

Rural and Urban Places Are Linked. It is governments that aren't

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Messages, with a focus on Latin America

1. Very few people live in “deep rural” functional territories that do not contain at least a small city within them.
2. Controlling for other factors, rural-urban territories outperform “deep rural” ones in terms of economic growth and social inclusion
3. The mechanisms or channels through which the urban localities exert their influence on the development of rural-urban territories, are contextual– this is bad news for top-down policies
4. Governments fragment these territories

	Functional territories, N°			Municipalities, %			Population, %		
	CHI	COL	MEX	CHI	COL	MX	CHI	COL	MX
Rural	54	259	554	24	40	27	6	16	7
Rural-Urban	43	118	399	54	50	60	37	38	43
Urban and metro	6	17	33	23	10	13	56	46	50



Urbanization patterns

- ▶ Since early 1960's more than 50% of the population is urban
- ▶ 2015
 - ▶ Central America, 74% urban
 - ▶ South America, 83% urban
- ▶ 2015
 - ▶ 45% of urban in cities of > 1 million or more
 - ▶ 8% of urban in cities of 500,000 to 1 million
 - ▶ **47% of urban in cities of < 500,000**



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Rural-urban is the name of the game



Rural-urban territories perform better

- ▶ “An increase of 10% in income leads to a decrease in the poverty index of approximately 9%, 5%, and 6% in Chile, Colombia, and Mexico, respectively”
- ▶ “In comparison with rural territories without a city (deep rural), the growth in urban–rural and metropolitan territories has a greater effect on poverty reduction, both in Chile and in Colombia”
- ▶ “In each case, there are minimum size thresholds for the urban centers for triggering greater growth and reducing territorial poverty”

Source: Berdegué et al. 2015. Cities, Territories, and Inclusive Growth: Unraveling Urban–Rural Linkages in Chile, Colombia, and Mexico. World Development. <http://dx.doi.org/10.1016/j.worlddev.2014.12.013>



Rural-urban is good for inclusive growth...



Why having a city is good?

- ▶ Tested nine different channels:
 - ▶ Access to more services • Access to financial services • Physical and virtual connectivity • Economic diversification • Human capital • Investment in rural areas • Social diversity • Political competition • Change in gender systems
- ▶ Results highly variable by country and, we suspect, by territory

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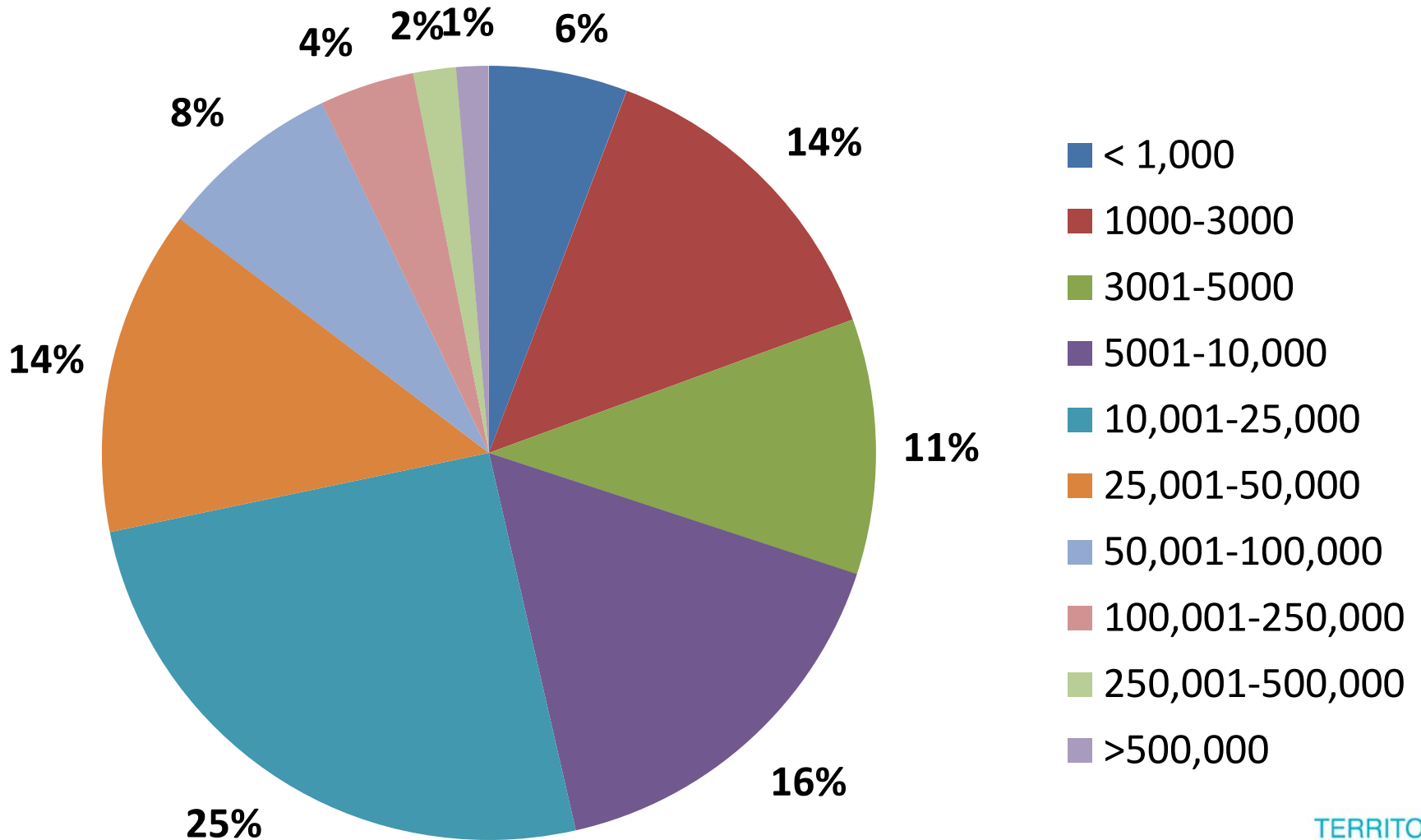


Rural-urban linkages must be built through place-based, context-specific policies



Fragmented government

Municipalidades por población, México 2010





So?

- ▶ Local governments in most countries can associate for development purposes
- ▶ But there are no incentives to do so
- ▶ When there are, they do associate, as in Central America



It is not so much about changes legal frameworks, as to putting money on the table



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