

How urban food demand can spark urban renewal, transformation

According to a new FAO report, [*The State of Food and Agriculture 2017*](#), rural areas have vast potential for economic growth in terms of food production and related sectors. Further, with the majority of the world's poor and hungry living in these rural areas, unlocking this often neglected potential is key to achieving the 2030 development agenda.



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Doing so will require overcoming a thorny combination of low productivity in subsistence agriculture, limited scope for industrialisation in many places, and rapid population growth and urbanisation - all of which pose challenges to developing nations' capacity to feed and employ their citizens.

There is ample evidence that changes to rural economies can have major impacts. Transformations of rural economies have been credited with helping hundreds of millions of rural people lift themselves up out of poverty since the 1990s, the report notes. However that progress has been patchy, and demographic growth is raising the stakes.

Between 2015 and 2030, the ranks of people aged 15-24 years are expected to rise by about 100 million, to 1.3 billion. Almost all that increase will take place in sub-Saharan Africa — the lion's share of it in rural zones. But in many developing countries — most notably in South Asia and sub-Saharan Africa — growth in the industrial and service sectors has lagged, and they will not be able to absorb the massive numbers of new job seekers set to enter the workforce.

Nor will agriculture — in its current form.

Transformed rural economies not a panacea, but will generate much-needed jobs

So rural people who relocate to cities will likely run a greater risk of joining the ranks of the urban poor, instead of finding a pathway out of poverty. Others will need to look for employment elsewhere, leading to seasonal - or permanent - migration.

This is why targeting policy support and investment to rural areas to build vibrant food systems and supporting agro-industries that are well connected to urban zones - especially small and medium-size cities - will create employment and allow more people to stay, and thrive, in the countryside, represents a strategic intervention the report says.

Transformed rural economies won't necessarily be a panacea that solves all the pressures that drive people to relocate, but they will generate much-needed jobs and contribute to making out-migration more of a choice, rather than a necessity.

The catalytic role of small cities and towns in mediating the rural-urban nexus

"Too often ignored by policy-makers and planners, territorial networks of small cities and towns are important reference points for rural people - the places where they buy their seed, send their children to school and access medical care and other services," FAO Director-General José Graziano da Silva notes in his forward to the report.

"Policy-makers are urged to recognise the catalytic role of small cities and towns in mediating the rural-urban nexus and providing smallholder farmers with greater opportunities to market their produce and share in the benefits of economic growth," he adds.

How urban food demand can spark rural renewal

The State of Food and Agriculture makes the case that needed transformations in rural economies can be sparked by leveraging growing demand for food in urban areas to diversify food systems and generate new economic opportunities in off-farm, agriculture-related activities. This includes enterprises that process or refine, package or transport, and store, market or sell food, as well as businesses that supply production inputs such as seeds, tools and equipment, and fertilisers or provide irrigation, tilling or other services

Already, growing demand coming from urban food markets currently consumes up to 70 percent of national food supplies, even in countries with large rural populations, the report notes.

No silver bullets

But while urbanisation provides a "golden opportunity" for agriculture, it also presents challenges for millions of small-scale family farmers.

Markets that are more profitable can lead to the concentration of food production in large commercial farms, to value chains dominated by large processors and retailers, and to the exclusion of smallholders.

So supportive public policies and investments will be key to harnessing urban demand as an engine for transformative and equitable growth, and measures designed to ensure market participation by small-scale, family-farmers must be hard-wired into policies.

Family farmers, infrastructure, small cities and towns

The study lays out three lines for action:

The first involves putting in place a range of policies designed to ensure that small-scale producers are able to participate

fully in meeting urban food demands. Measures to strengthen land tenure rights, ensure equity in supply contracts, or improve access to credit are but a few options.

The second is to build up the necessary infrastructure to connect rural areas and urban markets — in many developing countries the lack of rural roads, electrical power grids, storage facilities, and refrigerated transportation systems is a major bottleneck for farmers seeking to take advantage of urban demand for fresh fruit, vegetables, meat and dairy.

The third involves including not just mega-cities into well-connected rural-urban economies but knitting in smaller, more spread-out urban areas as well.

Indeed, the report stresses that smaller urban centres represent a much-overlooked market for food. Half of all urban dwellers in developing countries live in cities and towns of fewer than 500,000 people.

Key numbers

- Rural transformation has been taking place since the 1990s. Since then, an additional 750 million rural people now have incomes above the moderate poverty line of \$3.10 per person per day (PPP)
- In 1960, 22 percent of the population in developing countries (460 million people) lived in cities and towns. By 2015, that reached 49 percent (three billion people).
- The developing world's rural population grew by 1.5 billion between 1960 (1.6 billion people) and 2015 (3.1 billion).
- In South Asia and sub-Saharan Africa, an average of one million and 2.2 million young people, respectively, entered the job market every year between 2010 and 2015.
- Large cities with populations from five to ten million and megacities of 10+ million inhabitants represent only about 20 percent of the world's urban dwellers.
- In developing countries most urban areas are relatively small - about 50 percent of the total urban population, or 1.45 billion people, live in cities and towns of 500,000 inhabitants or fewer.
- Close to half the global population today either lives in cities with fewer than 500,000 inhabitants or in rural areas surrounding them.
- Globally, smaller urban areas currently account for about 60 percent of urban food demand.
- By 2030, the urban population in the world's less-developed regions will total four billion. 80 percent of these urban dwellers will live in Africa, Asia and Latin America.
- In 2030 the majority of the world's urban population will be found in cities with populations of one million or less, 80 percent of these people will live in urban areas with fewer than 500,000 inhabitants.
- The value of urban food markets in sub-Saharan Africa will likely increase fourfold between 2010 and 2030, from \$313bn to \$1 trillion.
- In East and Southern Africa, the share of urban consumers in the purchased food market is already 52 percent and is forecast to rise to 67 percent by 2040.

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