



**Agricultural transformations, livelihoods and rural-city connections Policy implications for regional development**

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Mynborg, Tobias Fuglsang; Fold, Niels; Steel, G. ; van Lindert, P.

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<b>Author Main report:</b>	T. Mynborg, N. Fold, G. Steel and P. van Lindert
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# **Agricultural transformations, livelihoods and rural-city connections**

- **policy implications for regional development**

## EXECUTIVE SUMMARY

This report analyses agricultural transformations, livelihoods and rural-city connections in Sub-Saharan Africa with the aim to identify key policy areas for regional development. The report draws on the results from comparative empirical studies in various dynamic rural regions characterized by small-holder farming in Cameroon, Ghana and Tanzania. These rural areas include the Noun (dominant crop: rice) and Bamboutos (horticulture) regions in Cameroon; the Ahanta (rubber) and Kwaebibirem (oil palm) regions in Ghana; and the Njombe area (Irish potatoes), the Lindi area (sesame) and the Northern corridor (tomatoes) in Tanzania. These regions have been selected for their high degrees of rural dynamism and their transformatory potential for rural development in relation with urbanization and globalization. All research sites are dynamic rural regions in which transformation processes are guiding the everyday life of rural households. The regions are very diverse in their geographical settings, in the processes driving transformation, and with respect to the social and economic challenges and opportunities. However, notwithstanding that contextual variety, the results from the comparative study point to some pertinent policy messages for addressing the key challenges of rural and regional development, taking advantage of the rural-urban nexus.

The report highlights the main findings on agricultural transformation and rural-urban linkages – which refer to multifaceted flows of people, goods, labour and capital – and the way these linkages critically influence the livelihoods of the rural households under study. These flows have been stimulated by many different forces, including decreasing costs of transportation and communication, exemplified by mobile phones, motorcycles and trucks allowing a broader range of actors to participate in the market exchange and to facilitate market information from towns and cities to villages. In turn, this has led to rapid changes in land-use due to a quicker response to changing market signals by smallholders. At the same time, the rural areas under study have become an important destination for labour migration and non-farm activities such as trade, construction work or other skilled work; especially in emerging urban centres operating as centres for market exchange and offering service facilities. Additionally, new flows of capital are triggered by urban-based and other non-local citizens who invest in land because they anticipate that production of the dominant crop becomes highly profitable. This results in private accumulation of land – partly facilitated by increasing formalization and titling of traditional tenure systems.

Departing from the general findings from the comparative studies in the three countries, a generic framework for regional development prioritization is presented that serves as a platform for proposing more specific policy recommendations.

Key messages for policy strategies can be summarized as follows:

(1) Policies should foster further commercialization and transformation of agricultural production by promoting the cultivation of dominant crops with strong linkages in the regional economies because of their high incremental potential for spin-off activities. Ongoing facilitation of the regional collection and distribution functions and the improvement of transport systems are also of vital importance to stimulate commercialization of agricultural production and further socio-economic changes within dynamic rural areas.

(2) More flexible land tenure options will help to increase agricultural production and productivity, and provide additional incomes for farmers with urgent financial needs. Policies should facilitate a greater level of transparency in land transactions and land markets contributing to the bargaining power of landowners from different socioeconomic strata.

(3) Policies should seek to reduce frictions to labour movements. The agricultural (seasonal) labour force may be supported by facilitating easier access to flexible labour markets, housing facilities and other logistic needs. Rural towns and service centres are the logical places for such enabling policies. Also, off-season labour opportunities should be improved in order to keep the pool of mobile labour force – in particular youngsters – within the area by ensuring transparent and decent working conditions.

(4) Regional development policies should include the construction and upgrading of social, economic and spatial infrastructure. Such improvements facilitate intra-regional household mobility and engender livelihood diversification, which in turn contributes to the expansion of rural economies. Diversification of the regional economy and the development of rural service centres will also prevent the outflow of human capital, in particular of the young and enterprising parts of the rural population.

(5) Local governments should promote and facilitate the collective use of remittances, e.g. by engaging migrant associations and community development committees in locally embedded action planning projects. Governments should create appropriate institutional environments in order to ensure that co-development projects are community driven, locally owned, and beneficial to all stakeholders.

(6) Regional development policies should include the facilitation and expansion of ICT development, in order to decrease the great disparity of access to ICTs and to stimulate productive use of ICTs. Planners should recognize that mobile phones and banking services contribute to local economic development by boosting the business environment and networking possibilities. Fostering ICT consolidation also is essential for capacity development and the connectivity between villages and nearby urban settlements as well as with larger towns within and beyond national borders.

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## 1. INTRODUCTION

This final joint report in the framework of the collaborative RurbanAfrica research programme for Work Package 1 (WP1) and Work Package 2 (WP2) articulates theory, practice and policy in terms of agricultural and rural development in Sub-Saharan Africa.

WP1 ('Agricultural transformation') has broadly dealt with the relationships between agricultural transformations and rural-urban linkages in so-called 'dynamic' rural areas characterised by having one dominant crop. Hence, this particular crop is widely cultivated and constitutes the 'backbone' of the local economy. A range of case studies conducted across West- and East Africa have been used to examine how these relationships materialise in new tendencies and types of flows between rural and urban areas. These flows can be divided into different archetypes including (1) flows of capital, (2) flows of labour, (3) flows of goods and services.

Synthesis report D1.2 focussed on agricultural transformations and socio-economic processes in eight different study sites across Cameroon, Ghana and Tanzania. The aim was twofold: firstly, to outline different paths and patterns that significantly strengthened or weakened rural-urban connections (interpreted as the aforementioned flows) and secondly, to outline the driving forces behind these changes. The analysis focused particularly on the following four driving forces: (1) Increasing commercialization of agriculture and how this tendency impact on land use systems and farming practices, (2) Transformations of tenure rights and how this affect the access to land in the study sites, (3) Changes in labour allocation within agriculture and the impact in terms of increased use of hired labour (4) Development of infrastructure – primarily the role of establishment and improvements of roads.

Synthesis report D1.3 focused on domestic external investments in agriculture and the dynamics these investments induce in dynamic rural areas. The objective of the report was threefold: Firstly, to understand the drivers of the recent influx of small-scale external investments in rural areas, secondly to study how these investments impact on agricultural transformation, and finally to explain how rural-urban connections are shaped and being shaped by these processes. The report was based on case-studies in four of the sites included in D1.2 and were chosen because they act as 'hotspots' for external investments in agriculture.

WP2 ('Rural livelihoods, income diversification and mobility') puts rural households and communities at centre stage. It focuses on the livelihoods and development opportunities in rural areas, as influenced by on-going processes of agricultural transformation (the focus of WP1), urbanisation (WP3, WP4) and new forms of regulation and governance (WP5). Key to the research in WP2 is the analysis of the importance of multi-activity and multi-locality in household livelihood transformation processes in Cameroon, Ghana and Tanzania. Thus, the

research focus is both on the diversification of income sources and on the mobility of household members between rural and urban places.

Synthesis report D2.2 scrutinised the growing importance of multi-activity and multi-locality in Cameroon, Ghana and Tanzania. Based on a cross-country analysis of qualitative data and a rural household survey that was conducted in eight different research sites in the respective countries, the report elaborates how changes in farming practices, access to markets, and livelihood diversification and mobility have transformed livelihoods and the economy over the past decade. It shows that rural-urban linkages are a crucial feature in the livelihoods of the rural households; for many rural households, rural-urban linkages are part of the daily reality of household members carrying out diverse tasks of producing income both on and off the farm, in maintaining a living space in the village, and in going to local and even distant towns to shop, market, work, and seek specialised services.

In synthesis report D2.3 the mobility processes of people, capital, goods, information and technologies are further analysed in order to gain a more in-depth understanding of its impact on local development. More specifically, through a comparison of households' migration narratives and a systematic diagnosis of the main functions of the settlements in the research area, important particularities and similarities in the relation between mobility and local development in Cameroon, Ghana and Tanzania are exposed. Mobility flows in the region are no longer one-way, but constitute very complex and fragmented processes of inflow and outflow of resources (be it people, money, goods, services, etc.) and the impact of these mobility processes on local development is manifold. Rural dynamics have created new employment opportunities, remittances, external investments and opportunities for livelihood diversification.

This report builds upon the combined results and insights derived from the comparative studies in WP1 and WP2. While taking departure in the findings on key aspects of rural-city connectivity with respect to agricultural transformation and rural livelihood diversification, the report provides a number of solid and empirically based policy recommendations for tackling key challenges for regional development.

The structure of the report is as follows. Section 2 provides the methodological background for the selection of the dynamic rural regions under study and presents the main contextual characteristics of each of the selected regions. Section 3 highlights the appearance of the rural-urban nexus on the international post-2015 development agenda and develops a basic framework for regional development policy in SSA, including the diversification of the regional economy and the promotion of small-town development. The remaining sections each present evidence-based policy recommendations focusing on, respectively: commercialization and transformation of agricultural production (section 4); land tenure and transparency of land transactions (section 5); transformation of agricultural labour (section 6); household mobility and livelihood diversification (section 7); productive use of



remittances (section 8); and improvement of information and communication technologies (section 9). The report closes with a conclusion and summary of main findings and policy implications.

## 2. RURAL TRANSFORMATIONS IN DYNAMIC AGRICULTURAL REGIONS

This section provides a contextualisation of the dynamic rural areas that have been studied. It starts by explaining the reasoning behind the selection criteria for the research sites in WP1 and WP2. Thereafter the eight research sites across West and East Africa are introduced and the main socio-economic characteristics of the areas are outlined. Subsequently the section addresses a range of attributes attached to the nature of the dominant crops and explains how these features impact on the agricultural transformations. Finally, the transformation of rural-urban connections is explained in terms of (1) flows of goods and services, (2) flows of labour, and (3) flows of money.

### 2.1 Selection criteria

The identification of research sites for examination of change dynamics is based on the results of the WP1 report ('State of the Art', D1.1) in which the key objective was to identify policies and impacts of national models of agricultural transformation, in particular to identify the 'technocratic' ideas, political discourses as well as the major economic forces behind the prevailing models over time. The review was structured according to a broad periodization that captures the main approaches to agricultural development on the African continent in terms of ideology, strategy and policy elements. The five periods includes the Colonial Heritage (up to 1950s), Independence and State Dirigisme (1960s and 1970s), Liberalization (1980s to mid-1990s), Post-Washington Consensus (PRSPs) (late 1990s to early 2000s), and Growth and Structural Change (late 2000s). Three main models were identified namely the large estate model, the elite demonstration model and the peasant/smallholder model. Despite notable differences in the implementation and outcome of the models, these 'building blocks' for agricultural transformation have by and large been maintained over the periods – in other words, the 'palette' of models for national agricultural transformation reflects a quite striking temporal and substantive resemblance.

The *large-scale estate model* was established during colonial rule and dominated by large plantation companies that produced tropical commodities on alienated land for the European market. In the recent decades large-scale farms/plantations have been reinstated as key drivers of agricultural transformation with advantageous incentives for foreign direct investment in land and agricultural production, and state support for contract farming schemes.

The *elite demonstration model* was also initiated in the colonial period and aimed at agricultural transformation by diffusion of techniques and technology from wealthier households to poorer peasants. In the most recent period the group of efficient and fully market oriented smallholders is considered as one of the important actors in the efforts to increase agricultural growth and supported via capacity building of farmers' organisations, improvement of input supply systems and access to credit.

Finally, *the peasant/smallholder model* was initiated somewhat later than the large-scale model in the colonial period. It relied on new marketing channels primarily in the form of state-run marketing boards specialising in export crops. These institutions also covered parts of whole functions related to extension, input supply, purchase, transportation, exports, etc. After Independence, public support to the marketing boards was expanded although the system retained its basic exploitative nature by serving the as a means for financial transfers to other sectors, manufacturing in particular. Top-down organisation of smallholders in cooperatives became common and initiatives of resettling poor and landless farmers also gained importance in this period. However, most of the support measures and subsidies to smallholders were removed during the structural adjustment period, including the dismantling of marketing boards. Instead incentives to promote dynamic and market based peasant/smallholder production were initiated but private actors were hesitant to replace former public institutions. Partly as a consequence, new public institutions that served the production needs of smallholders saw the light of the day in the following period – although the benefits were difficult to capture for smallholders with limited resources. Somewhat surprising, new versions of cooperatives (farmers’ organisations) and marketing boards (crop parastatals) were also re-introduced. However, in the recent period agricultural growth is prioritized over social equity and support measures are directed towards commercially viable medium-sized farms whereas poor and subsistence-like smallholders are envisaged to leave agriculture and find alternative employment or increasingly accept state-managed rationalisations of agriculture like land titling, land consolidation, land use planning, etc.

It is the latter - the peasant/smallholder model - that constitutes the conceptual framework for the empirical work of WP1 and WP2: the research sites have been selected and the case studies have been planned and implemented in areas characterized by this model. Obviously, the model seldom occurs in a ‘pure’ form but as hybrids that are heavily influenced by changes in strategic prioritization and policy content as well as interactions with other models. The following criteria for a ‘dynamic rural region based on peasant/smallholder agriculture’ were considered over a period of about a decade:

- Introduction of new crop or expansion of traditional crop with significant importance for the local economy
- Aggregate growth of production and income
- Increasing productivity (in agriculture)
- New and/or increasing investments in productive facilities (e.g. equipment, inputs, agro-industry, etc.)
- New patterns of labour allocation and use
- Increasing quality of infrastructure and service provision (physical, social and functional, e.g. communication)

- Growth of urban settlements
- Economic diversification (including spin-off effects to non-agricultural activities; e.g., artisans, SMEs, shops, other services etc.)
- Demographic changes (increase or decrease of rural population; changing household composition)
- Changed and/or accelerated mobility patterns
- Presence of ‘new actors’ (corporate interests, external entrepreneurs, traders, migrant labourers, etc.)

The criteria were applied to potential research sites in a non-rigid fashion: Not all criteria needed to be fulfilled and because quantitative evidence for all criteria and all sites were not available, anecdotal and ‘impressionistic’ forms of knowledge were also accepted and considered. In total eight sites were selected – they are listed in Table 1, including the dominant crop, secondary crops, the geographical setting, regional production structure, and characteristics about land tenure, labour and markets. The locations of the research sites are all indicated on the maps in figure 1.



**Figure 1: Location of the study sites**

## 2.2 Socio-economic characteristics of study sites

This section briefly outlines the main characteristics of the eight study sites. All of these areas are characterized by the presence of a ‘dominating’ agricultural crop that is widely cultivated and takes up a position as a ‘backbone’ in the local economy.

### **Bamboutos – Cameroon**

This site is dominated by production of Irish potatoes but this is a relatively new phenomenon. It is partly caused by the spread of urban dietary habits to most of the population, including rural inhabitants and low-income groups in both rural and urban areas. An interesting feature is the much higher consumption of Irish potato in the producing regions, indicating the importance of the crop for subsistence. The potential of Irish potato as a cash crop is indisputable, however, and irrespective of gender farmers are eager to get involved in production. Even younger people are attracted to the new 'hot spot' for production on the mountain slopes in this part of Cameroon. Demand for Irish potatoes is also booming in neighbouring countries and exports are increasing. Buying and selling of smallholder produced Irish potatoes are dominated by traders operating at local and regional markets. They are often pre-financed by urban-based wholesalers who constitute the major end-buyers before the potatoes are distributed to consumers. Some of the larger producers are linked directly to major buyers and some medium-sized producers buy from smallholders in order to offer adequate quantities for exporters.

### **Moungo – Cameroon**

Maize now dominates this site after a dramatic shift from the late 1990s and onwards. Before the turn of the century the area was primarily known for its coffee production but the severe decline in coffee prices resulted in a comprehensive diversification into maize production. Maize is prioritized in national policies on food security and demand increased rapidly because of growing consumption in urban areas (as a staple food), in the food industry (notably by breweries) and by the livestock sector; the latter increasingly relies on manufactured feed as part of the intensification process. Traditionally, a substantial part of maize has been produced for subsistence but smallholders consider it more and more as a cash crop that is intensively produced with use of fertilizer and two to three annual harvests. Maize trade is controlled by major buyers located in big cities; they employ salaried agents who operate on local markets and buy directly from farmers. Moreover, traders from neighbouring countries (e.g. Gabon, Chad, and Equatorial Guinea) are also actively buying maize in the site.

### **Noun – Cameroon**

Rice dominates this site and has done so for a number of decades since the state controlled Upper Noun Valley Development Authority (UNVDA) was established in 1970 and started to promote rice production in the area. The objective was to stop out-migration and provide a new source of income for the rural population; also rice was increasingly consumed by the local population. The UNVDA acted as a monopsony in the area; it was the only buyer up to the mid-1990s and offered very favourable prices but the economic crisis crippled the parastatal. It could not pay for supplies and rice producers lost confidence. Gradually new traders and processors have established operation in the site in tandem with rapidly growing demand from urban areas in Cameroon and neighbouring countries, particularly

Nigeria. As a result the role of the reinvigorated UNVDA has diminished and farmers' organisations are now active on the producer side together with traditional cooperatives.

### **Ahanta – Ghana**

Rubber is the dominant crop in this site as it has been for almost a century; the site is situated in and nearby an extensive area with rubber trees. Until recently it was primarily produced by a large-scale plantation company controlled by a foreign company (Ghana Rubber Estates Limited – GREL). About 1995 the company started a program for smallholders organised in a program for outgrowers. Those selected for participation in the scheme were able to borrow money and buy extension services and seedlings of high yielding varieties from the company. After about four to five years the rubber trees are mature and the outgrowers may start to tap the latex and transport it to the company's processing facility. Due to a comparatively high purchasing price it has become quite popular to start smallholder production; also urban and other external investors are eager to buy land and start independent production. Labour for regular tapping is usually hired to supplement or replace family labour but the recent start of activities related to offshore oil production in area has increased competition for labour, particularly for those of a younger age.

### **Kwaebibirem – Ghana**

This site is dominated by smallholder oil palm cultivation organised around a previously state owned oil palm plantation with matching processing facility (Ghana Oil Palm Development Corporation - GOPDC). The nucleus estate and processing factory is now controlled by a private foreign owned company but the Ghanaian state remains as an important shareholder. Smallholder cultivation of oil palms in this area depends on wage labour but recently nearby mining activities has challenged the availability of access supplies. The majority of the smallholders are contractually linked to the GOPDC as outgrowers; they have borrowed money for initial investments in oil palms and have to sell their products to the company. However, during the recent decade alternative market outlets have emerged. One is the burgeoning number of small and medium processing units in the local area who serve the national market or sell to exporters. Another is the regional (West-African) market in neighbouring countries, notably Nigeria. The GOPDC usually sell the processed products to domestic manufacturers or export to the international buyers.

### **Njombe – Tanzania**

Irish potato is the dominant crop in this site. As in the case of Bamboutos (Cameroon) production is increasingly commercialized but in Njombe Irish potatoes were previously considered as a traditional subsistence crop. Likewise, increasing urban demand caused by new dietary patterns is the main factor that drives the production which in this site is based on high yielding varieties and also irrigation in some locations. Interestingly, the commercialization of the traditional crop has resulted in considerable local value adding

activities such as packaging, peeling and small-scale processing into chips. Moreover, jessant systems of labour task specialisation are visible offering opportunities for both male and female villagers to earn supplementary income as harvesters, packers, transporters, etc. The marketing channel includes local villagers who now act on behalf of urban buyers and thereby position themselves in a new role as middlemen.

### **Lindi – Tanzania**

The dominant crop in this site is sesame but this situation is quite new as production essentially emerged from about 2010. Whether the ‘boom’ is of a sustainable nature is therefore hard to tell; sesame is very popular annual crop among smallholders who add it to their product portfolio without having to accept a severe investment burden. An interesting feature in this site is the involvement of external investors who purchase land with the purpose of using the land only for mono-cropping of sesame – and in a scale much bigger than the local smallholders. These external investors consist of a wide range of different types (e.g. migrants from neighbouring districts, wealthy traders from nearby towns, entrepreneurs and business people from Dar es Salaam, etc.). Marketing of sesame produced in the site takes place through extensive networks of local traders and their agents and prices are comparatively favourable. Some of the larger buyers based in Dar es Salaam takes actively part in purchasing activities at the local level while also organising export trade mainly to India and China, the main importing countries.

### **Northern Corridor / Kilimanjaro – Tanzania**

This Tanzanian study site is located in the ‘northern corridor’ in the area between Monduli Mountain and the Kilimanjaro. One of the main features of the historical background is the differentiation of mountain farmers (mainly Chagga in Mount Kilimanjaro) and lowlands pastoralists (mainly Maasai). There are both complementarities and (increasing) competition – especially for land – between the two ethnic groups in an overall context of strong population growth. The history of mountain farmers is strongly influenced by the development of coffee cultivation since the colonial period. Land fragmentation is a major barrier for agricultural development and the Kilimanjaro farming system and the model of development to which it refers have been in transition for more than 20 years. The farming system is no longer based on colonial commodities (coffee) but it is completely reorganized to face the boom of the commercial food sector. However, the diseconomies of scale related to the small landholdings prevent the accumulation of sufficient volume and quality to gain access to lucrative markets. An increasing number of young people do not inherit any land and rural livelihoods have become increasingly multi-occupational on the basis of rural-urban mobility.

**Table 1: Contextual characteristics of the study sites**

	Cameroon			Ghana		Tanzania		
	Bamboutos	Moungo	Noun	Ahanta West district	Kwaebirem district	Njombe	Lindi	Northern Corridor/ Kilimanjaro
<b>Geo-graphic setting</b>	Well connected volcanic plateau	Roadside development and trade corridor	Roadside development	Very well connected to urban centres and coastal towns	Relatively isolated but strong relations with hinterland	Strong town - hinterland relations within districts	Relatively isolated coastal area but well connected by road to Dar es Salaam	Mountainous area with volcanic soils in a very high density rural area
<b>Regional production structure</b>	Medium-scale farming	Transport and commerce	Fishery and farming	Plantations, gold and offshore oil exploitation	Plantation and mining activities	Small-scale farming	New sesame boom and fishery	Agro-pastoral system
<b>Dominating crop</b>	Irish potato	Maize	Rice	Rubber	Oil palm	Irish potato	Sesame	Tomatoes
<b>Secondary crops</b>	Maize, beans, carrots	Beans, plantain, coffee, cocoyam, cassava, potatoes	Maize, beans, potatoes, cassava, plantain	Cassava, maize, pepper, plantain, tomatoes, oil palm, coconut	Cocoa, cassava, plantain, oranges, maize, cocoyam	Maize, beans	Millet, maize, pigeon peas, cassava, rice	Cattle, jatropha, bananas, coffee
<b>Land tenure</b>	As much owned as rented and borrowed	Owned	Owned	Owned by household or clan	Owned by household or clan, share-cropping	Owned and leasing land	Owned	Owned and increasingly rented
<b>Markets</b>	Periodic markets	Local markets and export to Gabon, Chad and Equatorial Guinea	Company	Ghana Rubber Estates Limited (GREL)	National, West African and Global markets (GOPDC)	Local traders and periodic markets	International market (predominantly China)	Local traders and periodic markets
<b>Labour</b>	Combination of family labour and hired labour	Combination of family labour and hired labour	Hired labour very important	Combination of family labour and hired labour	Combination of family labour and hired labour	Family labour in peak season; combination of hired and family labour	Mainly family labour but also a combination of hired and family labour	Family labour



### **2.3 The nature of the dominant crops**

While each of the study areas is characterized by the presence of a 'dominating' crop each site also entails a diverse portfolio of agricultural commodities (table 1). Hence, the majority of the smallholders cultivate at least three or more different crops (this tendency is strongest in the Bamboutos and Moungo sites). The diversification of crop production reflects agro-ecological considerations (crop rotation, different off-season crops) and/or a need to reduce production and market risks.

Each of the dominant crops entails a range of attributes linked to the nature of the particular crop. These features are important to consider as they to some extent frame the scope for the agricultural transformations by influencing issues of (1) land tenure, (2) labour, and (3) markets. Moreover, the features may have an impact on the possibility to create (4) positive spin-off effects on the regional economy.

Whether the crops are perennial (rubber, oil palm) or annual (Irish potatoes, sesame, tomatoes, maize) influence land-use patterns on the study areas: areas dominated by perennial crops is more inclined to have a relatively stable land-use while areas dominated by annual and fast growing crops is inclined to be more changeable. This is also a decisive factor in land tenure issues: areas with perennial crops are less likely to have short time leasehold agreements whereas the transformation of tenure in areas with annual crops is much more dynamic.

The crops also have different levels of perishability. For instance, whereas tomatoes need to reach the market relatively fast after harvest, other crops - such as sesame - are much less perishable and can therefore easier be assembled and stored at local level. This different characteristics influence the producer's flexibility and ability to collaborate around marketing issues, and consequently have a huge impact on their bargaining position. The requirements for harvesting, handling and transporting of highly perishable commodities are also typically more demanding than for less perishable crops: they are often are more labour intensive and require more skill specialisation which in turn increase barriers to entry.

The value chains of the different crops also vary in terms of geographical scope, markets (see table 1) and their level of market integration. Most of the crops are predominantly destined for the national and continental (macro-regional) markets. The potato (both in Cameroon and Tanzania), rice and maize value chains are mainly destined for domestic urban markets as well as urban markets in neighbouring countries. Palm oil is produced for national markets, neighbouring countries and the world market, while rubber and sesame production are almost exclusively directed to the world market. The majority of the farmers are selling their produce on a market basis either by bringing the goods to a physical market or selling at the farm gate. Hence, they typically sell their produce to locally based middlemen without any oral or written contract. However, some of the value chains

(rubber, palm oil, rice) have slightly more profound vertical integration where contractual relationship is common.

Finally, the crops differ in terms of the degree of processing they need to undergo after harvesting and in terms of the type and amount of inputs they require (seeds, pesticides, agro-chemicals, machinery etc.). While the food crops (tomatoes, potatoes, maize) are more or less ready for consumption after harvest the industrial crops (oil palm, rubber) needs several steps of processing before reaching the consumer market. However, some of the food crops might also require simple tasks like washing, sorting, packing, and various steps of processing (e.g. potato chips). These features of a particular crop affect the distinct potential to create backward and forward linkages to the regional economy. This issue will be further elaborated in section four and five.

#### **2.4 Transformations of rural-urban connections in dynamic agricultural regions**

Although main changes in the areas under study are very context specific there are some remarkable general changes shared among the study areas in the three countries. Firstly, all sites have experienced a boom in the production of cash crops. As a consequence, there is a remarkable increase in the number of investors coming to the areas, a general perception of increased income generation from cash crop cultivation and improved market access. In Ghana, for instance, respondents mentioned that ten years ago, oil palm was not the widespread commodity it is now. Because of this farmers often had to travel farther out of the district and into urban centres to find buyers and sell their produce. This has changed as many traders now come from urban centres to purchase oil palm fruits and palm oil. Hence, farmers are not required to transport their products to urban centres but instead sell much of their production at farm gate and at trade centres within the study areas. Due to the growth of the agricultural production and more steady flows of income, trading has seen new opportunities: People have more money to spend and therefore the demand for finished consumer goods has increased. In Tanzania this has resulted in many more village shops than before. Nowadays many things unheard of ten years ago are accessible within the village centres.

Secondly, the condition of infrastructure has drastically changed over time. In Tanzania, transport possibilities have improved significantly over the last years. The road systems have been improved (especially to Igagala and Ulembwe) and many cars, buses and motorbikes commute between Njombe Town and the surrounding villages. More people also have private means of transportation, such as a bicycle or motorbike. Many roads within Kwaebirem district in Ghana were also paved. However, ever since the initial construction, the roads have not been maintained and are full of potholes. At the household level, there is a tendency of markedly improved housing conditions. In Tanzania most households now have corrugated iron roofing where it previously was thatched grass. In Cameroon, there is a growing number of elites that build villas in the areas, buying building materials in local stores and using local labour which boosts the rural economy. These building sites obtain

construction materials from local shops, employ the local workforce as builders or labourers, and provide trading opportunities to local businesswomen who sell food and other basic necessities to workers. In addition, school children see these sites as a means to make pocket money by hawking on the weekends. In Ghana, young migrants have brought new ideas regarding the institution of 'the family', for example in the design of new houses; designs have changed from compound style to a more modern, city-like, style. This change is reflected in the building of new houses along the periphery of the settlements' centre. New houses are often one or two stories high and have straight metal sheeting as opposed to corrugated sheet roofing. Most of these new houses are being built by the wealthier families, often backed up with money sent by international migrants. These significant distinctions make it easy to differentiate between the new and old parts of settlements.

Thirdly, there is widespread use of mobile phones and an improved accessibility to new ICTs in general. Overall there has been a jump in the number of people that have access to mobile phones. The increased availability of mobile phones started from around the year 2000 when few villagers had access. During the last ten years however accessibility has escalated and nowadays it is common for almost all households to have at least one mobile phone. As a result, access to communication and information have improved substantially; increased access aids in developing and keeping networks (for economic and social interests) and allows people to save and transfer money through the use of mobile money. Mobile money is also widely used by businesses, such as commodity shops and agricultural businesses. Shops mainly use mobile money (and mobile phones) to transfer money for orders placed in urban areas whereas agricultural businesses use it to transfer money from traders to farmers after sales of products.

### **3. KEY ISSUES FOR POLICIES TO FOSTER REGIONAL DEVELOPMENT**

#### **3.1 The role of rural-urban connectivity for rural and regional development: the international policy agendas**

After the recent decades in which the notions 'rural' and 'urban' have predominantly been considered as opposed and competing categories, the rural-urban interface has firmly appeared on the post-2015 global development agendas. Renowned international agencies and research institutes, including United Nations, UN-Habitat, International Fund for Agricultural Development (IFAD), Organisation for Economic Co-operation and Development (OECD), African Development Bank (AfDB), International Food Policy Research Institute (IFPRI), International Institute for Environment and Development (IIED) and Latin American Centre for rural development (RIMISP) concur in highlighting the improvement of rural-city connections and complementarities as key to sustainable livelihoods and balanced regional development. By acknowledging the existing interdependencies between rural and urban areas within a region, these organisations are making firm statements in favour of policies that facilitate and strengthen the physical and functional connections that foster further integration of the rural and urban spaces in the region.

In September 2015, the 2030 Agenda for Sustainable Development was adopted by the member countries of the United Nations, with 17 Sustainable Development Goals (SDGs) that follow up on the Millennium Development Goals (MDGs) from the preceding era. Whereas the MDGs did not include specific goals focusing on the development of territorial entities, the 2030 Agenda for Sustainable Development does explicitly include such focus in in SDG 11: to 'make cities and human settlements inclusive, safe, resilient and sustainable'. Target 11.a in particular elaborates on the importance of the interconnectedness between all settlements along the rural-urban continuum: 'support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning'. As such, the 2030 Agenda tacitly opposes the erroneous distinction between 'urban' and 'rural' as separate spatial, social or economic entities, while at the same time underscoring that urban and rural settlements and activities express themselves in an interconnected way within the territorial framework of the region. Consequently, integrated regional development addresses the needs of all stakeholders who live and work in the region's rural, peri-urban and urban settlements.

The OECD Rural Policy Review titled 'Rural-Urban partnerships' considers the issue of fostering stronger rural-urban links through a policy lens. Based on empirical evidence from case studies in 11 OECD member countries, the report advocates rural-urban partnerships that strengthen regional economic development. The evidence from Europe and Australia shows that the economic performance of regions increases with improved (physical and functional) integration of rural and urban areas. In order to identify different drivers of

interactions and the rationale for possible policy interventions, the report classifies the multifarious rural-city linkages under five main categories: (1) demographic linkages; (2) economic transactions and innovation activity; (3) delivery of public services; (4) exchange in amenities and environmental goods; and (5) multi-level governance interactions. The report considers population mobility – especially daily mobility: commuting – as ‘a key driver of territorial integration and is used to identify labour market areas, by far the most common and measurable definition of functional region’ (OECD 2013: 22).

The ‘African Economic Outlook 2015’ is a special theme issue on ‘regional development and spatial inclusion’. It calls for a ‘place-based’ approach that will stimulate and help policy makers to articulate sectorial policies more effectively for structural territorial development. Such approach for regional policy focuses on the simultaneous and integrated development of both rural and urban areas and requires that different levels of government (national, regional and local) and other stakeholders (private sector and civic sector) are involved. The aim is to tap underutilized potential in the regions, making use of endogenous assets that may form the basis for attracting and mobilizing exogenous investments (AfdB, OECD and UNDP 2015: 208).

IFAD is one of the other multilateral organizations that stress the fact that rural and urban territories are mutually linked through multiple flows across the rural-urban dimension. Contributing to the post-2015 global agenda for sustainable development, IFAD’s Policy Brief 1 explicitly addresses the vital importance of the rural-urban nexus for development. While it acknowledges the increasingly stronger linkages between the rural and urban areas that lead to ‘more intense flows of people, money and goods across the rural-urban interface’ (IFAD n.d.: 2), as exemplified by the massive growth of remittance flows and growing integration of food supply systems, it also spells out that rural-urban connectivity remains seriously deficient in many regions. The improvement of rural-urban connectivity is therefore one of IFAD’s key recommendation for the policy agenda, including not only the improvement of transport and communication infrastructure but also of institutions that underpin rural-urban value chains and financial services.

### **3.2 Strategic coupling and key issues for regional development of dynamic rural areas**

These calls from multilateral organizations are utterly disparate from contemporary government policies in SSA which are almost exclusively framed by sectorial approaches. This is rooted in the fact that regional policies in SSA historically have been modest in scope and importance, yielded mixed results and consequently have been dismantled gradually since the 1980s. However, sectorial lenses have a tendency to generalize and simplify the complexity and dynamics of regions – evidently national territories are constituted of physical and functional regions of huge diversity, not least because of different natural and

human resource endowments. Policies that ignore the different – and changing – regional dynamics hamper effective problem solving and development at the local level. The mixed results and the changing conditions of structural transformation processes in Africa are calling for new approaches to regional policy. In this vein, the African Economic Outlook report (see above) calls for innovative approaches to development strategies and dedicated policies that are ‘putting places and people at the heart of structural transformations’ (AfDB, OECD and UNDP 2015). Regional policies should obviously not stand isolated from national and sectorial approaches but much more emphasis than hitherto needs to be geared to the specificity of spatial entities with the aim of improving regional welfare and economic efficiency. These policies will almost by definition differ from region to region; politically it will therefore be a challenging task to balance resources and priorities over a national territory and to figure out how distinctive regional policies comply with sectorial policies at the national level.

Economic globalization processes increasingly incorporate African rural regions into the world market. This is not a new phenomenon as cash crop production directed to external markets started even before colonial times. However, the scope and intensity of present days’ commercialization of agricultural production is unprecedented, not least because traditional South-to-North exports are supplemented with new products to well-established markets (product differentiation of various types) and new demand patterns in non-traditional markets, i.e. urban markets in domestic and neighboring economies - a result of growing African middle classes with globalized food consumption preferences (Reardon et al. 2007, Fold and Larsen 2011). These new and expanding markets potentially offer new development opportunities if regional assets and resources can be fitted into the needs and requirements of those lead actors who coordinate value chains with ‘end points’ in the growing markets. This link – denoted as ‘strategic coupling’ by some observers (see Yeung 2015; Coe and Hess 2011) – allows regions to tap into value chain dynamics in order to reap and capture the economic benefits for local development. However, this is not an automatic and self-reinforcing process – it requires a certain institutional capacity at the local level to realize the strategic element, i.e. to plan and implement policies that on the one hand ‘lure’ the value chain actors to engage with the region and on the other hand ensure regional economic growth and distribution of welfare.

The aim of this report is to suggest policy tools and instruments that enhance rural-urban connections and thereby foster solid rural regional development. Hence, this is not the place to dive into reflections on ways to establish and consolidate ‘institutional thickness’ at the local level in African rural regions – even though the importance of such institutional capability is essential. Rather the objective of the report is to propose a generic framework for policy initiatives that seek to promote regional development in dynamic rural areas as previously defined in this report. The framework will serve as a common platform for more specific and concise policy recommendations. The framework consists of two over-arching

and generic areas or focus points for regional policy prioritization namely 1) economic diversification within and beyond the agricultural sector, and 2) the promotion of (some) rural towns ('the missing middle': Christiaensen and Todo 2013). These two focus points are not mutually exclusive – on the contrary they are fully compatible and jointly supportive. They are briefly elaborated in the subsequent paragraphs before we outline six specific policy areas with concomitant entry points for policy initiatives (see part 4-9).

### *Diversification of regional economic structures*

As per definition, the economic structure of the dynamic rural areas is heavily dependent on the dynamics of one particular value chain including the demand patterns on the most important consumer markets. A well-known feature of agricultural products is the at times excessive price fluctuations for various reasons: short time fluctuations may be caused by seasonal variations in supply and demand while long term trends may occur due to shifts in consumer preferences or increased supplies from competing regions where the product are produced at lower costs. Price fluctuations affect the local economy in dramatic ways and the consequences are serious in the case of decreasing commodity prices. Even in case of windfall profits the results are not always positive as regional inequality may rise in an unsustainable manner. One way to cushion the local economy from price fluctuations is to upgrade the activities in which local value chain actors are participating (see for instance Gibbon 2001, Humphrey and Schmitz 2002, Selwyn 2013).

Upgrading may take several forms: Process upgrading entails the use of more efficient technology and organization of production so costs are reduced but the product quality is basically maintained. Obviously this form of upgrading increases regional competitiveness. A somewhat more advanced form is product upgrading. This means to refine or improve the agricultural product so it fetches a higher unit price (and margin) on the market. Usually this is a question of producing a product of higher quality which can be confirmed by simple visual inspection or certification in the case of credence goods (i.e. compliance with some kind of ethical standard). A more advanced form is functional upgrading where more functions are added to the existing portfolio. In agricultural production this would typically encompass various types of processing of the raw material into more advanced products with a higher unit price (more value added) but it also include simpler forms like sorting, cleaning, packaging, etc. of agricultural products (Dolan and Humphrey, 2004). Functional upgrading also includes the initiation of input production such as agricultural tools or other equipment used in the cultivation process. In short, functional upgrading is a question of expanding activities both upstream and downstream of the value chain (Gibbon and Ponte 2005). Finally, inter-sectorial upgrading points to the possibility of adapting the knowledge and skills obtained in one agricultural value chain to a different value chain. This is most likely to be transferred to another agro-industrial value chain but in principle the adaptation of capabilities can take place in all other value chains.

In that sense, inter-sectorial upgrading is of a different nature than the other forms of upgrading as it 'horizontally' diversify the local economy and thereby reduce the dependence on the dominant crop. However, even the 'vertical' diversification taking place within a particular value chain (i.e. via process, product and functional upgrading) will increase the resilience of the regional economy and reduce the dependence on one particular agricultural commodity; local actors (smallholders, traders, processors, etc.) are put on a 'learning curve' that is of utmost importance in order to avoid an unfortunate situation where the rural region is locked-in with a certain (mono-crop) development trajectory. In general, the rural region should capture and exploit the economic benefits caused by present dynamics of the dominant crop by also stimulating new non-agricultural activities that are relatively isolated from the fluctuation of agricultural commodity prices in turn further increasing economic resilience and internal cohesiveness.

In this respect it is essential to facilitate small-town development, for instance by establishing basic services (education, clinics, financial, markets etc.) in order to ensure pursuance of multi-local livelihood strategies. Public investments in infrastructure or construction in rural towns could profitably be accomplished during low season periods in agriculture where the abundance of agricultural labour is high thereby providing alternative livelihoods and reduce radical fluctuations in employment rates. Important though is the willingness and political ability to prioritize among the region's rural towns: Instead of spreading out resources thinly or allocate them according to vested interests it is crucial to single out the locations with the best opportunities to serve as regional growth centers with potential to offer the rural population access to urban amenities and other non-tangible phenomena related to urbanity. The next section deals with the virtues of rural towns and their role for regional development.

#### *Promotion of dynamic rural towns*

Small towns are now growing at a faster rate than main cities and there is a renewed interest in the role of small towns in regional development processes in the Global South (Hinderink and Titus, 2002; Satterthwaite and Tacoli, 2003; Owusu, 2008; Bell and Jayne, 2006). While there is no international consensus on the definition of small towns (Nel et al., 2011) and definitions vary widely between nations, small towns are generally considered to be regional service centres that maintain strong and direct connections with their rural hinterlands.

In the African context, the debate on the role of small towns in regional and rural development is ongoing but tends to embrace a positive stance. Owusu (2008: 459) describes three dominant views in the discussions on the small town development nexus, namely the functional spatial or optimistic view, the political economic or pessimistic view, and the intermediate view. The functional spatial view follows the positive discourses on urbanisation that argues that urban regions have a supportive trickle-down effect on their



hinterland regions. In contrast, the political economic view emphasises the negative or rather the low level of influence towns have on their peripheries due to significant mechanisms of exploitation. Owusu (2008) argues that both views have been extensively criticised for 'viewing small town–hinterland relationships as one-sided (involving mainly flows from the urban to the rural). Further, both views ignore rural–urban linkages such as the flow of people, goods, trade and cash between rural and urban areas'. A more nuanced picture is embraced in the intermediate view in which these rural-urban interconnections and interactions are emphasised and in which the particularities of each small town and its hinterland are stressed. This view makes room for an interpretive analysis in which the wider socio-economic particularities are taken into account and in which the role of small towns in regional development processes is considered to be a two-way process involving rural-urban linkages.

This multi-dimensional view is adopted by Tacoli and Satterthwaite (2002) who ascribe four potential roles for small and intermediate centres in local development processes. They argue that small towns can '...act as centres for the production and distribution of goods and services to their rural region, act as markets for agricultural produce from the rural region, become centres for the growth and consolidation of non-agricultural activities, [and] attract rural migrants who might otherwise move to larger cities' (Tacoli and Satterthwaite, 2002: 2). In this way small towns can operate as gateways to the rural areas by performing a variety of functions; these functions range from exchange sites for goods and services to hubs of non-farm employment and as such have the potential to positively influence the development of their rural region. Owusu (2008: 465) also indicates that small towns perform important roles 'as providers of services such as markets, secondary education, hospitals, banking, ICT, etc., facilitate and promote rural–urban interactions and linkages within districts'. These different functions positively influence the mobility of rural as well as more urban-oriented households, permanently transcending the rural–urban divide in search for socio-economic opportunities. As such, the vast flows of people, goods, services and information strengthen the interaction between small towns and their rural hinterlands and can give shape to a flourishing regional economy (Satterthwaite and Tacoli, 2003).

However, Hinderink and Titus (2002) challenge these optimistic assumptions on the basis of a comparative analysis in Africa, Asia and Latin America showing that the role of small towns in regional development processes is highly dependent on the national and regional political contexts. They argue that general conclusions on small-towns' role in economic development cannot be drawn without paying attention to context-specific peculiarities and the specific functions small towns have in the broader region. This aligns with the argument of Berdegúe and his co-authors (2014) who show that only small cities with strong linkages with the rural hinterland have the potential to contribute to poverty reduction. Although some towns operate as distribution centres for services, facilities and infrastructure, other small towns explicitly function as market centres that link local producers to national and

international markets. The function of the small towns is thus a critical factor in their potential contribution to local development processes and as such deserves more attention in empirical research (Bell and Jayne, 2006).

In the remaining part of this report, the focus is on general outcomes of the comparative empirical studies in Cameroon, Ghana and Tanzania, with the explicit aim to propose policy guidelines that national and local governments may follow in order to plan, promote and facilitate regional and local development in dynamic rural areas.

## **4. COMMERCIALISATION OF AGRICULTURAL PRODUCTION**

### **4.1 Spin-off effects**

The dominant crops have different potentials to create backward and forward linkages to the regional economies. Industries with many backward and forward linkages can lead to significant positive spin-off effects on the regional economy because these industries trigger additional economic activities and value capture in other parts of the economy. Backward linkages refer to the part of the non-farm sector that provides inputs for agricultural production such as seeds, pesticides, agro-chemicals, rental services for tractors and machinery etc. Forward linkages refer to the part of the regional economy that uses agricultural outputs as input. Transporting, washing, sorting, milling, refining, and packing are some of the essential functions of forward activities.

Rubber is the dominating crop in the study site Ahanta in Ghana. It is cultivated in plantations and smallholdings where latex is extracted from the rubber trees. After collection the unprocessed latex is sold to a foreign corporation that undertakes all stages of primary processing and subsequently exports the rubber to international markets for further manufacturing. Therefore the spin-off effects on the regional economy attached to rubber production are limited as the forward linkages are very few. The potential for diversification into other economic activities are restrained and moreover the farmers' ability to shift to another crop is confined by the perennial character of the crop. Consequently, the dominance of rubber production gives the area a low resilience and ability to adapt to changing market dynamics - the regional economy is therefore relatively prone to enter into a lock-in situation although it is somewhat cushioned by new opportunities in small-scale gold mining.

The situation is different in the other Ghanaian site, Kwaebibirem, where another perennial crop, namely oil palm is cultivated. The plantations have been established on basis of an out-grower scheme linked to another international corporation that also undertakes all stages of processing and export of palm oil. However, a parallel palm oil industry has emerged in the local area where a burgeoning number of small and medium sized processing units are serving the national and regional market (including neighbouring countries) with lower quality palm oil. This 'strand' of the value chain is based on widespread side-selling practices among the oil-palm out-growers but also new producers who are not fully committed to the out-grower scheme. Considerable forward linkages and positive spin-off effects to the regional economy are occurring because the nature of the crop enables low-tech refining and processing. Moreover rising demand for palm oil from the regional, national, and international markets stimulate production.

Similar examples can be drawn from the other study sites. Njombe in Tanzania is experiencing an increasing commercialisation of Irish potato production driven by a rising

urban demand for the crop. The commercialisation of potato farming has resulted in a number of forward production linkages such as cleaning, packaging, peeling and small-scale processing of potato chips. The local labour force is becoming increasingly specialised within these tasks and there is moreover a very rich experimentation of new potato varieties in the area. These technical and organisational capabilities are becoming rooted in the local economy and can over time potentially be transferred to other comparable economic activities, for instance to other perishable cash crops that have some of the same characteristics.

#### ***POLICY RECOMMENDATION:***

#### ***LINK THE NATURE OF THE CROP WITH POSITIVE REGIONAL SPIN-OFF EFFECTS***

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The potential to develop backward and forward linkages is highly connected to the products' demands for handling, transporting, pre-processing, processing, packing etc. Different crops have different potentials to create positive spin-off effects on the regional economy. This is to a high extent connected to the nature of the crop (perishability, seasonality, storability, processing demands etc.) but also the local production assets and to the particular type of value chain dynamics. Policies in dynamic rural areas should seek to maximize the positive spin-off effects of dominant crop production and disseminate possible learning processes to other crops. These policies should be based on the nature of the crops and how this interplay with regional assets and emerging market demands. Focus should be on promoting upgrading into new products and into new functions that can trigger additional economic activities and value capture in other parts of the regional economy.

#### **4.2 Transport systems**

The increased commercialisation of agricultural production - understood as the tendency of larger shares of agricultural production being put on the market - is driven by a new and rising demand for the dominant crops. In part this emerges from the changing dietary patterns among the growing urban middle-class and in part from increased demand from international markets. Despite the increasing commercialisation of production, the technological development in terms of applying agricultural equipment and other inputs seems stagnant in all study sites. This may indicate that the income generation is still insufficient to initiate a productivity increase through mechanisation and/or that the abundances of cheap labour is considerable in these areas. In any case the producers of dominant crops are in general more inclined to have more intensive land use in terms of higher usage of 'modern' inputs such as inorganic fertilisers, pesticides and other inputs.

Hence, the commercialisation of agricultural production has materialised in both a considerable flow of agricultural goods surging from rural to urban areas (and further

beyond) and - concurrently - a reverse but significantly weaker flow of 'urban' goods, such as fertilizers, seeds and pesticides to rural areas.

Contemporary with the more or less unidirectional flows of agricultural goods, the dynamic rural areas also experience an influx of various types of mediators (brokers, traders etc.) that organise the agricultural outflows. This has in general induced a diversification of trading channels as the number of traders and urban based buyers have grown. There is an inflow of traders of all kinds, from local middlemen to regional wholesale-agents. These are tied up in variety of financial arrangements with urban-based buyers and distributors and can also be involved in organisation of exports to foreign markets. The influx of traders has increased the competition among buyers and consequently increased - in a relative sense - the farmers' bargaining power. National marketing systems seem to be decreasing in importance across the study sites whereas urban-driven value chain development significantly impacts on land use and socio economic change in the study areas. This is again connected to the improvements in infrastructure which has increased the accessibility of the study areas.

In general, the improvements of transport systems are found to be a very important factor in the commercialization of agricultural production and the resulting socio-economic changes within the dynamic rural areas. The changes in transportation systems include the improvements of roads and bridges, and the increased presence of motorized transportation vehicles such as motorbikes and trucks. Consequently, transportation costs have declined and the spatial flows of labour, goods and services have been eased.

Roads are connecting the urban and the rural worlds but also the agricultural sectors with other sectors of the economy. Improvement of road quantity (length, density) and quality diminish the travel time and reduces the maintenance costs of vehicles. This in turn lower cost of marketing, costs of input delivery and increases the linkages between rural and urban areas. As the study areas are characterized by small landholdings and dispersed agricultural production, transport costs often account for a significant addition to the total costs of agricultural products from these localities.

Consequently, the improvements in transport systems are connected to a number of positive development tendencies. This includes (1) a new and rising market demand for cash crops connected to urban, continental and global markets, (2) diversification of channels for trading and input distribution, (3) enabling of high-value production of 'perishable' crops that need to reach the markets fast, (4) better opportunities for pursuing multi-local livelihoods with eased access to employment both across rural areas and major and secondary towns. Finally, (5) the improvements in transport systems have made the study sites generally more attractive for investments both in agricultural and non-agricultural activities.

Concurrently though, the quality and the lack of rural roads is still considered a substantial constraint to the marketing of cash crops and to distribution of inputs among the smallholders. There is no doubt that further improvement in transportation systems is a key area for policy that aims to strengthen rural-urban connections, rural development in general and the spatial inclusion of dynamic agricultural regions.

Improved transport networks facilitate intraregional mobility flows and contribute to increased regional connectivity. More often than not, transport infrastructure is still too narrowly focused on the connections of district towns with the capital cities. While the cities around the Cameroonian Bamboutos Mountains are well-connected with high quality asphalted roads among one another and with the big cities Yaoundé and Douala, roads and transport facilities have been poorly developed for most of the rural communities that live in the interior pockets of the Bamboutos plateau. In the rainy season, most roads are virtually only passable by motorbikes. Trucks with perishable products from market gardening communities may have prolonged delays in getting the crops out of the area. For the people, these poor connections to markets, education and health services imply a severe hurdle for their livelihoods, including their opportunities for livelihood diversification within the region.

It is well-documented that investments in rural roads can result in large returns in terms of economic growth and poverty reduction (von Braun, 2007). In fact, construction of rural roads can be a significantly better investment than construction of urban roads in relation to these two parameters (Fan and Chan-Kang 2005) - even though the dynamic rural areas are often characterized by fragmented and scattered production which means that it will be extraordinary costly to construct a dense network of rural roads in these localities.

#### ***POLICY RECOMMENDATION:***

##### ***IMPROVE TRANSPORT SYSTEMS AND ESTABLISH COLLECTION POINTS***

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Further investments in rural roads should be prioritized to ease rural-urban flows in strategically selected areas. Networks of strategically placed collection points that are well connected to the arterial roads of the region should be developed and thereby improve accessibility to dynamic rural areas with poor infrastructure and high transportation costs. A limited number of rural roads connected to collection points could decrease transportation costs significantly. In the collection points – perhaps located in existing villages – agricultural commodities can be picked up easily and transported to bigger and more important markets while inputs can be more easily distributed. Manual labour can undertake the transport of agricultural products and inputs between farms and collection points. This may also generate non-farm income opportunities for people transporting commodities by wagons, bikes, or motorbikes.

## 5. LAND TENURE AND EXTERNAL INVESTMENTS

The landholdings in the study sites are in general small and only very few of the farmers possess large plots of land. In most of the study sites dominant crop producers have larger landholdings and crop areas than farmers cultivating other crops. This may indicate the presence of a 'self-selection procedure' where the most entrepreneurial and wealthy farmers choose to venture into dominant crop production. The tendency is, however, not consistent in all the study sites.

The advances in transportation systems and ICT (see below) have increased the mobility and connectedness to the areas and, consequently, also the attractiveness of land investments. External investments in land are generally becoming more and more common in the study sites. The flows of 'urban' capital to the rural areas have not been examined systematically and longitudinally in the case studies. Nevertheless, according to the respondents in Kwaebirem and Njombe these areas experience increasing flows of capital into agriculture due to the activities of external investors. These capital flows are improved through advances in communication technologies. Particularly, the increase in mobile phones are facilitating urban-rural capital flows – both to disseminate information about land deals, to manage production at a distance and to make mobile money transfers (particularly common in the study sites in Tanzania).

For the farmers that decide to hand over tenure rights the motivation is often unleashed by a shortage of cash to pay for various household expenses: hospital bills, education fees, court cases, and family members in need of money. In these cases, the households need to raise the cash immediately. In other cases ceding land is part of the household's livelihood strategy to enter into non-farm economic activities. The fee gained from ceding the land can be used as start-up investments in new economic activities. Leasehold agreements can be advantageous for the landowners as they allow them to raise a substantial and immediate sum of money while still having the prospect of regaining the land in the future. In Njombe, for instance, the landowners often lease out land for shorter periods (1-2 years) to raise immediate finances to invest in non-agriculture activities or to cover household expenses such as education fees, renovation of household, and consumer goods.

The investors acquire land either through outright land sales or through leasehold agreements, which exist in many different variations and vary between the study sites. The type of tenure is strongly connected to the type of crop the investors plan to cultivate, particular whether it is a perennial or an annual crop. There seem to be a tendency across the study sites towards more flexible tenure arrangements. Short-time leases are particularly gaining a footing in areas where cash crops with shorter growth and marketing cycles are prevalent. This type of tenure is well-suited for the large share of investors who do not have the purchasing power to acquire the land permanently.

There is a considerable degree of variation in the study areas in terms of origin of external land investors. While some come from far away, others come from the vicinity to the study area, and finally some investments are made by households within the study sites. In Kwaebibirem for instance, a large share of the investors come from far away. Some are 'newcomer farmers' that move to the area and invest their savings to enter sharecropping agreements. Other investors are 'absentee farmers' that lives elsewhere but have acquired land in the study site. In general though, it is more common that the investors come from the vicinity of the study sites. They can be absentee farmers residing in nearby towns who have a portfolio of agricultural and non-agricultural investments in the local area. For instance, in Njombe, the majority of the external investors come from Njombe Town which is the nearest urban centre. Finally, some of the investors are residing in the study areas. This can be households who have moved away (often abroad) for some time and subsequently returned to their place of origin with capital which they choose to invest in land. It can also be investments (remittances) that are channelled to households in the study sites from family members residing elsewhere.

There is also a great variation between the study areas in terms of the scale and type of tenure arrangement that the external investors are able to obtain. In Kwaebibirem, where oil palm is the dominating crop, sharecropping deals are the most common way of entry for external investors as it is considerably cheaper than to engage in outright purchases of land. However, the traditional sharecropping agreements are currently undergoing transformations. Whereas sharecropping agreements hitherto did not involve payments - except the labour-input provided by the tenant - the agreements today involves considerable and increasing financial payments in the form of 'tokens', a kind of initial down-payment. In other study sites the tenure arrangement are transforming in a different way.

Overall, the transformation of tenure arrangements has created a new and flexible market for agricultural land in the study sites. On the one hand, the flexibility of tenure arrangements can be considered beneficial for the younger generation where landlessness is becoming more widespread. Leasehold agreements can to some extent counteract the heritage problem by giving access to farmland that was formerly inaccessible for youngsters and other small-scale investors. On the other hand, the increased interest in land acquisitions from external investors has increased the prices of land. In the case of Kwaebibirem, Bamboutos and Kilimanjaro land prices have reached a level where it inhibits access to farmland for the younger generation residing in the study areas. Consequently, it has become more difficult for younger family members and other farmers in lack of financial resources to access land which increasingly is ceded to outsiders that possess the required financial resources. Hence, remittances and multi-local livelihood activities have become more important in order to raise cash that can be invested in land.



Some scholars and institutions argue that rural development policies should seek to accelerate structural transformations of rural areas characterized by small landholdings and fragmented agricultural production (Ellis 2005). The aim of such policies is to motivate low-productive smallholders to abandon the agricultural sector and enter into non-agricultural employment concurrently with consolidation of the large-scale agricultural sector. Flexible tenure arrangements, however, do not appear as a solution to the problem of land fragmentation and nor does it seem to accelerate the structural transformation of the agricultural sector. However, the emergence of flexible tenure arrangements can lead to more extensive production in situations where uncultivated land is taken under cultivation by youngsters who are willing to take the chance. Moreover, flexible tenure might enable less rupture for smallholders as it enables the households to enter in and out of agriculture while over time diversifying livelihoods into more non-agricultural activities. In that sense flexible tenure offers a less agonising exit of smallholders from the agricultural sector.

The external investors gain information about availability of land in various ways, but they usually use their social network in the area as an initial source to gain intimate knowledge of which households potentially are interested in selling or leasing out land. In some areas the local traders are undertaken a role as land-brokers that gain income from selling information about available land through their commercial networks. It is questionable whether this somehow opaque market for land acquisitions is sufficiently benefitting the households that urgently need to raise cash. The sharing of more or less intimate knowledge through local based brokers might not put the farmers in the best position to bargain in the land market. Their bargaining position could possibly be improved if the land transactions were marked by a higher level of transparency. A higher level of transparency could potentially connect the landowners to a larger amount of interested buyers and tenants allowing a higher degree of transparency and flexibility when negotiating the deal. There might however exist social, cultural, and political pitfalls that make households refrain from disclosing their desire to cede their land in public. In these cases the existing informal and social network-based practises of flexible leaseholds agreements might be preferred rather than transparently negotiated and publicly known land deals.

#### ***POLICY RECOMMENDATION:***

##### ***INCREASE TRANSPARENCY OF LAND TRANSACTIONS***

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Policies should aim to facilitate a greater level of transparency in land availability and transactions. Local 'meeting points' or 'market places' where potential sellers/landlords and buyers/tenants can submit their interests and later be matched could increase the trading alternatives and potentially increase bargaining positions of households with urgent financial needs. Land markets and the transformation of tenure are different across all the study sites. Therefore, such initiatives should take the locally rooted social, cultural and

political pitfalls into account. In some cases informal and social network based land deals might be preferred over transparency of land transactions due to locally rooted issues.

## 6. AGRICULTURAL LABOUR

The commercialization of agriculture is changing labour allocation and the use of wage labour across the study sites. In general, the farmers apply a combination of hired and family labour although to a varying extent - depending on the specific area and the type of crop that is cultivated.

The influx of investors seem to increase the demand for farm labour in the study sites as it is particularly common among external investors to hire labour in one form or another. This is because the available financial resources to employ labour are generally higher among external investors and because investors coming from outside the study areas often do not have access to family labour. In Njombe, the influx of external investors has created employment opportunities not only in the study areas but also in neighbouring villages where seasonal labour is hired. In Kwaebibirem, absentee investors have acquired large tracts of land not previously under cultivation. In this case the external investors typically bring in labour from nearby towns where labour is considered to be cheaper. The Kilimanjaro case differs from the other cases as both family farms and absentee farmers attract agricultural migrant labour from distant places. This area is considered one of the most attractive areas for agricultural employment in Tanzania.

The flows of agricultural labour are in flux. In some of the study sites it is mainly temporarily casual labour that is hired, while in other areas caretakers are hired by absentee farmers on a more permanent basis. The demand for hired labour is mainly met by local workers but in peak periods of the crop-cycle most of the study sites become destinations for seasonal labour migration from the neighbouring villages and towns - and even from other regions. Hired labour is increasingly used in all the sites but the tendency is most pronounced among the dominant-crop producers. This indicates that as commercialisation of production increases the traditional labour sharing practices are gradually phased out and replaced by wage labour. Moreover, it points to a potential social stratification between local smallholders who cultivate the dominant crop and those who do not. Where the latter may need to sell their labour in order to ensure their livelihoods, the other group benefits from allocating resources to substitute or assist family labour.

Some of the study sites are experiencing a growing and increasingly mobile agricultural labour force. In Kwaebibirem labour is typically hired in rural towns, where an excessive availability of casual labour is present. This is preferred as the labour is cheaper and presumably also more effective than labour hired in the villages. Hence, the rural towns are becoming important as hubs for an increasingly mobile agricultural labour force. The abundant availability of casual labour in rural towns can be connected to the lack of access to family land by younger generations in turn becoming a stimulus for rural-rural labour migration flows. Consequently, the mobility and flexibility of casual labour are important

both for the farmers and for the agricultural labourers. The increasing labour flows are (again) facilitated by advances in infrastructure, ICT, and the increasing urbanisation of rural areas with establishment of centres for exchange of goods, services and information.

***POLICY RECOMMENDATION:***

***REDUCE FRICTIONS TO LABOUR MOVEMENTS IN DYNAMIC RURAL AREAS***

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Policies should seek to reduce the frictions for movements for agricultural labour. Rural towns that serve as hubs for the mobile agricultural labour force are an obvious area for policy initiatives in this field. Policies should seek to increase the connectivity of these towns to the relevant agricultural labour markets by improving the physical connectivity (transport systems) and by increasing the accessibility to information about demand and supply of labour in the rural hinterlands and rural towns (ICT). Policies should moreover seek to improve the situation for the young and landless agricultural labour force that temporarily resides in these towns. One instrument would be to facilitate construction of temporary housing facilities where migrant labour can reside in periods between engagements. These areas can moreover serve as pick-up spots where employers and employees can meet and negotiate conditions of employment. Finally, more research is needed: There is a need to gain an in-depth understanding of the way emerging rural labour markets are functioning. Do they already work as informal and opaque labour markets in a satisfactory way or is there a need to regulate, formalize or make them more transparent?

## 7. HOUSEHOLD MOBILITY AND LIVELIHOOD DIVERSIFICATION

Recognizing the increased role of mobility in the region and the multi-faceted character of mobility in spatial and temporal terms is a first step in taking mobility dynamics into consideration in regional planning. As yet, the role of domestic mobility and temporary movements within rural regions has been largely overlooked by policy-makers because, as far as they are dealing with human mobility, they mostly concentrate on (permanent) rural-to-city movements. That narrow scope contributes to the service gap between rural and urban areas and the concentration of public and private investments in cities. From our study, it becomes clear that intraregional mobility fosters both livelihood diversification and flourishing rural economies.

Migration can no longer be considered as a unidirectional movement from rural areas to cities; it has instead been shaped by a chain of connections in which rural and urban livelihoods interact on a movement continuum. Temporary movement – whether daily, weekly or seasonally – characterises the main mobility pattern of rural households crisscrossing the region in search of employment, services, commercial goods, education as well as social reasons. Ever more people living in rural areas go to small towns and service centres in search of consumption goods, services and labour opportunities. These temporary flows of people are complemented and linked with more permanent flows of mobility which makes the areas under study highly dynamic in terms of mobility in- and outflows. Some of these flows are year round, but there are also large fluxes during certain periods of the year such as during land preparation, harvesting and other key periods on the agricultural calendar. Increased mobility flows also are related to important social events such as public holidays, burial ceremonies and local festivities that attract migrants to their home settlements.

Non-agricultural employment is becoming important in all the study sites although to a varying extent. There seems to be a general tendency towards higher dependency on agriculture among the dominant crop producers when compared to the farmers cultivating other crops. This might indicate a tendency where the more commercial farmers increasingly specialize in the dominant crop while many of the rural peasants choose to base their livelihood on a combination of agricultural and non-agricultural activities. In some cases, this may reflect a trend of progressive dispossession of some segments of the rural population.

Whereas the opportunities for finding non-agricultural employment within the study sites used to be poor, today some of the study sites are experiencing new opportunities for earning non-agricultural incomes. The increased mobility and hereto related urbanization of the rural landscape has generated opportunities for livelihood diversification and non-farming economic activities. These economic dynamics provide several households with an

economic buffer to invest in improved housing; in all the research areas the construction sector is booming. Massive investments in improved housing and real estate bring along a vibrant market for building materials and generate business opportunities for local craftsmen and masons. From household interviews in the Njombe region it became clear that masonry is a major income generating activity in the villages and many interviewees mention that they started working as masons within the last few years, due to the increased local demand for this craft. Apart from the increase in business opportunities related to masonry, burning bricks from clay for building houses has emerged as an opportunity to gain an income and ever more local shops sell building materials. Other small-scale industries and private services do also absorb rural non-agricultural labour. Many households start a business in the communities, open up small grocery stands, repair and tailor shops or buy a Chinese or Indian motorbike in order to become a taxi driver in the area. Apart from these developments, extra investments in the agricultural sector create opportunities for spin-off activities. In Ghana, for instance, oil palm nuts are processed into raw palm oil and then traded on the local market. In other words, rural dynamics result in direct linkages in the local economy in terms of agricultural related spin-off activities, non-farm activities, and a clearly observable boost to the local transport and construction sector.

#### ***POLICY RECOMMENDATION:***

##### ***IMPROVE REGIONAL INFRASTRUCTURE AND CREATE COUNTER SEASONAL LABOUR OPPORTUNITIES***

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Policies should improve social, economic and spatial infrastructure (e.g. schools, clinics, markets, financial services, electricity, roads) in order to prevent the outflow of human capital, in particular of the young and enterprising parts of the rural population. Improved infrastructure within the rural areas also facilitates the connections with small towns, enhances the physical access to social and financial services and increases opportunities for livelihood diversification within the region.

Policies should also create labour opportunities in off season by employing people for, e.g., road maintenance, construction work or service provision. Such institutionalised, off-season employment opportunities may keep labour and economic activities in the region and as such foster economic vitality whole year round.

## 8. REMITTANCES

Remittances and the interrelationship between migration and development is today high on the political agenda among nation states, development agencies, NGOs, and various intergovernmental institutions (Raghuram 2009). Remittances form the most tangible link between mobility and local development. It is generally believed that remittances hold great potential for sustainable development and poverty reduction by creating opportunities in agriculture, infrastructure and local business operations (Bryceson et al. 2003; Deshingkar and Grimm 2004). In our study, a large proportion of migrants send remittances or money transfers to their families. Especially in Ghana and Cameroon remittances form a significant part of the income of the households under study. Only in the Tanzanian study sites, a relatively lower number of households received remittances, and in contrast to Ghana and Cameroon, none of these households received international remittances. National remittances are, however, still more important than international remittances and go beyond the nuclear household level with parents, grandparents, uncles, aunts and family in law sending and receiving remittances. Most of these remittances are in cash, but support might also take shape in the form of food and consumer goods. Many rural households regularly send agricultural produce to family members in the city to support in the coverage of daily food needs.

Most households use remittances as part of a livelihood survival or consolidation strategy for buying farming inputs such as fertilizer, cooking facilities, food supplies, cloth, bicycle or a small solar devices for getting light at night and charging mobile phones. In these cases the money is just used to cover basic consumption needs, securing daily needs or to buying luxurious products. Only a minor part of the households succeed in accumulating wealth as a result from money transfers, and more particularly international remittances. These remittances are used to invest in agricultural production by converting the remittances into tools, machinery or land. Also, remittances are frequently being used for the payment of school fees and to cover children's education in general. As such, be it national or international, remittances have come to constitute an important socio-economic feature in the study sites by providing an additional source of income for daily household consumption and small-scale investment.

Remittances are also allocated for the construction and renovation of socio-economic infrastructure such as roads, schools, health clinics and markets (see also Cross et al. 2006). Especially when migrants organize themselves in hometown associations or other migrant associations, remittances are collectively invested in infrastructure and services. As such, transnational migrants and diasporas have become important development agents and in certain cases the remittances they send have a more effective impact on local development than bureaucratic development programmes (de Haas 2010; Nijenhuis and Broekhuis 2010). The fact that remittances today by far outweigh the international budget of development

aid has increased the interest in the migration-development nexus from a range of actors. It has given rise to 'the diaspora engagement discourse' which seeks to engage diaspora organizations in the development of their country of origin (Sinatti and Horst 2014).

In Ghana and Cameroon, the domestic variant of these migrant associations play a significant role in development processes in the areas under study. In both countries migrant associations have positively contributed by diminishing distinct deficiencies in public infrastructure such as roads, bridges and services such as schools and health centres (see also Bauchemin and Schoumaker 2009). In the case of Cameroon, the projects of these migrant associations were lobbied for with national government representatives and have received some concrete development outcomes through the construction of roads, schools and health centres. Yet, the case of Cameroon has also shown that migrant associations, while being quite efficient in mobilizing huge amounts of money for the construction of schools and hospitals, are rather weak in the practical implementation and operation of these projects if they are not supported by local authorities monitoring the projects. Similarly it was demonstrated for our Ghanaian case that the investments of migrant associations in street lights and road infrastructure were not followed up with maintenance by the responsible local institutions.

#### ***POLICY RECOMMENDATION:***

##### ***FOSTER THE COLLECTIVE USE OF REMITTANCES***

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Policies of local governments should encourage local development projects initiated by civic society organisations, in particular by creating supportive institutional environments and by allocating funds for operational costs and salaries of teaching and health workers. Thus, local governments should establish the proper conditions for co-development with migrant associations, local (farm- and non-farm) entrepreneurs and other stakeholders in the local development process. Governments can do so by facilitating local multi-stakeholder platforms, thus guaranteeing participatory decision making about collaborative investments in local and regional infrastructure and services and coordinating the implementation of the projects. Government-led community contracting arrangements for such public works may be a strong tool in providing off-season employment as well.



## 9. INFORMATION AND COMMUNICATION TECHNOLOGIES

Africa's infrastructure for information and communication technologies (ICTs) is developing rapidly and has significantly altered livelihood patterns and rural-city connections. The introduction of the mobile phone technology, in particular, has completely transformed the sub-Saharan African socio-economic landscape (De Bruijn et al. 2009). Over the last years, mobile phone ownership increased tremendously over the continent, but there is, however, still a great disparity in the access to mobile phones between the large urban agglomerations and the rural areas where the number of mobile phones are generally lower and where broadband coverage and access to electricity is poorer (AfDB, OECD and UNDP 2015). Whereas only a few people in our study sites had mobile phones in the beginning of 2000, almost every household has a mobile phone today. For many of our informants this means a first encounter with a device that enables instant communication with somebody who is not physically around. This has not only improved communication opportunities, but also the accessibility of information and the speed and velocity of financial flows between economic actors. These advances have resulted in a range of new opportunities benefiting smallholders and other actors in the rural areas under study.

The communication between sellers, buyers and transporters is made easier with the entry of mobile phones. For instance, informal traders in Ghana have gained greater efficiency in the coordination of their activities due to more frequent, quick and direct communication with business partners (see also Overå 2006). As in our other research areas, closing a business deal in the past often entailed considerable time and expenses for traveling, checking the availability of a specific product, negotiating the price and making cash transactions. Nowadays an increasing share of these deals is made by using mobile phones and as such it has reduced dependency and costs of physical mobility. Moreover, the farmers increasingly use mobile phones to keep updated on market prices in local and regional markets. This reduces price risks as the farmers can respond more quickly to changing market signals. In some rural areas this tendency is accelerating the shifts in land-use patterns among smallholders. In addition, time and money are being saved through decreased intervention of intermediaries and a reduction in physical travel of traders.

Apart from a means of communication, the application of mobile banking or mobile money further makes the mobile phone an important asset to people's livelihoods. Africa is today the leading continent in terms of mobile money transfers or M-pesa (AfDB, OECD and UNDP 2015). Mobile money is increasingly used for payments, to facilitate savings, and to transfer financial remittances. In most of the study sites mobile money gains a footing as an alternative to cash transactions, although to a varying extent. Besides reducing the costs and the dependency on physical mobility for making payments, the application of mobile money also reduces the risks taken when saving and transporting cash. Hence, in Ghana respondents are nowadays experiencing a substantial fall in incidents of hold-ups on the

main roads as a consequence of the introduction of mobile money. In Tanzania mobile money has also become an alternative way of facilitating savings, particular in rural areas that are poorly connected to large cities where banks tend to be located. Many of the village centres today have agencies where M-Pesa money can be cashed and deposited, which means that M-Pesa can be used as an alternative to a formal bank account. People use mobile money for personal matters, such as transferring remittances. M-Pesa is also widely used for businesses, such as commodity shops, inputs for farming, housing, craftsman services and agricultural businesses. The use of mobile money (and mobile phones) for shopping or doing business mainly concerns transfers of money for orders from urban areas, whereas for agricultural businesses it is used for transferring money from the brokers to the farmers after they have sold the produce, e.g. at the urban markets. Mobile phones are thus contributing to the local economic development by boosting the business environment and networking possibilities and by strengthening the connections between the villages and the nearby urban areas as well as larger urban areas within and beyond national borders.

Despite these opportunities, there are still huge disparities between those who have access to mobile phones and money and those who have not. The fact that most people own a mobile phone does not necessarily mean that they are actually able to use it on a regular basis. At least, there are various explanations to the differing uptake of mobile phones and mobile money between the study sites. Firstly, there are still many areas in Africa where GSM coverage is inadequate. There is a particular divide in GSM coverage between urban and rural areas (Buys et al., 2009). Secondly, some of the study sites suffer a lack of electricity and consequently people need to travel to towns to charge their phones. Finally, to enable mobile money transfers there needs to be local shop where mobile money can be cashed, topped up and deposited. One of the reasons why people turn to mobile money is because these shops are easier to reach than banks located far away. However, the shops might not be open during the entire year. In Njombe for instance, the shops are only open during the peak season in Irish potatoes.

#### ***POLICY RECOMMENDATION:***

#### ***FACILITATE AND STIMULATE THE PRODUCTIVE USE OF ICTs IN RURAL REGIONS***

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Together with the provision of other basic infrastructures and services, telecommunication infrastructures should be on top of governments' policy agendas. Policies should include incentives for the use of solar powered phones, as many rural households do not have access to electricity and cannot recharge the batteries of their phones at home. Furthermore, access should be expanded by lowering user costs. This can be done through encouragement of market competition among mobile phone and internet companies operating in the country. Creation of appropriate regulatory frameworks to reduce the costs of handsets and airtime also leads to user expansion. Finally, access to internet may be

improved by establishing municipal computer centres where people can consult internet for free. Local governments can also use such public computer facilities for basic ICT courses. Vocational training for new media entrepreneurs may bring about new local employment opportunities.

## 10. CONCLUSION

This report is an account of current processes of agricultural transformation, rural-city connections and multi-local livelihoods in Sub-Saharan Africa, based on empirical evidence from eight different dynamic rural regions in Cameroon, Ghana and Tanzania. The analysis was done with the purpose of putting the issue of regional development planning back on the agenda and to identify some key policy areas for inclusive regional development, taking into account the needs of the rural population and the development potential of rural-city connections.

Rural-urban linkages – which refer to multifaceted flows of people, goods, labour and capital – are of great importance for the livelihoods of rural households. These flows are stimulated by the decreasing cost of transportation and communication, as exemplified by the proliferation of mobile phones, motorcycles and trucks. The increased access and use of means of transportation and communication allows a broader range of actors to participate in the market exchange and to facilitate market information from towns and cities to villages and rural communities. In turn, this has led to rapid changes in land-use due to a quicker response to changing market signals by smallholders. At the same time, the rural areas have become an important destination for seasonal labour migration and generate a multitude of non-agricultural activities such as trade, construction work or other skilled work. Nodes in these rural regions are the emerging urban centres that offer many service facilities and operate as centres for market exchange. Additionally, new flows of capital are triggered by urban-based and other non-local citizens who invest in land because of their expectations that increased production of the already dominant crop will become highly profitable. This results in private accumulation of land – partly facilitated by increasing formalization and titling of traditional tenure systems.

The impact of these aspects of agricultural transformation, livelihood diversification and rural-city connections on local development is manifold. First, investments in the agricultural sector have created a range of opportunities for livelihood diversification and off-farm activities in the rural-urban economy; these include new employment opportunities and a competitive local market of spin-off and non-farm activities in a flourishing service sector. The increased purchasing power of households affects agricultural production (such as through increased land holdings, new farming equipment and livestock or the ability to apply more fertilisers). Increased purchasing power also impacts households' level of education, the expansion of networks and ideas and the possibility to better afford household expenditures and services.

However, these positive economic dynamics also trigger challenges for rural development. At the household level, increased mobility of household members places an extra burden on family labour; this sometimes obliges households to reduce or even stop farming activities which in turn makes them more dependent on external money flows. At the community level, it becomes clear that not everyone benefits to the same extent from the dynamic

flows in the area and that increased social fragmentation or dichotomization between those actively engaged in and related to the commercialization of agriculture versus those who have only their labour to sell. Certain population groups, especially the ones who are not involved in out-grower schemes, are very vulnerable within the agricultural transformations taking place. This is especially the case for youngsters as they often lack access to fertile land or livelihood opportunities outside agriculture. In addition, the lack of government support for large scale investment projects in infrastructure and regional planning results in villages becoming highly dependent on private investments and the 'goodwill' of local elites and local chiefs to initiate development projects. These are often driven by local power games and the availability of funds and as such are very unpredictable and unreliable.

From this perspective, the basic principle of 'strategic coupling', which entails a coupling of local resources and institutions with (global) value chain dynamics, guides the interventions that are relevant for integrated regional development planning with the aim of improving welfare and economic productivity in dynamic rural areas, the specific regions under study. Two generic areas for policy prioritization are considered to be of particular importance, namely (a) promotion of small-town development, and (b) economic diversification within and beyond the agricultural sector.

Elaborating on these principles, six implications for possible policy interventions in dynamic rural areas have been identified:

(1) Policies should foster further commercialization and transformation of agricultural production by promoting the cultivation of dominant crops with strong linkages in the regional economies because of their high incremental potential for spin-off activities. Ongoing facilitation of the regional collection and distribution functions and the improvement of transport systems are also of vital importance to stimulate commercialization of agricultural production and further socio-economic changes within dynamic rural areas.

(2) More flexible land tenure options will help to increase agricultural production and productivity, and provide additional incomes for farmers with urgent financial needs. Policies should facilitate a greater level of transparency in land transactions and land markets contributing to the bargaining power of landowners from different socioeconomic strata.

(3) Policies should seek to reduce frictions to labour movements. The agricultural (seasonal) labour force may be supported by facilitating easier access to flexible labour markets, housing facilities and other logistic needs. Rural towns and service centres are the logical places for such enabling policies. Also, off-season labour opportunities should be improved in order to keep the pool of mobile labour force – in particular youngsters – within the area by ensuring transparent and decent working conditions.

(4) Regional development policies should include the construction and upgrading of social, economic and spatial infrastructure. Such improvements facilitate intra-regional household

mobility and engender livelihood diversification, which in turn contributes to the expansion of rural economies. Diversification of the regional economy and the development of rural service centres will also prevent the outflow of human capital, in particular of the young and enterprising parts of the rural population.

(5) Local governments should promote and facilitate the collective use of remittances, e.g. by engaging migrant associations and community development committees in locally embedded action planning projects. Governments should create appropriate institutional environments in order to ensure that co-development projects are community driven, locally owned, and beneficial to all stakeholders.

(6) Regional development policies should include the facilitation and expansion of ICT development, in order to decrease the great disparity of access to ICTs and to stimulate productive use of ICTs. Planners should recognize that mobile phones and banking services contribute to local economic development by boosting the business environment and networking possibilities. Fostering ICT consolidation also is essential for capacity development and the connectivity between villages and nearby urban settlements as well as with larger towns within and beyond national borders.

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