



Growth of emerging urban centers

Opportunity for livelihoods improvement

Lazaro, Evelyne; Makindara, Jeromia; Kilima, Fredy; John, Msuya; Magomba, Chris; Saga, Godfrey; Wambura, Mkubia; Mseke, Lukelo; Mushi, D.; Lumole, Zerida; Birch-Thomsen, Torben; Agergaard, Jytte; Larsen, Marianne Nylandsted; Fold, Niels

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Growth of Emerging Urban Centers: Opportunity for Livelihoods Improvement

Rural-Urban Complementarities for the Reduction of Poverty (RUCROP): Identifying the Contribution of Savings and Credit Facilities



Introduction

Tanzania's effort to reduce rural poverty has focused on transformation of the agricultural sector. This is clearly stipulated in many development related policy documents including the Poverty Reduction Strategy Paper (PRSP), (URT, 2000), Agricultural Sector Development Strategy (URT, 2001) National Strategy for Growth and Reduction of Poverty (URT 2005), "Kilimo Kwanza" resolutions (CTA, 2009) and The National Agricultural Policy (URT, 2013). Efforts to reduce urban poverty have focused among other things on environmental issues, employment and housing. Very little attention has been given to the contribution of the Rural-Urban complementarities in reducing rural as well as urban poverty.

The term "Emerging Urban Centre" (EUC) is used here to differentiate from administrative areas commonly identified as "townships", "towns", or "small towns" which are established by law.

EUCs are characterized by above average increase in economic activities and population growth.

The increasing economic activities have fostered increase in employment opportunities that have encouraged growth in temporary migration from rural hinterlands and permanent settlement of migrants, in EUCs. Rural - urban migration has often been discouraged. However, it is argued here that increased economic activities in EUCs contribute to improved livelihood opportunities not only in EUC but also in immediate rural hinterlands.

The dynamics of the EUCs envisions an urbanization process that does not image the agglomeration city or even the medium sized urban areas. This calls for a

much more diverse definition of 'urban' if we are to understand these 'structural transitions'

This policy brief examines factors that contribute to growth of EUCs and identify livelihood opportunities resulting from this growth. This is achieved by:

- Characterizing and analyzing dynamics of four Emerging Urban Centers in Tanzania.
- Assessing opportunities for improved livelihoods resulting from growth of EUCs.

The empirical data on which this policy brief is based was collected between 2011 and 2013 in the four EUCs, Igowole, Ilula, Kibaigwa and Madizini in Tanzania.



Map of study sites

The study areas presented here are all 'places of attraction' beyond the regional/local hinterland—both historically and currently

Dynamics of Emerging Urban Centres	Igowole EUC	Ilula EUC	Madizini EUC	Kibaigwa EUC
<p>Early history</p> <p>1974 Operation Vijiji (Village Act)</p>	<p>1940s Traditional court moved from Kasanga to Igowole.</p> <p>1950s Tea plantation</p> <p>1950-60s maize production marketed through cooperative</p> <p>1970s timber</p> <p>1980s tea estate recruitment of labour from Makete and Njombe</p>	<p>Region of attraction to migrants due to job/- agricultural potential: Tobacco (1940-50s)</p> <p>1970s maize</p> <p>Late 70s: local tomato variety Produced.</p> <p>Mid-80s: New and higher yielding tomato varieties from Morogoro – greater emphasis on tomato compared to maize as a cash crop.</p>	<p>Migrants attracted to fertile land and income opportunities -growing rice and sugar cane.</p> <p>1963 Mtibwa sugar mill Established (small, private)</p> <p>1967/69 factory nationa-lized & construction of large plant</p> <p>1973 expansion of factory - processing from Estate and out-growers</p> <p>1970s migrants from Kilimanjaro established businesses (agriculture and shop)</p>	<p>Area of attraction to settlement due to livestock grazing/- agriculture potential</p> <p>25 youth security groups established</p> <p>1970s migrants from Iringa - maize production</p> <p>1980s establishment of Kibaigwa Cargo Porters Cooperative Society</p>
Progress of the EUC	<p>late 1990s establishment of businesses (shops and small enterprises), electricity</p>	<p>Early 90s: Liberalization of economy – early growth through new business opportunities.</p> <p>1997: Electricity – further attraction of business investment & relocation of business centre</p>	<p>1992 expansion of factory capacity & employment in sugar estate</p> <p>In 1992, Sugar trade liberalized & in 1998/99 Mtibwa sugar company privatized.</p>	<p>Early 1990s liberalization of trade booming of maize trade</p> <p>2004 Kibaigwa International Maize Market established</p>
Transformation towards urban dynamics	<p>Mid-2000s, the growth in demand for soft wood timber and development of the timber industry</p> <p>2006 township declaration</p> <p>Increased investment new banking opportunities (mobile)</p>	<p>Service Centre: From 2002 establishment of a number of services;</p> <p>Local Government initiated services</p> <p>Government services (fi. road improvement)</p> <p>Private services (fi. local transport/buses)</p>	<p>2000s Establishment of services, bus terminal, electricity, access road</p>	<p>2000, Kibaigwa Ward pronounced a Township Authority</p> <p>2008 Township Council started to operate and establishment of a number of public and private services</p>

Factors influencing development of EUCs

The development of EUCs is influenced by both external as well as internal factors. The early history of the EUCs have been influenced by national policies related both to economic and settlement policies – Ujamaa (incl. villagization, 1970s) and national liberalization of the economy during the 1990s. What differentiate the EUCs are the internal factors.

The role of manufacturing and trade of the dominant crop

The development of two of the EUCs is influenced by existence of manufacturing/agro-processing facility, Tea and sugarcane processing factories in Igowole and Madizini respectively. Both factories are currently privately owned. Sugarcane growing and the production of sugar are the main activities of Mtibwa Sugar Estates Ltd. The manufacturing of sugarcane creates farm employment on estate and non-estate sugarcane fields (out-growers scheme) as well as non-farm employment in the sugarcane factory. Tea growing and processing do also involve estate/plantation production as well as smallholder out-growers in surrounding villages creating farm and non-farm employment.



The development of Ilula and Kibaigwa has been influenced by trade of tomato and maize respectively. Production of these crops has undergone transformation that resulted into substantial increase in production and some upgrading of the value chains. For example introduction of improved tomato seeds in Ilula that substituted the low yielding local varieties and led to commercialization of tomato production.



Establishment of a secure maize trade at Kibaigwa village did also increase and transform maize production. This increase in production attracted migrants from both immediate as well as distant rural areas for direct production of the crop (Tomato and Maize) or employment in other people's fields and related activities. Activities such as sorting of tomatoes or maize, loading and unloading produce, and manufacturing of wooden boxes for tomato packaging.



Physical location of the EUC

Physical location of the EUCs is also one of the contributing growth factors. Ilula is located along the Tanzania-Zambia highway. Kibaigwa is located along the Dar-Es-salaam-Dodoma highway. These locations provided some comparative advantages with respect to transport services over the other rural villages in the hinterland. Igowole and Madizini are accessible throughout the year but the strong factor for Igowole and Madizini is the manufacturing facility of the dominant crop.

Other contributing factors

Further development of EUC is a result of other contributing factors including establishment of economic and social infrastructure. Establishment of Kibaigwa maize market in 1995 and Ilula tomato market in 2006, public bus terminals, health centres, primary and secondary schools are a few of such examples. Other factors include establishment of private and public service facilities such as electricity, different types of shops, communication services including mobile phones, agro-processing facilities and financial institutions such as Mazombe SACCOS (2002) in Ilula, and other alternative lending agencies/NGOs.



Livelihood opportunities

Livelihood diversification and new economic activities stimulate a transformation from rural towards urban dynamics in the EUC

Livelihood opportunities in EUCs

Livelihood opportunities in EUCs are much diversified and are different between the EUCs based on the nature of the dominant crop (manufacturing and trade). However, all the four emerging urban centres (EUC) Madizini, Kibaigwa, Ilula and Igowole centres are evidence of transformation of rural villages to emerging urban centres. The transformation and subsequent growth of these centres to a large extent stem around agricultural value chain of a dominant crop. Whereas for Igowole and Madizini the manufacturing of tea and sugarcane provide a market for smallholder farmer

produced sugarcane and tea through participation in out-grower schemes¹ and at the same time opportunities for wage employment in large scale plantation and agro processing factory.

Incomes earned from employment and/or sale of produce to estate is used as start up capital for investments in non-farm businesses such as shops and farm operations including renting of agricultural land.

The development of Ilula and Kibaigwa EUC into trading centres for tomato and maize provide livelihood opportunities for the majority of the residents in the EUC. New range of economic activities emerges to support the trading/ marketing function or the supply chain. To mention just a few of these activities food vendors, transporters, security guards, retailers, and service providers such as mobile phone agents.



Livelihood opportunities in immediate rural hinterland

Farm and non-farm employment opportunities in the EUC have created livelihood improvement opportunities in the immediate rural hinterlands. Whereas for Igowole and Madizini the manufacturing of tea and sugarcane provide a ready market for tea and sugarcane produced in the immediate hinterland. Thus provide an opportunity for income generation. In Kibaigwa and Ilula people in rural hinterland generate income through renting out land to migrants in EUCs but also providing labour in field owned by distant farmers (to a large extent from EUCs).

Implications for development

The growth of EUCs has created opportunities for improvements of livelihood. The growth of these centres should be supported for reducing both rural as well as urban poverty.

¹ This is a contractual agreement between estate and smallholder producers for production of sugarcane/tea. The estate provides agreed services, process the harvested products (sugarcane/Tea) and pays the producers.

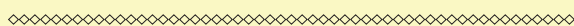
Concerted governmental efforts to actually stimulate the transition may make a positive difference

The support required includes provision of services including water, electricity, schools and health service. Notable however, is the importance of agriculture as an economic activity which necessitates land use plan that will allocate and preserve agricultural land. Growth in EUC is associated with expansion of residential areas that often is done through conversion of agricultural land.

This could be achieved through strengthening of governance structure(s)–both financial and manpower side

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The policy briefs are available at: <http://ign.ku/rucrop>
Contact e-mails: Lazaro@suanet.ac.tz; tbt@ign.ku.dk

Contributors:

SUA: Evelyne A. Lazaro, Jeremia Makindara, Fred Kilima, John Msuya, Elizabeth Mshote, Christopher Magomba, Godfrey Saga, Mkubya Wambura, Lukelo Msese, Doroth Mushi and Zerida Lumole

DGNRM: Torben Birch-Thomsen, Jytte Agergaard, Marianne N. Larsen, and Niels Fold.

