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**Private Sector Mechanism Position Paper**  
May 2017

## **Urbanization, Rural Transformation, and Food Security**

Demographics are changing. Just over half of the global population lives in towns and cities, and absolute numbers of rural inhabitants could begin declining in the near future<sup>i</sup>. Although the share of the global poor living in urban areas continues to grow, poverty is still disproportionately a rural phenomenon<sup>ii</sup>.

Policies and interventions will have to adopt an integrated approach to development, dealing with rural and urban regions not as distinct and isolated environments, but as part of a unified continuum of food systems. Policies should seek synergistic solutions in order to enable agriculture, not at the expense of either urban or rural populations, but to their mutual advantage.

The following policy recommendations would contribute to meeting the challenge of improving food security and nutrition, in the context of changing rural-urban dynamics:

### **1. Leverage and expand dynamic rural-urban linkages to ensure food security and improved nutrition for all**

Due to current urbanization trends, the impacts of rural-urban linkages on food systems are greater than ever before. Increased trade and incomes mean that urban markets are becoming ever more important for rural producers, while longer and more integrated supply chains have transformed the intermediate segments of supply chains, rendering rural and urban areas more interdependent on the goods and services they each provide than ever before. In order to harness these changes, policymakers should:

- Enhance coordination between rural and urban development strategies and programmes, in order to ensure development strategies are sustainable and integrated across the rural-urban continuum, in line with the New Urban Agenda endorsed by the UN Habitat III Conference.
- Expand service provision in underserved rural areas, including financial services, training, and hard and soft infrastructure.
- Ensure that appropriate and sustainable social protection programmes are available in rural and urban areas, including predictable, reliable, and rapidly scalable safety nets, as called for in the CFS's Framework for Action for Food Security and Nutrition in Protracted Crises.

### **2. Support the development of off-farm economic activities in rural areas**

30 to 50 percent of rural households in developing countries have members who are employed in non-farm enterprises<sup>iii</sup>. Current trends mean that these activities are set to become ever more central to processes of rural transformation. The increasing vertical integration of agricultural value chains, as well as reduced

demand for labour due to mechanization mean that farmer's livelihoods may be undermined if they are unable to diversify into off-farm economic activities. In order to achieve this, it is necessary that:

- In line with the previous point, the appropriate soft infrastructure be in place to facilitate diversification. This includes well-functioning credit and insurance markets for off-farm activities, as well as education and extension services geared towards enabling rural inhabitants to develop the skills necessary to take advantage of off-farm opportunities.
- Agricultural research priorities include agro-industrial processes in their broadest sense, including not only inputs and production technologies, but also innovations in agro-processing, post-harvest storage and transportation, distribution, and market responsiveness.
- Intersectoral coordination be improved, entailing close collaboration in the formulation of policy and the development and implementation of programmes between agricultural ministries, and those dealing with commerce, technology, industry *et cetera* to support the development of off-farm activities.
- Linkages between farm and non-farm activities in rural areas be improved through the lowering of transaction costs. In many contexts, this could be achieved through the development of initiatives which facilitate the dissemination of market information and technical expertise, and through legal reforms to sanction effective contract mechanisms.

### **3. Support the sustainable intensification and integration of urban agriculture**

Appropriately incentivized and integrated urban and suburban agriculture has important impacts on food access and distribution in cities, for example: helping to foster diet diversity leading to more favourable nutritional outcomes, and reducing food loss and waste related to poor transportation infrastructure. Conditions needed in order to enhance the positive contributions of urban agriculture include:

- Ensuring that urban land use and zoning policies support urban agriculture, e.g. through composting and animal control ordinances, promotion of agricultural use of public land, brownfield clean-up programs, building codes and local procurement.
- Ensuring the long-term security of tenure for land used in urban agriculture by establishing clear legal frameworks for the use and transfer of vacant lots and public land for agriculture, in order to facilitate investments in addressing the unique necessities of urban agriculture, including sustained soil remediation and improvement processes.
- Facilitating the safe conversion of land use from non-agricultural to agricultural purposes, for example by making the land use histories of urban spaces publicly available and making soil testing resources more easily accessible.
- Facilitating agricultural product aggregation systems in urban contexts, allowing numerous small producers to access markets and processing and branding services they normally would not produce enough volume for. This could be done through the dissemination of technical assistance related to

cooperative management, marketing, and logistics, as well as through the provision of financial incentives.

#### **4. Avoid urban encroachment on rural and peri-urban agricultural land**

The rapid expansion of urban populations entails a growing demand for housing in suburban and peri-urban areas. This may result in the loss of ecologically and socio-economically important agricultural land, with negative knock-on effects on many related natural resources and ecosystems. Policy priorities should therefore include:

- Establishing urban growth boundaries that enable rural agricultural communities to remain productive and economically viable, for example through the establishment of “green belts”.
- Developing and promoting urban land use initiatives that privilege the rehabilitation and reuse of brownfield sites for new construction.
- Encouraging more dense urban planning for cities to avoid suburban sprawl.
- Addressing the indirect causes of agricultural land displacement, as well as the direct causes. Indirect causes include increased demands on rural infrastructure, conflicts with newly settled residents, and rises in land value and increased property taxes. These may be dealt with through “right to farm” legislation limiting the liability of farmers following standard practices, preferential taxation regimes, and exclusive agricultural zoning.

#### **5. Engage youth in farming.**

A greater portion of rural youth than ever before are leaving the agricultural sector in search of other employment. This has serious implications for agricultural productions and food security, in particular when the average farmers’ age worldwide is around 60 years old<sup>iv</sup>. The agri-food sector must be able to provide viable and attractive career prospects for young people. This can be achieved by:

- Ensuring access to educational resources. This may range from incorporating agriculture skills and activities into school curricula and career advisory services, to expanding opportunities for post-graduate entrepreneurial and technical training.
- Implementing or expanding financial support schemes for young entrants into the agricultural sector, which may include grants, tax incentives, and subsidized loans as contextually appropriate.
- Engaging youth actively in rural agricultural development processes, for example by ensuring that policymaking processes are inclusive of all stakeholders (including youth) and facilitating the formation of youth advocacy networks.

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<sup>i</sup> UNDESA, *World Urbanization Prospects*, (New York: the United Nations, 2014), <https://esa.un.org/unpd/wup/Publications/Files/WUP2014-Highlights.pdf>

<sup>ii</sup> M. Chen, S. Ravallion, & P. Sangraula, *New Evidence on the Urbanization of Global Poverty*, World Bank Policy Research Paper 4199, 2007, <http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-4199>

<sup>iii</sup> FAO, 2017, *The future of food and agriculture – Trends and challenges*, Rome, <http://www.fao.org/3/a-i6583e.pdf>

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<sup>iv</sup> FAO, 2014, *Contribution to the 2014 UN ECOSOC Integration Segment*,  
<http://www.un.org/en/ecosoc/integration/pdf/foodandagricultureorganization.pdf>