RURAL-URBAN LINKAGES
IN USAID RURAL DEVELOPMENT

A concept and discussion paper

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by

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INTRODUCTION AND BACKGROUND

> "No matter how well designed an agricultural development program might be, its effectiveness will be limited if the area concerned does not simultaneously develop access to centers that can provide supporting services, efficient marketing outlets, competitive sources of supply, new ideas and information about changes in technology, and most important local economic leadership.(1)

The objective of this paper is to summarize current thinking and highlight some salient ideas regarding future research themes on rural-urban linkages in USAID development efforts. As a summer intern in the Office of Rural Development, Bureau of Science and Technology (S&T/RD), I was given the rich, educational opportunity to assemble this thinking by interviewing over fifteen representatives from offices throughout AID, although predominantly from the Africa Bureau and S&T/RD. A limited review of state-of-the-art literature was conducted as well. Two parameters were kept in mind to guide these interviews and research: what is being done and what could be done in the field of rural-urban linkages with regard to 1) increasing rural incomes, and 2) assuring adequate access and consumption of food, goods, and services in rural areas.

There is an implicit assumption here that this subject is of significance to AID. Hopefully the following discussion will provide an answer to the question, "What evidence is there to persuade the Regional Bureaus or the Missions, given very limited budgets, that investment in rural-urban linkages is a worthwhile endeavor? Is the the potential to increase rural incomes through the improvement of rural-urban linkages and promotion of rural nonfarm employment any greater than traditional agricultural extension projects? These questions were asked somewhat rhetorically but often enough that it seems necessary to clearly show that an understanding of rural-urban linkages are a crucial part of any strategy to increase rural incomes.

The recently distributed information brochure on Africa Programs (dated May, 1987) included the following statement under the "Agriculture" subheading,

> "Strengthening private market links for agricultural products and imputs, and building links to other sectors of the economy are critical to increasing income. Africa's transport networks, if expanded and maintained, could stimulate production and make food distribution and trade easier, more efficient, and more reliable. (2)

This statement reflects what has long been known about rural development; that as important as roads are they are only the most obvious, physical links between rural and urban areas. The Africa Bureau and African USAID's are very aware of the potential improved marketing systems hold for increasing rural incomes, as well as the economic relationships betweeen agricutural policy reform, emphasis on private enterprise development in the processing, storage, and marketing of agricultural produce, and the creation of rural, nonfarm employment. What appears to be lacking in this agricutural based strategy of development is an appreciation of the spatial dynamics of settlement systems; the role that is played by market towns and village centers in facilitating this economic reform and increased rural income. It has become increasingly obvious to the Africa Bureau that more needs to be known about the interaction between agricultural production and small towns, about the interchange of workers, money, agricultural produce, consumer goods, agricultural support services, and ideas between farmers and the towns they depend on. How to maximize the positive influence these rural-urban dynamics can or should have on marketing systems and rural nonfarm income generation has been the objective of considerable research conducted by S&T/RD.

The agriculture and employment led strategy of development strongly articulated by John Mellor, et. al., depends heavily on linkages between increased agricutural income and the rural, nonfarm economy. The hypothesis

that increased agricutural productivity will directly result in an increased demand for labor intensive goods and services in the rural nonfarm economy is based on three principal assumptions; 1) the small farmer will be able to realize higher income from greater productivity, 2) the goods and services he is expected to buy with his increased income are locally available, and 3) that the profit from these production and consumption linkages will be regionally internalized, i.e. not "leak" out to the primate city or abroad. All of these conditions are critically dependent on the capacity and integration of rura-urban links. The first is based on the efficiency of the marketing system. The second is based on the ability of market towns and village centers to develop a responsive nonfarm economy. The third is based on the synergistic, regional integration of this economy and growth incentives to reinvest within it. To quote a World Bank report testing the strength of agricultural based multipliers in Africa, "many would like to believe that a small farmer strategy will generate maximum growth rates, Asia-style, through linkage multipliers with the rural economy"(3). Mellor himself realizes the importance of rural-urban linkages in this paradigm of development,

> " the infrastructure of communications essential to growth of rural industry and services must be in place. Highly developed infrastructure is essential to agricultural production growth, favorable consumption incentives, and to the complex, interactive system of region-based urban centers that are so essential to a high employment content in agricultural-based strategy.(4)

The following discussion will concentrate on this fulcrum of development within the agriculture and employment led strategy of development; the role of rural-urban linkages in transmitting improved agricultural productivity into nonfarm, rural employment and higher incomes. A secondary objective of this paper is to show that improving market systems and the capacity of rural towns to support nonfarm employment is a necessary condition, and a required compliment to overall agricultural policy reform. A third objective is to take

a few tentative steps, for purposes of discussion, into a field of very little research on the role of the urban informal sector of larger cities as a collective agent of change in rural areas.

INCREASING RURAL INCOMES

This section will very briefly abstract a recent World Bank Discussion Paper entitled Farm/NonFarm Linkages in Rural Sub-Saharan Africa: Empirical Evidence and Policy Implications by Steve Haggblade, Peter Hazell, and James Brown(5). This paper was recommended as a result of an interview in which the official indicated that more needs to be known about the sources of rural incomes, how this income is generated by gender and farm/nonfarm activity at the household level, and the overall social perception of small holder agriculture as a desirable occupation, i.e. what motivates and what does the small farmer aspire to in a given context. Without knowing the sources of income and division of labor on and off the farm it was considered premature to believe that interventions could be well targeted to effectuate agricultural productivity and rural income generation at the household level.

Many of the questions raised in this interview are addressed in the World Bank paper. This paper evaluates the empirical evidence in which to measure the power of agricultural growth multipliers in Sub-Saharan Africa. After a profile of the rural, nonfarm sector of selected Sub-Saharan African countries the Discussion Paper highlights some significant variances between Africa and Asia in the application of the agriculture and employment led strategy of development. This profile of the rural nonfarm sector synthesizes a great deal of research and, with all the appropriate disclaimers as to the reliabilty and compatibility of the data sources, relays some basic, selected conclusions as follows,

-An estimated 80 to 90% of Africa's rural labor force works in agriculture, and an estimated 30 to 50% works full or part time in nonfarm activity so, logically, 30 to 60% must work in both. As a rough estimate about 45% of African rural, nonfarm employment takes place within integrated farm-nonfarm households, while about 55% is run from specialized, nonfarm firms.

-Nonfarm shares of rural employment typically fall in the 10 to 20% range of total employment. It is estimated that 30 to 60% of the rural labor force works in both farm and nonfarm activities, representing a sizable "swing" of labor flows between farm and nonfarm sectors, countercyclical to the demands of the agricultural calender.

-Nonfarm sources of income regularly account for fully 30 to 50% of rural cash incomes. Because nonfarm activities are monetized to a much greater extent than agricutural production, nonfarm earnings constitute a disporportionate share of cash income. Higher income groups derive a greater share of their income from nonfarm sources than to the poor, but poor households depend more heavily on nonfarm incomes for "basic needs" than do the wealthy.

-Rural nonfarm enterprises are typically very small, the great majority of which employ less than 10 workers, typically requiring modest amounts of capital. Amid wide variation the data on composition indicate that commercial establishments typically predominate, with services and food processing, especially small, informal resturants, being the most growing, and most ascendent nonfarm activities in emerging small towns. This is contrary to the traditional emphasis on manufacturing in the rural development of offfarm employment.

The report looks at five different linkages; two in factor markets and three in product linkages. The factor market linkages involve the contraints on agricultural productivity from inefficient flows of capital and labor between farm and nonfarm enterprises. Product markets include backward production linkages from input and equipment suppliers to farmers (fertilizer, equipment supply and repair services, and blacksmithing), forward production linkages from agriculture to processors and distributors, and consumer demand linkages generated as a result of increasing farm incomes.

In all cases, for different reasons, the backward production linkages and the forward consumption linkages tend to be weaker in Africa than Asia. Basically the study concludes with an estimate of Africa's rural agricultural growth multipliers to be on the order of 1.5, meaning that $1.00 increase in agricultural incomes will generate about 50 cents in rural nonfarm goods and services. This estimate places the African multipliers at about 60% of what they appear to be in the few Asian countries from which data is available. In pursuing the agricuture and employment led strategy of development the conclusion reached by the World Bank Discussion Paper would argue for increased investment in rural-urban linkages to improve the ability of agriculture to lead economic development.

How, specifically, is this to be done? The need for improved rural-urban linkages presents itself most readily in the factor market flows of labor and capital and the need for infrastructure to support nonfarm employment in rural towns. In the case of Kenya what is interesting and somewhat contrary to the "agriculture first" strategy is that, in the factor market of capital, the first step toward improved agricultural productivity is an increase in nonfarm earnings, principally urban wages, with which to invest in greater agricultural productivity. Evidence showed a correlation between off-farm earnings and agricultural innovation among farm families, presumably because nonfarm earnings supply funds for productive investment. Thus, in Kenya, urban wages and nonfarm income is a critical variable in the rural-urban system; access to nonfarm income was shown to be an important determinant of increased agricutural production.

Labor appears to be a key limiting factor of production in rural Africa. Most observers identify peak season labor bottlenecks as the principal constraint to increased farm production. Although a topic of disaggreement among other officials interviewed, the report recommended better rural

communication and transport infrastructure as crucial to efficient functioning of labor markets and increased agricutural production. The World Bank paper mentions efficiency gains due to labor specialization in Sudan, in which households with nonfarm earnings hire wage labor to replace family members absent from the farm, thus increasing their overall earnings by exploiting their comparative advantage in off-farm work. Specialization in off-farm employment appears to motivate labor market development in Sudan as it does agricultural investment in Kenya. The point here is that nonfarm income is inextricably linked with farm productivity, both in capital and labor factor markets.

The need for physical infrastructure, such as electricity, telegraph and telephone communications, and water and roads to support and promote rural nonfarm employnment is without question. The questions lie in our understanding of where the optimum location for investment lie, seqencing requirements, and complimentarity among infrastructural imputs. Experience with overbuilding and subsequent maintenance problems requires research into the levels of service demand, ability to pay, community participation, as well as administrative mechanisms. A very relevant suggestion was made that AID could learn a great deal from detailed research on the successes and failures of its own rural roads and infrastructure projects to identify what worked, what didn't, and why.

Closely related is institutional infrastructure which is equally essential in supporting the transition to a more specialized, productive rural economy. This appears to open a Pandora's Box of controversy on the difficulty and resistance to decentralizing national governemnt authority, building the capacity of rural, sub-national and municipal governments, and properly involving local participation in decision making.

As was shown in the World Bank paper, fully 30 to 50% of rural cash income is earned from nonfarm activities in African rural areas. With regard to issues of equity, rural nonfarm activities have been shown to be more important the lower the income of the household. The evidence suggests that traditional agricultural projects, which lack attention to the local capacity to internalize the spin-offs of this production and stimulate local non-farm activity, will by and large exclude the poorest of the rural poor, and may in fact exacerbate disparities in rural income distribution. A report from the Employment and Enterprise Policy Analysis Project, S&T/RD/EED, indicates why this is so,

> "Given that land is the farmer's principal productive asset, size of holdings has commonly been used as a variable to stratify rural households into income classes. How important is rural nonfarm income for those with little or no land? Not suprisingly, an examination of data from five countries in Asia and Africa reveals an inverse relationship between size of landholding and the share of nonfarm income in total rural household income. For the smallest landholding categories in each country, nonfarm income sources account for over fifty percent of household income."(6)

If AID assistance efforts are to be truly directed to the poor majority in rural areas through emphasis in private enterprise development then attention to nonfarm rural activities must gain a higher place on the agenda of rural development.

THE OBSOLESCENCE OF THE RURAL URBAN DICOTOMY

> "Agriculture and industry or urbanism are separable sectors of national political economy, but are in a sense one and the same. The bonds between agriculture and industry, rural and urban areas are in many cases so intertwined that to consider them separate entities obscures the causal links influencing them.(7)

Two underlying themes are central to the following discussion. First is the growing awareness in development research that the conceptual dicotomy of rural versus urban areas is obsolete. Because these areas are so interrelated it has become increasingly recognized that the study of rural-urban linkages as a dicotomy is an oversimplification which impedes our understanding of the dynamics between them. The second and related theme is the misperception that the study of rural-urban linkages must either be related to "growth pole" projects of heavy capital investment for industry in rural areas, which were without much question expected to produce beneficial spread effects in the rural economy, or to "integrated rural development" schemes of the the 1970's designed to meet "basic human needs" of the rural poor majority, both of which have been largely discredited as ineffective. The fact that well targeted, small-scale interventions in market systems and secondary cities can have a direct and positive impact on agricutural productivity and nonfarm employment is not clear, the research is perceived as more urban than agricutural and thus its intentions and effectiveness are held suspect. This is due in part to the first point of an artificial dicotomy between the two.

Rural and urban areas are usually conceptualized as both mutually dependent and competitive. Fueled by such landmark work as Micheal Lipton's "urban bias" arguments, rural areas are often perceived as dependent and dominated by the political and economic objectives of the urban population. This perception is coming under increasing attack as inhibiting our understanding of the complex relationships between town, city, and country in development planning.

Rural areas cannot be understood simply as agricultural areas feeding the cities, depressed in part by food price ceilings and heavy dependence on imported food engineered by urban elites to preserve political stability, and cities cannot be understood simply as industrial and consumer areas depressed in part by the lack of effective demand in the rural areas for manufactured goods. This rural-urban dialectic of dependency and competitiveness may be well suited for textbook economic sector analysis in highly specialized economies, but appears to be less useful the less specialized an economy is in reality. The more economic activity in urban areas that is agriculturally based, and the more farm and nonfarm activities are integrated in rural households, the more artificial is the division. If a rural subsistence farmer gains half his cash income by manufacturing crafts and implements for urban consumption, and an urban dwellor earns most of his cash income from street vending food he grows himself in an urban garden and buys the rural made implements, then in this, albeit stylized, example the simple rural-urban dicotomy is backwards. The necessary rural-urban synergism of a regional support network of towns and market centers is excluded from this dicotomous level of analysis.

What is obvious to casual observers in most cities in Africa and many in Latin America is the ease and regularity in which citizens dressed in the well tailored business suits of the formal sector share the same urban services with their compatroits clad in rural and semi-traditional dress of the informal sector. This "ruralization of the metropolis" may only be a superficial impression due to heavy and sustained migration from rural areas. What has been empirically proven however is that social and economic bonds, particularly between African rural and urban areas, nutured by circular and seasonal migration, social organization, and remittances of income from the city back to the village, remain so strong over such long periods of time that

the rural-urban dialectic of dependency and competitiveness is not well suited for non-Western, non-industrialized cities. African cities are studied in the urban sociology/anthropology disciplines as extensions of rural homelands because the spatial separation does not sever the social, economic, and political bonds between urban and rural residents.

Rather than a simple, two-way dicotomy of competition and dependency, it appears much more usueful to study relationships between rural and urban areas more in terms of a systems approach; the system consisting of an irregular continuum of settlements with various functional densities of nonfarm employment, influenced by multivariate social and economic factors. The agriculture and employment led strategy depends on complex, synergetic economic integration between farm and farmtown to improve incomes at the regional level. It is expected that the development of the nation at large will be led by regional growth in agricultural production and its multipliers in the nonfarm economy. Identification of the strongest and most consistent imput, production, and consumption linkages on a regional basis and where these linkages meet their most constraining bottlenecks, in what can appear to be a seemless web of production, consumption, and social relationships, is a very challenging task and requires an ability to consider many variables simultaneously. This is conceptually more difficult than the simple dicotomous consideration of rural versus urban areas, but much more useful to determine what the most effective interventions would be in a dynamic, interactive system that characterizes rural-uraban linkages.

CURRENT S&T/RD RESEARCH IN RURAL-URBAN LINKS: SARSA

> "To address more effectively all three problems of food production and distribution, employment, and enterprise development, and the relationships among them, development strategies must be based on an analysis of, and offer solutions that are tailored to, specific regional conditions".(8)

The research currently conducted by S&T/RD in rural-urban linkages has moved beyond the physical and spatial analysis of hierarchical patterns of towns and cities, e.g. what urban functions exist and should exist in the regional center, market town, and village to improve agricultural productivity and rural incomes, to the analysis of what moves between them, in terms of money, services, agricutltural produce, and ideas. The focus here is not necessarily urban, and not necessarily rural, but the linkages between them in a regional context. It is the study of dynamics, of flows, not of specific places, but the system of imputs and agricultural production that moves between places. It is hoped that a firm understanding of the dynamics between places will inform decisions as to where the greatest opportunities lie, or where the greatest constraints are located, for improved agricutural production and income generation.

The research currently conducted under an S&T/RD Cooperative Agreement(9) known as Human Settlement and Natural Resource Systems Analysis (SARSA) is using the study of specific agricultural commodity systems from the farm-gate through the regional and national marketing chain as the primary method of analyzing rural-urban linkages. By "commodity system" is meant the input supply chains, production methods, marketing and processing functions, and consumption linkages from revenues received which are directly linked to three or four key commodities produced within a region. This expanded, "regional farm system" approach is intended to identify imput and marketing constraints that may be overlooked at the farm level, yet are commodity specific and relevant to the small farmer at the regional level. The research takes the small holder farm as the unit of production, unlike the capital intensive "growth pole" investment analysis which were often isolated or dis-integrated with the regional economy. It is intended to imbed recommendations for intervention in the current productive base of the region,

to enable these interventions to act as catalysis for both agricutural production and private sector developemnt of off-farm employment. This differs from "integrated rural development" projects because its objective is agricultural productivity and income generation, rather than cross sectoral responsibility in meeting "basic human needs".

The Government of Kenya has recently taken impressive steps to promote regional development by directing public investment toward specific growth centers in order to counteract the attraction of the nation's major cities. In an effort to assist in these efforts the RHUDO/Nairobi has recently contracted for SARSA research. The language used in the SARSA Research Workplan best describe the conceptual and programmatic basis of the study,

> "The factors that determine the extent to which a small town will prosper with rising farm productivity in its hinterland are generally the same as those that determine the extent to which it can contribute to rising farm productivity in its hinterland. These factors include aspects of the towns urban infrasructure and economic environment...agricultural production dominant in the area...and transaction mechanisms...through which farms and towns are linked and are able to act as growing suppliers and markets for each other."(10)

SUGGESTED RESEARCH THEMES

The Need for a Sense of Regional Dynamics in Agricutural Policy Reform

As is well known the economic and spatial relationships of cities and towns to their productive base, especially in Africa, are historically based on the colonial and neo-colonial extraction of profit from the rural economy via urban control of administration, credit, supplies of agricultural imputs, and terms of trade governing the exchange of rural products for urban and foreign goods. Given this legacy of extraction and lack of protective policies to nuture the independent, synergistic economic integration of rural economies the development of the "dual economy" or rural-urban dicotomy is not difficult

to understand. What is difficult to grasp is the complex, multi-dimensional nature of rural-urban linkages today and the obsticles to reversing this tide of history in nuturing the integrated growth of rural economies. This is particularly difficult when the host nation simultaneously continues and, indeed, attempts to extend economic relationships with the world economy that are often based on very similiar extrative commodity trade that was extant during the colonial era.

No one doubts the need for agricultural policy reform to improve agricultural productivity, food security, and rural incomes. What is also required is a heightened awareness that this emphasis on policy refrom, rural incomes, and private sector development takes place within a spatial system of settlement, requiring attention to the physical, economic, and social features of that settlement system to be effectively implemented. Macro price policy reform is articulated to the farmer either poorly or effectively through the marketing system. A better understanding of the input, production, and marketing linkages between small towns, market centers, and the metropole would indicate how these policies are inhibited or extended via the system of human settlements.

Mr. Henri Josserand recently gave a presentation on his four year assignment in Niamey, Niger as part of a technical assistance team implementing the USAID/Niger Agricultural Sector Development Grant. Mr. Josserand spoke of storage facilities for agricultural produce at the village level built and managed by private sector interests, as opposed to large government financed or parastatal facilities, and the promotion of transport and trade as integral parts of the USAID implementation strategy of policy reform.

Mr. Josserand concentrated a good part of his remarks on the difficulty of bridging the gap between high level political dialogue and local level interaction with agricultural technicians. To quote a handout provided at his presentation,

> "The effective implementation of policy reform requires more than general concensus and counterpart fund incentives. Technical assistance and other support in reorganization and management upgrading for local administrations are an essential component, most commonly underestimated by both parties".(Emphasis added)(11)

Mr. Josserrand discussed in simple matrix form the "winners" and the "losers" of policy reform.(Attached as Appendix "A") One consistent "loser" were large, corporate agricultural traders, who, with the benefit of access to credit and government officialdom, were often able to circumvent policy reform. Small traders and small holder farmers were consistent beneficiaries of reform, however were the least articulate, least organized, and least politically powerful as an interest group to retain their benefits.

An appreciation of the constraints and opportunities presented in the rural-urban linkages of a given nation would greatly inform and empower the implementation of policy reform. Research into knowing what group of farmers, where they are located, what production constraints they face, what urban-based services they need, and how they typically market their goods would facilitate vastly more effective interaction with local technicians. The overall implementation and prediction of production bottlenecks could be greatly enhanced by a clear understanding of the spatial and dynamic aspecs of the commodity production system, the marketing system, and the regional rural-urban linkages between them.

A Regional MEREC

Managing Energy and Resource Efficient Cities (MEREC) has proven to be a remarkably effective capacity building process developed for smaller, secondary cities by specialists from the Tennessee Valley Authority under contract to USAID/S&T/RD. Described very simply the process focuses sectoral agency attention on the fact that urban resource problems such as loss of agricultural land, water, sewage, and energy are in reality interrelated problems and flow through and between the administrative agencies that manage them. A matrix is created displaying resource problems and availability on one axis, and municipal agency responsibility on another. In this way a creative, essentially apolitical, resource-based capacity building process is set in motion which forges a new awareness of the ability to "make money" by effectively managing resources.

One of the primary reasons for the success of the MEREC pilot projects was that they did not attempt to integrate line agency responsibility as much as demonstrate that resource problems are interconnected and that in some cases line agency responsibility overlapped, and in other cases was too thin to properly solve problems. One of the most effective visual aids to accomplish this was the use of the matrix mentioned above.

A similiar training process for rural, agricultural regions may be successful in building the capacity of sub-national and municipal governments to determine what intervenntions are most appropriate to enhance marketing efficiency, nonfarm employment, and preservation of the regional natural resource base. These three elements could provide the "natural resource" axis of the matrix which require efficient management, and the other axis could be the national sector ministries and the regional and municipal governments which have jurisdiction over them. In this way the interrelatedness of problems and solutions could be investigated and steps taken toward

decentralization of decision making to address problems of regional development.

Avron Ben-David Val, one of the principal architects of both the MEREC pilot projects and the current SARSA research strategy, advises against the application of the MEREC process to African agricutural regions. This is because, perhaps stated too simply, sub-national governments in Africa typically lack the resources to even get started in this capacity building process, and the national ministries are too far removed from the problems to properly use the MEREC process as it is presently designed. However, it appears to this reviewer, that even if the process primarily involves national sector ministry officials who are only indirectly involved with the region at hand, the MEREC idea holds a good deal of promise for efforts toward decentralization and capacity building at the regional level. This is due in part to the unique, apolitical emphasis on specific resources, and perhaps the process could be adapted to rural regions concerned with the human and economic resources of marketing efficiency and private sector enterprise development in a given regional settlement system.

The Role of the Urban Informal Sector as an Agent of Change in Rural Areas

The following discussion might best be framed by the ideas summarized in the following three quotes,

> "Most migrants seek urban employment with the intention of returning to the rural area in time for the rains and the beginning of the annual agricultural cycle. This is probably the most common form of migration among the Senoufo. (Bamako, Mali) In this form, labor organization in the rural household is not significantly disrupted and money is brought into the rural economy as a result of the youth's earnings."(12)

> "In many Third World cities, large numbers of recent migrants and the poor living in slums and squatter settlements depend on "informal sector" activities that are closely related to agricuture, and they depend on urban-rural marketing networks for a substancial part of their income. Many work as food sellors, processors, brokers and traders...More than 25% of the slum dwellors earn their incomes from selling or processing agricultural goods in the city."(Columbo, Sri Lanka)(13)

> "The economic potential of urban agriculture is enormous, but to date has only been studied obliquely...increasing transportation and storage cost and urban under-and-unemployment as well as maintaining a reliable and readily accesible food supply could be helped in part by the development and support of an urban agricultural sector."(14)

If the urban informal sector is the "urban frontier" to be crossed by the urban migrant, and if this migration is often seasonal or circular, than it is safe to assume that the urban informal sector is acting as a conduit of information and change to the rural areas. For better or worse the information carried to the rural areas from the city will help shape the images and perceived opportunities that the non-migrant rural dwellor will have of the city. Along with these images are urban goods, agricultural price information, and political news. The patterns and influence this rural-urban interaction has on rural technological innovation, farm and nonfarm production activities, and decisions to migrate or not are more a matter of intellectual speculation than empirical evidence, yet we know that cities in all cultures throughout history have diffused information to rural areas. When we view this interaction as a variable in the system of settlements along the the rural-urban continuum we cannot help but wonder how this variable can be manipulated to work in favor of rural development.

Although the urban informal sector has been the subject of considerable attention and research very little is known about the influence this sector has on rural populations. We know that bonds to rural social organization (to the home village, tribe, and extended family) remain very strong in urban

areas, and we are suprised and uncertain why some urban innovations reach very remote villages and others do not, i.e. the success of some pharmaceutical marketing campaigns. No doubt due to very complex and case specific sociological and cultural factors we simply do not know very much about the diffusion of technology and information in rural-urban interaction.

The prevalence of urban gardens and peri-urban agriculture in many Third World cities, primarily in Africa, has been recently noticed as a very important survival strategy and entrepreneurial activity of the urban informal sector. A growing number of observers are asserting that not only should this activity be encouraged and assisted, but some are wondering if urban gardens may have a role as an agent of agricultural extension to rural areas. We know for example that some high value fruits and vegetables are grown in urban gardens for sale to middle and high income urban consumers, and some of this produce is transported to rural areas. Given the proper imputs and conditions, what prevents a rural farmer from growing the same produce in rural areas for rural consumption? Another example is the diffusion in Ghana of a simple palm nut hand press that was developed by an informal manufacturer presumably inspired by his experience in a large palm oil processing plant(15). A final example of the urban informal sector's interaction with agriculture is the research of Professor Sutti Oritz in which he has found that the majority of seasonal agricultural workers in Columbia are in fact urban dwellors during the growing season, whom presumably depend on informal sector contacts for employment information(16).

If we approach the analysis of rural-urban linkages as a synergetic, interactive system of farm and nonfarm activities then perhaps the role played by the urban informal sector in this system can be exploited to assist in rural development.

Conclusion

Although the objective of the interviews conducted for this paper was to identify common themes of concern and new ideas that were considered worthy of attention and research by S&T/RD in the field of rural-urban dynamics, the majority of the interviews seem to center on the obsticles to making this general subject area a viable part of a country development strategy. The conversations focused more upon the difficulty of making use of what was already known than on new lines of research into what we should learn more about. All of the officials interviewed were aware of the potential that marketing systems and small towns hold for increasing farm productivity and rural income, and the ideas expressed focused most heavily on strategies of breaking down institutional resistance, both in the host country and AID, that could lead to more investment in this area. Many variables were identified, almost all institutional, in Washington, the host country, and a hypothetical region where a hypothetical project would be initiated, that would need to be convinced of this potential in order for the investment to take place.

A consistent theme was the need to broaden the thinking of agricultural production oriented projects and ministries, and AID policy itself, to include problems of marketing and employment in small towns. The primary objectives of traditional agricultural extension projects was said to be entrenched in both LDC ministries and AID; the easily quantifiable increase of imputs and production. The promotion of efficient and equitable marketing systems and development of off-farm employment from this increased production appeared to leave this relm of institutionalized agricultural extension into a grey area of small town urbanism, that lacked both the capacity and institutional support to develop, and produced less easily quantifiable and immediately obtained indicators of success. The false rural-urban dicotomy appeared to be institutionalized within the host country agricutural ministries as well as

AID. The generally poor reputation of "integrated rural developemnt" projects was often recalled in relation to anything that was rural but not strictly agricutlural extension.

A case in point is the country strategy of Rwanda where the mission has expressed an interest in the role of market towns and urban gardens in improving rural incomes. This is one of the most highly urbanized and densely populated countries in Africa and has an unusual, very hilly topography which has led to the urbanization of many, more-or-less economically autonomous towns. In that country it appears that improving agricultural productivity and rural incomes is less a matter of imputs and technology than a matter of inefficient markets, poor communication, and lack of nonfarm employment and effective demand, hence the interest in market town development. Is Rwanda simply very atypical or is it an indication of what lies in store for many rapidily urbanizing African countries? If the later is the case than African missions should seriously begin seeking information on the trials and errors of market aystem development and rural income generation.

The need for synergetic, mutually supportive linkages between agriculture and a diversified rural economy has commanded much of the attention in the literature of rural development for the past decade. Development planners generally recognize that issues of imput supply, marketing efficiency, and urban support services can not be divorced from agricultural extension. How, then, do we now change existing policies and make investment decisions based on this knowledge? It would seem that tested methodologies and practicle policy advice which moves the rural-urban linkage concepts into specific programattic interventions would be available by now. Yet there seems to be a lucuna of action at this point, an institutional hesitancy, between general knowledge of linkage potential and the operational commitment to promote regional synergy and nonfarm employment. Why is this so?

Is it because the current research in rural-urban linkages has not yet provided specific project implementation techniques, or is it because there is a lack of demand for researchers to provide it? Is there a lack of the proper methodology and policy specific advice or an institutional resistance to engage in cross-sectoral, complex area planning?

The World Bank Discussion Paper is a well received attempt to empirically measure linkage multipliers and provides a good idea of the characteristics of the rural nonfarm economy in Sub-Saharan Africa. The report specifically recommends assistance to rural service and commercial activity, as opposed to the historical emphasis on manufacturing, and makes the following observation about direct assistance programs,

> "...programs that provide single missing incredients seemed to have fared far better, because they have indentified situations in which all necessary components- market, enterpreneurship, management, technical skills, raw material procurement-except one are in place. Project provision of the one missing element enables businesspersons to exploit previously unattainable economic opportunities.....Credit programs have been most popular."(17).

Perhaps the SARA research is the current state-of-the-art of developing rural-urban linkages and will be instrumental in identifying these singular missing components that inhibit rural development on a project specific basis. A tested methodology with which to produce program relevant advice on the priorities and proper sequence of investments in small town developemt will no doubt follow a Bureau and Mission commitment to make investments in this area, a commitment to learn by doing, and it is difficult to provide such program specific advice before that commitment is made.

APPENDIX "A"

ANTICIPATED SHORT-TERM IMPACT OF POLICY REFORMS ON VARIOUS GROUPS

POLICY REFORM AREAS	Government Budget	Urban Consumers	Producers	Small Traders	Large Traders	Institutional Interests
Liberalization of cereal price and marketing	+	-	+	+	-	-
Reducing selected agricultural input subsidies	+	-	-	.	.	-
Promoting village grain storage	+	+	+	-	-	-
Promoting trans-border trade, livestock/niebe	.	+	+	+	-	-
Restructuring the credit system	+	.	+	+	-	-

APPENDIX A: Taken from the lecture outline of Mr. Henri Josserand; "Structural Adjustment and Policy Reform in Niger- A View from the Insider Economists"

Officials Interviewed

Ms. Joan Atherton, PPC//PDPR/SP

Mr. John Lewis, AFR/SWA/M

Ms. Gloria Steele, AFR/ TR/ARD

Mr. Ned Greeley, AFR/DP/PPE

Ms. Margaret Sarles, LAC/DR

Mr. James Graham, AFR/PD

Dr. William Miner, BIFAD

Mr. Paul Vitale, PRE/H

Mr. Earl Kesseler, PRE/H

Mr. Avrom Ben-David Val, SARSA

Mr. Peter Little, SARSA

Mr. Jerry Karaska, SARSA

Mr. Dan Dworkin, S&T/RD

Ms. Patricia Vondal, S&T/RD

Mr. John Grayzel, S&T/RD

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16. Conversation with Mr. John Grayzel.