmental stress, both as an increase in extreme weather events and as gradual changes in rainfall patterns and sea level rises, for example, will also affect population movements, levels of urbanization and the location and shape of urban centres (Tacoli, 2007). And especially – but not only – in the African region, conflict and civil strife sadly continue to displace large numbers of people.

1. Africa: slower than expected urbanization

Like other regions, urbanization in sub-Saharan Africa is closely related to political changes, which have a profound impact on population distribution. But from positive perceptions in the wake of several nations' independence in the 1960s, urbanization in Africa has come to be considered as a problem: cities are described as part of the cause and a major symptom of the continent's economic and social crises (World Bank, 2000). Despite the general consensus on the positive impact of urbanization on social and economic development, there is a relatively widespread view that throughout the 1990s Africa's urbanization occurred without economic growth (Fay and Opal, 2000). But the limited number of countries for which urbanization can be quantified with any accuracy suggests that perhaps the most important issue in discussing urbanization patterns in sub-Saharan Africa is the lack of reliable data. Indeed, the limited data suggests a different picture of falling urbanization levels during the 1990s.

Economic decline in Africa has deeply affected migration patterns. In Côte d'Ivoire between 1988 and 1992, net migration was higher in the rural areas than in urban centres (Beauchemin and Bocquier, 2004). In Zambia, levels of urbanization actually fell from 40 per cent in the 1980 census to 36 per cent in the 2000 census, and all the Copperbelt towns but one, Ndola, experienced net out-migration (Potts, 2006). These negative impacts are also often very localised, especially in areas with limited diversification of the economic base. In Ghana's cocoa-producing Central Region, the collapse of international prices for this commodity in the 1980s triggered out-migration from small towns. Between 1970 and 1984, the proportion of urban population in the Central Region fell from 28.5 to 26.5 percent, although national rates of urbanization continued to grow (Songsore, 2000).

One of the consequences of economic decline has been the narrowing of the rural-urban income gap (Jamal and Weeks, 1993) and more generally of rural-urban inequality in access to basic services, as urban centres were often worse affected by structural reforms. However, while urbanization levels have slowed, urban growth rates have remained high in many countries because of the high rate of natural growth (Beauchemin and Bocquier, 2004). And while African nations' economic base is often seen as predominantly agricultural, on aggregate agriculture's share of GDP is lower than that of services. The service sector is dominated by small and micro-enterprises, often operating with minimal capital, low skills and very limited value adding – in short, what is often referred to as the informal sector (Kessides, 2005).

2. Asia: export-led industrialisation and peri-urbanization

In contrast to sub-Saharan Africa, Asia contains some of the most dynamic economies in the world, as well as some of the largest ones. Another difference with the African continent is that its high rates of economic growth have been driven in several cases by export-oriented manufacturing. Location, in the form of proximity to ports and trade nodes, is extremely important for this industry, resulting in high levels of spatial concentration. This, combined with widening rural-urban income gaps, is a key driver of rural-urban migration. In 2000, China's southern Guangdong province, one of the main industrial hubs, had less than 7 percent of the national population, but 27 percent of the total registered interprovincial migrant population (Liang and Ma, 2004).

Export-led industrialisation is also a key driver of physical patterns of urban expansion that can be found in many areas of rapid economic growth, especially in Southeast Asia but also around large and economically successful cities in India (Benjamin, 2000). The emergence of extended metropolitan regions in urban peripheries and in corridors between cities is typically unplanned and often results in a lack of integration between infrastructure provision and population. Neither core urban centres nor their surrounding peri-urban regions provide adequate basic services to their populations. The complex mix of agriculture, cottage industry and residential use (and often waste dumping and extraction of construction materials) and the lack of institutional frameworks often contribute to high levels of pollution and environmental degradation (McGranahan et al., 2004; McGranahan and Tacoli, 2006).

An essential element of these processes of peri-urbanization is the mobility of the local population. In China, research in the Jiangsu province in the mid-1980s showed that daily commuters from surrounding rural settlements accounted for up to 43 per cent of the daytime population of local small towns (Kirkby et al., 2000). In India, in 1987-88 some 4 per cent of the urban workforce consisted of rural-based commuters, a proportion that is likely to have increased since then (Dyson and Visaria, 2005).

In very general terms, Africa (or better, some nations and regions within the African continent) and (parts of) Asia represent different trajectories of socio-economic transformations. It would seem reasonable to expect these differences to affect other aspects of change. But this is not necessarily the case for migration patterns, as described in the next section.

C. MIGRATION AND MOBILITY

For many governments in Africa and Asia, migration has become a key policy issue. And it is seen mostly as a problem, rather than part of the solution. Across much of the African continent, it is assumed that it is poverty that forces poor people to migrate, rather than migration being a potential route out of poverty. A review of PRSPs across Africa shows that migration is seen predominantly in negative terms, as placing pressure on urban areas, promoting the spread of crime and HIV/AIDS, stimulating land degradation and reinforcing both urban and rural poverty. Perhaps unsurprisingly, policy responses mentioned in the documents are geared primarily to reduce or prevent rural-urban migration (Black et al., 2006).

What is surprising, however, is that such negative views come from a region where migration has long been a characteristic of the better off and, indeed, of many African elites (ibid). It is also surprising in view of the fact that Africa's urbanization levels are much lower than expected, and some areas are actually experiencing de-urbanization processes, as described earlier in this paper. What this underlines is how deeply the lack of reliable data can affect policy, often resulting in initiatives that are essentially anti-poor (Tacoli et al., 2007).

African governments are not alone in holding negative views of migration. The proportion of low-income countries with policies to lower migration to urban centres, especially the larger ones, has risen from 51 per cent in 1996 to 73 per cent in 2005 (United Nations, 2006). Where household registration in specific locations – rural or urban – is used, such as in China and Vietnam, it has not reduced rural-urban migration, but rather increased the vulnerability of migrants by curtailing their access to basic services and worker rights (McGranahan and Tacoli, 2006). In West Africa, where there are no strict measures to control migration, there is no evidence that migrants to the cities are disadvantaged in access to housing and employment compared to non-migrants (Beauchemin and Bocquier, 2004).

But attempts to limit urban growth by controlling migration are misjudged for two other reasons: first, because migration flows are logical responses to changing economic opportunities and their spatial location; and second, because most urban population growth (not urbanization levels) is the result of natural increase rather than net rural to urban migration.

1. Circular and temporary migration

Perhaps the most striking finding from recent research on mobility in both Africa and Asia is the extent and growth of circular and temporary migration. This type of movement is typically overlooked by national statistics but is a key element of the livelihoods of households in both rural and urban settlements. To a large extent, it overlaps with the diversification of income sources and is an important part of the links between urban and rural development, as described later in this paper. Temporary movement can also be essential to maintain an asset base – and a safety net - spread across different locations. Where access to land depends on rights allocated by the state or local authorities, temporary movement ensures that those rights are not lost (Findley, 1998; Ping and Pieke, 2003).

In Southeast Asia, urban growth and the expansion of manufacturing, especially for export, are the main drivers of temporary migration. Relatively good road networks, transport links and communications have also greatly aided mobility (Rigg, 2003). In Vietnam's Red River Delta, it is relatively common for farmers to move to Hanoi to work in the construction sector for a few months every year (Hoang et al., 2005). In Thailand, it is estimated that one-third of all internal migration consists of temporary movement to Bangkok and its metropolitan region during the dry season, when labour demand for agricultural work decreases (Guest, 1998). In China in 1999, according to the Department of Public Security Management, 59.4 per cent of registered temporary migrants had lived in their current place for between one month and one year, 14.5 per cent for less than one month and only 26.1 per cent for over one year (Zhu, 2003). Research in the major migrant destinations, the manufacturing and construction hubs of Guangdong, Beijing and Jiangsu, suggests that only between 15 and 30 per cent of migrant workers intend to settle permanently in their current workplaces (ibid).

In India, an estimated 20 million people migrate temporarily each year. It is also estimated that over 60 per cent of this movement is between rural areas, with the majority migrating from drought-prone regions to areas of irrigated agriculture (Deshingkar, 2005). However, recent research suggests that as a consequence of agricultural mechanisation, migration is increasingly towards urban centres and non-farm occupations: in northern Bihar, this type of movement has grown from 3 per cent of the total in 1983 to roughly 24 per cent in 2000 (ibid).

In Africa, circular migration is the predominant form of movement in many nations and regions. In drought-prone areas, as in Asia, there is a long tradition of temporary migration as a coping strategy (Black, 2001; Findley, 1998). While limited infrastructure and transport links often increase the costs of movement and force migrants to stay away for longer periods of time, economic insecurity and poor living conditions in many urban centres reinforce the long-term linkages of migrants with their home areas.

Migrants not only routinely return to the resident household and consider it as their main place of domicile, but they also invest in rural assets such as land and livestock as a safety net (Krüger, 1998; Smit, 1998). This has certainly facilitated return migration processes documented in many countries in the 1990s (Jamal and Weeks, 1993; Potts and Mutambirwa, 1998). But the sheer scale of circular migration in Africa is often underestimated, as data do not easily reflect it. Drawing on census and sample census data, Potts shows that in Malawi in 1976-77 urban-rural migration was the equivalent of 61 per cent of rural-urban movement, and in Botswana for 1980-1981 it was 76 per cent (Potts, 2006).

2. Remittances as part of multi-local, multi-activities households

The overall increases in circular and temporary migration suggest that migration is part of wider household strategies that involve multi-activity – including farm and non-farm income sources – over multiple locations. Migrant members contribute to their households' welfare and return on a regular basis. A study of rural-urban linkages in Mali, Nigeria and Tanzania suggests that about 50 per cent of rural households in the study areas have at least one migrant member, with peaks of up to 80 per cent in drought-prone areas of the Sahel (Bah et al., 2003). Remittances are shown to be a growing proportion of rural households' incomes; however, in absolute terms they have declined since the 1990s, due to the overall economic decline in many African nations. The same research shows that a growing proportion of migrants are young, single women moving independently. As the sign of profound socio-cultural transformations, even in the most traditional areas, it has become acceptable for women to migrate independently – provided they send remittances to their family (ibid). This echoes similar trends in Asia (Rigg, 2003). Indeed, daughters' remittances throughout the world tend to be sent more regularly, and to constitute a larger proportion of their incomes than sons'. However, this rarely increases their decision-making on how to use the money, and may reduce their disposable incomes to the extent of increasing their vulnerability while away – for example by forcing them to live in cheap, unsafe accommodations.

In Asia too, internal remittances contribute substantially to rural household budgets. In China, a survey from the Ministry of Agriculture suggested in 2004 that remittances were about to overtake earnings from agriculture (Deshingkar, 2005). In provinces with high levels of out-migration, money earned through migration accounts for 30-40 per cent of rural households incomes (Wang, 2004). In India, remittances account for about one-third of annual incomes of poor and landless households, while in Bangladesh, the Coalition for the Urban Poor estimated that migrants in Dhaka send up to 60 per cent of their incomes to relatives at home (Deshingkar, 2006). These figures are staggering, and although they should be treated with some caution because of the difficulties in obtaining reliable and comparable information, they certainly suggest that migration and income diversification are not just important but crucial for a growing number of rural households.

It is important to note that multi-local, multi-activity households are not only the poor. In fact, they are more likely to be characteristic of better-off groups, and in many cases the poorest households are those that are unable to diversify and mobilise their labour in order to make the most of opportunities (Bah et al., 2003; Baker, 1995; Hoang, Dang, and Tacoli, 2005; Hoang et al., forthcoming).

Coming back to policy responses to migration, it is often assumed that rural development is key in reducing rural-urban movement. However, rural development is often meant purely as an increase in agricultural production. A study of India's large Watershed Development Programmes shows that migration increases as the result of both failure and success of the projects. The latter gives local residents the financial and educational resources to migrate to better destinations (Deshingkar, 2004).

Research in Burkina Faso provides a broader picture. Factors that tend to reduce migration to the country's two cities, Ouagadougou and Bobo Dioulasso, include the presence of non-farm employment opportunities and markets in home areas (Beauchemin and Schoumaker, 2005). It is worth noting that both are usually located in large villages or small towns, which clearly play a crucial role in the economic development of their surrounding rural areas.

D. DEVELOPMENT PLANNING AND RURAL-URBAN LINKAGES

Virtually all national policies have an impact on the form and the spatial distribution of economic activities and investment. As a consequence, they also have a huge impact on the nature of both rural and urban development, and on the links between them. And, increasingly, so does the internationalization of trade and production.

Regional planning and spatial development strategies more closely address the links between rural and urban development, but, as should be expected, they are shaped by the predominant paradigms of economic development at any given time. In the 1960s, they were designed to achieve economic growth by stimulating industrial development through public investment in designated centres or growth poles. These strategies had no rural development component and, unsurprisingly, the expected trickle-down effect to the growth poles' surrounding rural regions did not materialize, while the beneficiaries were essentially already privileged groups and large urban centers (Douglass, 1998; Hardoy and Satterthwaite, 1986).

In the 1970s, urbanization came to be seen as a parasitic process leading to underdevelopment and the neglect of agriculture. The policy response was the implementation of Integrated Rural Development Programmes focusing on agricultural change with little, if any, attention to the role of urban centres in the rural economy (Escobar, 1995). Later, structural adjustment programmes involved some sort of renewed interest in rural-urban linkages, but predominantly as market linkages connecting agricultural producers to mainly export markets. Yet again, these policies did not prove to have any serious impact on rural poverty. In most African countries, access to international markets has not resulted in increased agricultural productivity (Kessides, 2005). The role of the state in providing access to inputs, credit, markets and basic infrastructure all but disappeared in the 1980s and 1990s, while private investment in the agricultural sector has been limited to large commercial farming, often generously subsidized (Toulmin and Guèye, 2003), leaving the majority of small-scale African and Asian farmers unable to access global markets.

Overall, a key concern is the ongoing and deep divide between rural and urban planners, despite that fact that rural-urban linkages are the reality for households in both towns and villages. The 2008 World Development Report "Agriculture for Development" (World Bank, 2007), is a good example of how the role of urban centres in rural development continues to be ignored. Even references to the importance of rural non-farm employment fail to mention that, in most cases, this means work in small-scale enterprises based in small towns or large "urbanizing" villages.

1. Agricultural growth and rural development are not the same

Most development policy and practice equates agriculture with rural development. Since the majority of the world's poor live in rural areas, it seems logical that growth in that sector will reduce poverty (World Bank, 2007). This view, however, neglects the importance of non-farm incomes and mobility for what is probably the majority of the world's rural population. The diversification of income sources, often including remittances from migrant members, is not only critical for rural households' well-being, as described above, but has significant implications for agricultural production itself. In Botswana, low-income urban households maintain livestock and farms in their own areas. In Gaborone alone, this includes some 50 per cent of all low-income urban households; perhaps more surprisingly, about one-third had moved to the city more than 20 years earlier (Krüger, 1998). While investments in rural assets are essentially a safety net for the urban poor, they are shared with and looked after by family members, and contribute to the local economy.

In Africa's drylands, farmers' small investments in technologies and products are very often funded by non-farm incomes and remittances (Tiffen, 2003). In Vietnam's Red River Delta, farmers' seasonal migration to work in Hanoi's construction sector finances agricultural intensification and diversification into higher-value products (Hoang, Dang, and Tacoli, 2005). It is also generally assumed that technological innovation is just a matter of public investment and farmers' training. Evidence shows instead that farmers that are more prepared to innovate – and face the potential risks this entails – are those that can rely on non-farm incomes as a safety net (Hoang, Dinh, and Nguyen, forthcoming).

Another issue that regularly appears in agriculture-based rural development planning is the need to better connect farmers to new dynamic markets. In many cases, this means international markets. However, there is evidence that domestic urban markets are a much better option for farmers, as they tend to be more stable. In Vietnam, up to 2001, around 80 per cent of the export value of the country's fresh fruit came from China. Since China's accession to the WTO, tighter regulations on fresh fruit imports and more favourable tariffs on imports from Thailand have negatively and rather abruptly affected Vietnam's mostly small-scale fruit producers. Currently, China accounts for just 40-50 per cent of Vietnam's fruit export value. In terms of quantity, fruit production has more than doubled in a decade, from 3 million tons in 1995 to over 6 million tons in 2005; of this, only 10-15 is for export. What has changed dramatically is the level of domestic consumption of fruit, which has doubled in the last decade in both rural and urban areas but with higher per capita expenditure in the urban centres. These changes in dietary and food expenditure patterns are closely linked to the rapid improvement of the living standards of Vietnamese households (Hoang, Dinh, and Nguyen, forthcoming).

It is not only in countries experiencing rapid economic growth and higher household incomes that urban markets are a better option for farmers. In West Africa, urban centres are the largest and fastest growing market for food producers. Over 80 per cent of the total agricultural production is consumed within the region (Club du Sahel, 2000). Growing demand has resulted in a more diverse production, from basic grains to maize, cowpeas, sesame and fresh vegetables, and substantial increases in per capita production (Tiffen, 2003; Toulmin and Guèye, 2003).

The examples from West Africa and Vietnam also show that small-scale farmers rely on a relatively well-developed network of local traders. Traders are rarely mentioned in agricultural policies, which instead regularly refer to the much less specific "access to markets." But for the majority of small farmers, local traders are the main links with markets. Although they are often perceived as exploitative, traders provide vital links for small and diversified production flows that are not sufficiently profitable to attract large-scale trading organizations (Pedersen, 2000).

In many African nations, traders also have an important function as providers of credit. In West Africa, wholesale traders are usually women who tend to establish personal relations with both producers and retailers. In this way, financial exchanges are embedded in wider social relations that provide the basic rules of trust needed in commercial transactions. The major problem confronting most of these traders is limited financial liquidity, which makes them and, as a result, their creditors, vulnerable to market losses. This is compounded by poor physical infrastructure and lack of storage and processing facilities (Bah et al., 2003).

Recent research in Vietnam's Mekong Delta highlights the role of traders as agents of rural development (Hoang, Dinh, and Nguyen, forthcoming). In this fruit production area, mobile traders collect produce at the farm gate and channel it to larger market nodes where it is matched to specific market segments depending on its grade. Grading and packaging are carried out locally, providing non-farm employment to local residents and people from the surrounding rural area. In turn, this concentration of activities creates further demand for services such as hairdressing, cafés and restaurants, transport and porting. About 70 per cent of local household incomes originate from trade and services, and less that 20 per cent from agriculture. The key elements of these "virtuous circles" of rural-urban development are: good communications and transport links, which enable traders to maintain extensive networks throughout the country; a good local infrastructure that allows the collection of fruit even from relatively remote areas; equitable access to land, so that the benefits of access to markets accrue to a broad base of local residents; and, last but not least, non-farm employment opportunities, both local and in the region's cities. These provide cash for investment in farm diversification and intensification and, for the poorest households with limited labour and land, local income-generating opportunities outside the agricultural sector.

2. Rural industrialisation

Promoting rural industries to absorb surplus labour while reducing migratory pressures on cities has long been an aim of many national governments, especially in Asia. In China, township and village enterprises (TVEs) grew enormously between 1978 and 1994, when their share of the gross national industrial output went from 9 to 42 per cent, and their contribution to the total state revenue from 4 to 22 per cent (Kirkby, Bradbury, and Shen, 2000). By 1997, the rural TVE sector in China employed nearly 30 per cent of the rural labour force.

In Thailand, since the 1980s processes of rural industrialisation have involved both the growth of local enterprises and the rural relocation of export-manufacturing factories (Rigg, 2003). In Vietnam, rural and peri-urban craft and industrial villages (CVIs) are estimated to account for 41 per cent of total GDP and employ 64 per cent of the industrial workforce (Douglass et al., 2002). The overall majority are household enterprises (83 per cent of the sector's contribution to GDP and 58 per cent of the workers), the rest are domestically owned small and medium-sized enterprises. Both categories are linked to domestic urban markets as well as international markets, and are located primarily in high-density rural and peri-urban areas such as the Red River Delta (Douglass et al., 2002; Hoang, Dang, and Tacoli, 2005).

A large proportion of rural enterprises are located in sizeable settlements with strong non-agricultural economic bases and which would be classified as urban centres in most other countries. In many cases, these enterprises are not linked to the local agricultural base, and may be in competition with farmers for access to land and water. In China, although TVEs are often portrayed as examples of rural industrialisation in remote rural areas, the most successful ones were established in peri-urban areas, outside built-up areas but often in the proximity, if not within, the administrative boundaries of urban centres (Webster and Muller, 2002). Trade liberalisation has affected small rural enterprises everywhere: in India especially, household enterprises have lost out to competition from imports, and the share of the rural non-farm sector in total non-farm net domestic product decreased from about 35 per cent in 1981 to under 32 per cent in 2001 (Mukherjee and Zhang, 2007). In China, those that have survived increasingly concentrate in the high-growth eastern provinces where 90 per cent of foreign direct investment goes – and, in so doing, contribute to the growing regional inequalities that are at the root of China's internal migration.

Another growing challenge of rural industrialisation is that local administrations usually do not have the revenue and the capacity to address the environmental impacts of the enterprises' activities. In the mid-1980s, it was estimated that one-third of China's gas emissions, one-sixth of solid waste production and one-sixth of water pollution were generated by TVEs (Kirkby et al., 2000). Stricter environmental regulations introduced in the 1990s resulted in the national government ordering the closure of tens of thousands of TVEs engaged in highly polluting activities (Webster and Muller, 2002). In Vietnam, the urbanizing villages of the Red River Delta face similar problems. Increasingly, the survival of rural manufacturing enterprises is linked to their capacity to relocate to industrial estates with pollution control facilities – but this requires capital, and is clearly not an option for most household enterprises.

E. CONCLUSIONS

The central argument of this paper is that the ongoing economic, social and demographic transformations in most parts of Africa and Asia are best understood as processes based on a complementary relationship between rural and urban development – and a blurring of the rural-urban divide - rather than relatively clear-cut transitions. The main implication for policy is the need to support local governance systems that can reflect and respond to these changes and to the new, emerging challenges that these changes present.

Local governance systems can play a key role in determining the nature of rural-urban development, especially in ensuring that it does not result in the social and economic exclusion of vulnerable and marginalized groups. In part, this depends on whether national institutional frameworks allow for local decision-making. Small and intermediate urban centres have traditionally been the focus of regional development strategies, but many growing agricultural market nodes and small-scale manufacturing settlements are still classed as "rural," and therefore often lack the levels of technical competence and financial resources that are at least on paper associated with urban status (Tacoli, 2006).

Crucially, the governance of rural-urban development is a balancing act between supporting the high levels of mobility and occupational diversification that are so important for many households and communities, and ensuring that their potentially negative impacts are minimized.

High levels of mobility and remittances are generally positive, not only for households with migrant members. Remittances can have a crucial impact on the economy of small towns, for example through investment in housing and, where migrant hometown associations are active, in the construction of public facilities such as schools, religious centres, water points (Okali et al., 2001). New employment opportunities in construction, services and sometimes agriculture, in turn, often attract in-migrants. But there can also be negative impacts for non-migrants and for the wider settlement – for example, increases in land value and unregulated residential construction encroaching on farmland and increasing environmental risks (Bah et al., 2003; Serageldin et al., 2005). Governance systems in the context of growing mobility will need to respond to the needs and priorities of these different groups to avoid social and economic polarisation between migrants and non-migrants.

With regard to occupational diversification, the main challenge is to protect natural resources, especially land and water, from industrial pollutants while also ensuring that non-farm employment is available locally to those groups that need it most, especially the poor and vulnerable. Small-scale and household enterprises are their main employers, and also the ones that find it most difficult to comply with environmental regulations that are not tailored to the size of their operations and capital (Hoang, Dang, and Tacoli, 2005).

Both these challenges are intrinsically linked to long-term trends in Africa and Asia, and are likely to become more urgent in the foreseeable future. Whether they will be addressed in ways that support development that is environmentally, socially and economically sustainable will depend largely on local governance that is inclusive, accountable, effective and supported by national governments.

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