

Andrés Rodríguez-Pose and Daniel Hardy
**Addressing poverty and inequality in the
rural economy from a global perspective**

**Article (Accepted version)
(Refereed)**

Original citation:

Rodríguez-Pose, Andrés and Hardy, Daniel (2015) *Addressing poverty and inequality in the rural economy from a global perspective*. *Applied Geography*, 61. pp. 11-23. ISSN 0143-6228

DOI: [10.1016/j.apgeog.2015.02.005](https://doi.org/10.1016/j.apgeog.2015.02.005)

© 2015 [Elsevier Ltd.](#)

This version available at: <http://eprints.lse.ac.uk/63257/>

Available in LSE Research Online: August 2015

LSE has developed LSE Research Online so that users may access research output of the School. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LSE Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain. You may freely distribute the URL (<http://eprints.lse.ac.uk>) of the LSE Research Online website.

This document is the author's final accepted version of the journal article. There may be differences between this version and the published version. You are advised to consult the publisher's version if you wish to cite from it.

ADDRESSING POVERTY AND INEQUALITY IN THE RURAL ECONOMY FROM A GLOBAL PERSPECTIVE

Andrés Rodríguez-Pose and Daniel Hardy

*Department of Geography and Environment,
London School of Economics*

Corresponding author:

Andrés Rodríguez-Pose
Professor of Economic Geography
Department of Geography and Environment
London School of Economics
Houghton St
London WC2A 2AE
UK
e-mail: a.rodriguez-pose@lse.ac.uk

ADDRESSING POVERTY AND INEQUALITY IN THE RURAL ECONOMY FROM A GLOBAL PERSPECTIVE.

ABSTRACT

Recent decades have seen the rural areas of developing and emerging countries undergo significant structural changes. They are the source of several pertinent international concerns, including extreme poverty and hunger, and rising spatial and interpersonal disparities, challenges that national governments and the international community have made limited headway in alleviating to date. By analysing the range of rural development approaches implemented in recent decades, we develop a picture in which territorial approaches have become more mainstream. Since the turn of the century in particular they have gradually supplanted more traditional place-neutral approaches, which, we argue, served to increase rural-urban disparities and exasperate the incidence of poverty in rural areas. Rural territorial development approaches, where able to mobilise sufficient participation and coordination between local stakeholders, civil society, and various multi-level actors, offer the most favourable means of gaining a better understanding of the many social, economic, institutional assets within a region, which can be harnessed to drive brands of regional development that are not only sustainable, but also more equitable and inclusive across segments of the population and territories.

Keywords: Poverty, inequality, rural development, territorial approaches, place-based development.

INTRODUCTION

The global challenges of poverty, inequality and food security are to be “won or lost in the rural areas of the developing countries” (Anríquez and Stamoulis, 2007: 6). This statement, far from hyperbole, is a natural consequence of the overwhelming concentration of the poor and hungry in the rural areas of low- and middle-income countries (LMICs). It is estimated that 1.2 billion poor people (living on \$1.25 or less each day) lead out their lives in rural areas – representing some 75% of those in extreme poverty globally (World Development Indicators, 2013). In terms of food security, 805 million people, according to the FAO (FAO, 2014), or 870 million people, according to the UN (UN, 2013), go hungry each day. This, again, is largely a rural phenomenon. With the Millennium Development Goals reaching their expiry date, and the formulation of a post-2015 development agenda well underway, it is clear that progress on rural issues has been underwhelming and deserves more attention. If we are serious about tackling poverty, inequality and hunger, rural areas – as their principal locus – demand more concerted and committed efforts from the international development community.

This is not to say that the plights faced by rural communities have not been accorded with high regard by international organisations, governments and local communities over the years. Since the 1950s rural issues have oscillated in and out of vogue in development debates (Jerve, 2001). Indeed, during the 1970s and 1980s development had a strong rural emphasis. The last two decades of the 20th century, by contrast, were conspicuous for their limited attention to rural matters (ILO, 2008; ILO, 2011). Only recently have rural issues resurfaced as priority policy areas. Whilst this renewed attention is welcome, in light of the far from positive international track record in terms of alleviating persistent rural problems to date (World Bank, 2007), there is a great need to review and understand rural challenges – to evaluate what works, where it works, and why. Admittedly, unambiguous answers to rural problems are few and far between: nevertheless, to sustain progress on poverty and begin to stem widening interpersonal and spatial (particularly urban-rural) disparities – which are fast becoming one of the major threats to growth and sustainable development in many LMICs – rural challenges must be met head on.

The purpose of this research is to identify clear trends in rural development theory and practice over the last few decades. We seek not only to identify instances of rural success, failure and ambiguity, but to also consider whether issues of poverty, inequality and food insecurity in rural areas can, or indeed should, always be addressed with specific policies. Building on this analysis, we will then endeavour to articulate some key themes, priorities and gaps in rural development theory and practice.

POVERTY AND INEQUALITY IN RURAL AREAS: FACTFINDING

2008 marked the much-anticipated moment in time that the world became more urban than rural. For many developing, low and middle income countries, however, their reality remains predominantly rural (IFAD, 2010). As **Figure 1** illustrates, more than half of the inhabitants of LMICs live in rural areas. Although this share has fallen dramatically since the middle of the last century, absolute numbers of rural inhabitants continue to grow. In LMICs alone, rural populations increased by over 80% in the last half century, and by 100 million in the last decade.

INSERT FIGURE 1

In spite of the scale of rural challenges, there has been a tendency for development policy to favour “industrial, urban and service sectors at the expense of agricultural and other rural sector development” (Anríquez and Stamoulis, 2007: 6). Although this urban policy bias is consistent with the global trend of radical urbanisation (Scott, 2002), there is a patent need to achieve a greater sense of balance in the rural direction. Urban issues are real and pertinent, but if we are serious about tackling a host of global issues, such as poverty, inequality, hunger, and socio-political stability, among other interrelated issues, rural problems deserve more attention.

Poverty, inequalities and food insecurity

There is a clear association between poverty and rurality within countries for which data is available (see **Figure 2**). Geographically, the incidence of rural poverty (defined at the \$1.25 [PPP] level) is at its most acute in Latin America and the Caribbean, followed closely by Sub-Saharan Africa and South Asia (see **Figure 3**), although at the country level there is significant diversity, with high incidences of rural poverty in all of the global regions.

INSERT FIGURE 2

INSERT FIGURE 3

Departing from these temporal snapshots of rural poverty for one moment, **Figure 4** illustrates how the evolution of rural poverty tends to follow a downward trajectory on the whole. For countries such as Malaysia and Sri Lanka, the poverty headcount ratio is not only comparatively low, but offers a definite downward trend. Nevertheless, for other countries, including Mexico and the Côte d'Ivoire, rural poverty is not only a considerable issue, but has evidenced little or mixed progress over the last two decades. Although it is problematic to make generalisations based on such a limited array of countries, these findings are consistent with the view that progress on poverty alleviation has been made. Nevertheless, it is perhaps necessary to note that frequent data collection on poverty is rare in many of the poorest developing countries. If we were to equate data collection with some degree of monitoring and scrutiny of the issues at hand, where such oversight is absent the general picture is likely to be far worse.

INSERT FIGURE 4

Yet, even allowing for the progress that is being made in terms of poverty, the persistence of high levels of rural poverty and uneven progress in several parts of the world, notably Sub-Saharan Africa, ought to keep rural development high on the international development agenda (Dercon, 2009). Moreover, the scale of advances made in alleviating rural poverty may be somewhat masked by urban migration. The number of rural poor fell by an estimated 100 million between 1993 and 2001, but this was partially offset by an increase in the urban poor by around 50 million

(Ravallion *et al.*, 2007). This fact suggests tackling poverty in aggregate terms requires a strong emphasis at its rural locus.

Just as for poverty, issues of spatial and interpersonal inequality are at their most acute in developing countries, as illustrated in **Figure 5**. Spatial inequality is measured as the population-weighted coefficient of variation¹ of regional GDP per capita. Interpersonal inequality is measured using a Gini Index, as provided by the World Bank in its development indicator database.

INSERT FIGURE 5

However, unlike for poverty, inequalities have played a much more subordinate role in development debates, and the MDGs in particular, until recently. In fact, the unrelenting focus on poverty reduction may be partly responsible for the limited progress seen in terms of spatial and interpersonal inequalities. It is possible that by pursuing poverty targets to the exclusion of other issues, it may have masked “much slower progress or even growing disparities at the sub-national level and among specific populations” (UN Task System Team, 2012: 2). Thus, one of the more important lessons to be considered as a post-2015 MDG strategy is formulated is how to tackle goals such as poverty reduction with a much more robust affiliation to the UNs stated values of equality and solidarity.

INSERT FIGURE 6

In aggregate terms, the link between spatial inequality and poverty is positive, but very weak. There is a much stronger connection between interpersonal inequality and poverty (see Figure 6). In both cases, the scatter plots, however, reveal considerable noise at the country-level; likely a natural consequence of the complexity of factors driving regional growth in widely divergent contexts, each at different stages of the development cycle. In **Figure 7** we look to tease of trends in the evolution of regional disparities in a selection of developing countries. The trend is not uniform and varies depending on the country. Since the 1970s, a number of

¹ Also known as a Williamson index, the population-weighted measure of dissimilarity allows for comparison across a number of countries of varying size and with different numbers of regional units (see Portnov and Felsenstein, 2005).

countries have seen regional disparities fall, including Brazil, Peru, China, Pakistan and South Africa. Others, including Colombia, Mexico and Malaysia, have seen the reverse. When we shift the frame of reference to start in the 1990s it becomes clear that little progress has been made on this issue in more recent times. In fact, more often than not, progress in terms of economic growth or poverty reduction has not been allied with a Kuznets type pattern of regional income convergence (Kuznets, 1955; Williamson, 1965), but rather has come at the expense of growing spatial and interpersonal disparities. This accords with the findings of Rodríguez-Pose (2010), a study in which only 3 countries from a sample of 28 evidenced a fall in spatial inequalities since the 1990s. The majority of countries, in fact, saw disparities rise.

INSERT FIGURE 7

In essence, the data are consistent with the growing consensus in the literature on inequalities in developing countries; globalisation, increased trade and economic growth have been unequal, benefitting certain regions and segments of the population to the detriment of others (Moreno *et al.*, 2010). The focus on income-based inequality does, however, risk ignoring other non-pecuniary dimensions of inequality, such as disparities in political voice, health and education. Although these factors are frequently positively correlated with incomes, the opposite can also hold true (Justino, Litchfield and Niimi, 2004). Nevertheless, an increasing evidence base underscores the wide-ranging and pervasive impacts of persistent income inequalities and societal polarisation. The effects can be cumulative and lasting. The ‘Chinese model’, for example, can be lauded for its growth-inducing prowess, while at the same time be lambasted for its failure to spread its benefits equitably. Persistent and rising spatial and interpersonal inequalities represent a major risk to the continued sustainability and dynamism of the Chinese growth story (see Ostry *et al.*, 2014). These risks are all too clear in other contexts. For Thailand, the rate and concentration of its economic expansion within certain regions – principally its capital, Bangkok – and with certain segments of its population, led to levels of polarisation ostensibly unmatched in other parts of the world (Cistulli *et al.* 2014). The repercussions of this were non-trivial, ultimately becoming of cardinal significance to the deep divisions and political deadlock that since 2006 have

afflicted the country's economic performance and future prospects. Worse still, Murshed and Gates (2005) single out territorial inequalities as not only a chief cause of the Nepalese civil war, but also positively link the extent of these inequalities with the intensity of bloodshed. Østby *et al.* (2009) draw similarly dour conclusions based on data from 22 Sub-Saharan African states.

Thus, there is increasing recognition that there are lasting, cumulative effects to persistent spatial and interpersonal inequalities. Indeed, as if the ethical grounds for tackling these concerns were not sufficient, including the persistent marginalisation of specific social groups or regions, the tangible risks in terms of shifting countries onto low and unsustainable growth paths, and damaging growth performance, ought to solidify the status of inequality reduction as a cornerstone of future development agendas (Ostry *et al.*, 2014: 25; Sankhe *et al.*, 2010). Happily this accords with a growing emphasis on the promotion of equitable brands of economic growth throughout the literature, a trend which serves to buttress the case for a broader awareness of economic inequities and rising spatial and interpersonal inequalities globally (see, for example, Piketty, 2014).

Finally, rising global food demand and the issue of food insecurity stir debates that principally concern the management of rural areas; how should rural land be prioritised? Should precedence be given to high technology, capital-intensive farming practices? If so, will this be to the detriment of traditional family farms and smallholdings if they are unable to afford or access new technologies? Will the environment suffer if certain forms of modern farming practices, such as fertilizers, pesticides and genetically modified (GM) crops, are improperly applied in relatively under-regulated environments?

Paying particular attention to rising global food demands, it is evident that "much of the world's current cropland has yields well below their potential" (Tilman *et al.*, 2011: 20264). The efficiency of rural land use by small, family farms may be undermined by changes in production methods and supply chains (Hazell *et al.*, 2010). Farming production is increasingly technology intensive, often requiring both high levels of education and significant up-front investment, which

disproportionately marginalise poor farming families and landless households. This has strong implications for agricultural land throughout rural areas, and particularly for LMICs. Today, almost 15% of the global population do not have enough food to eat, a figure that can be doubled when framed in terms of lacking adequate nutrition (Misselhorn *et al.*, 2012). Moreover, in excess of 100 million children under the age of five are underweight, with more than 2.5 million children dying every year from malnutrition (FAO, 2012). Although these alarming issues are about more than simply levels of food production, which are broadly sufficient to feed the populations of most countries, and are more closely related to issues of access, quality and regularity of food supply, increased productivity in rural areas of LMICs remains important for local rural communities. As issues of access are closely related to purchasing power and income distributions, boosting rural incomes is imperative to make inroads into rural hunger deficits.

In addition, projected increases in food demand due to population growth and growth induced dietary change (rising incomes are associated with a so-called nutrition-transition of higher calorific intake, as well as qualitative dietary changes) increasingly places ever more pressure on agricultural productivity. **Figure 8** illustrates the growing pressure on agricultural land in LMICs. It is apparent that, with the exception of developing countries in Latin America and the Caribbean and Europe and Central Asia, more is being asked from each hectare of agricultural land in order to sustain rural livelihoods. This ‘bottling up’ of labour in rural areas, due to low labour mobility of the rural poor, puts a downward pressure on farm sizes. This leads to a greater need for alternative employment opportunities and an agricultural economy where small-farms are tended by part-time farmers (Binswanger, 2013). Clearly this ratio does not capture the inherent complexities of rural economies, and the diversity of the agrarian economy in different rural contexts, but it does serve to illustrate one key point: the growing need for higher productivity in agriculture. As global food demand increases – including crops destined for energy use, bio-fuels, animal feeds and other products not destined for human consumption – more capital-intensive, high technology methods will be needed, and fewer jobs will remain in agricultural production as a result.

INSERT FIGURE 8

This presents a looming challenge for rural regions. For many LMICs, small, family farms and subsistence agriculture remain an important component of the rural economy. Yet it is clear that if bigger, less labour-intensive farming practices are the future of agricultural production, more traditional agricultural practices will need to change. This means non-farm and non-agricultural jobs will be required to absorb labourers pushed out of agriculture, as well as new entrants to the labour pool. Moreover, these new job-supplying enterprises will need to gradually increase capacities in new technologies, and form part of a bigger shift into new sectors of the economy, to foster dynamism and vibrancy, and the capacity to compete in the global economy. However, if rural areas are to build more competitive economies in the secondary and tertiary sectors, including manufacturing and services, institutional, as well as socio-economic and political, reforms will be necessary. As our discussion of poverty and inequalities suggested, approaches need to factor in provisions for the poor to ensure that where rural development initiatives are implemented that do not serve to exasperate existing cleavages in their pursuit of growth and development.

Extra global considerations

In addition to the more direct concerns discussed, a triumvirate of contemporary factors are also likely to bear upon the effectiveness of rural development practice. The first, globalisation and trade liberalisation represents a double-edged sword. On the one hand, new opportunities for increasing trade, foreign investment and employment stem from the opening up of previously untapped regional economies to new regional and international markets. On the other hand, greater exposure to external markets can engender a number of challenges to sustainable development in rural areas. For example, as new imports and competitors penetrate into previously sheltered rural regions, local firms unfit to withstand greater competition, new quality standards or quantity requirements, risk exclusion and face decline

(Reardon and Timmer, 2007). As put by the 2009 World Development Report, “not all parts of a country are suited for accessing world markets, and coastal and economically dense places do better.” (p. 12). From the perspective of the rural poor, the smallest businesses are often the most vulnerable to global pressures. In Argentina during the late 1980s and early 1990s, for example, more than 60,000 small agricultural firms were forced to close (Gutman, 1999), with a similar story repeated in Chile (Faigenbaum, Berdegué, and Reardon, 2002). By contrast, rice production in Bangladesh during the late 1980s was transformed by increasing openness to trade. Access to new technology (machinery) and markets led to significant expansion in the sector, which soon became internationally competitive (Osmani, 2005). Moreover, a number of studies warn on the uneven distributions of costs and benefits associated with trade liberalisation (see Harrison, 2006; Rodríguez-Pose, 2012). For example, Topalova (2010) for India and Attanasio *et al.* (2004) for Colombia, elucidate on the upsurge in interpersonal and regional poverty gaps, found to be at their most severe in regions where exposure to this liberalisations was at its most intense. This relationship is not unambiguous, however, and hinges on a range of other factors, such as the quality of institutions and the mobility of capital and labour.

The second factor is climate change and the related issue of environmental sustainability, both of which have grown in public awareness in recent years (IFAD, 2010). For rural communities in particular, rural livelihoods and farming are threatened by unpredictable weather shocks, increasingly associated with climate change, and also by the heightened attention paid towards the environmental consequences of agricultural methods. What this means for the rural poor is of growing concern. In both respects, it is the poorest farming families that are most at risk, either from a lack of access to environmentally sustainable agricultural methods and technologies or from a heightened exposure to climactic events on the more marginal lands where they are typically located.

Finally, decentralisation is increasingly seen as an option to unlock the development potential of territories, principally by intensifying pressures on local governments to work more effectively and respond to the needs and demands of local communities

(Brenner, 2004). The process is recognised to increase the capacity of local actors to engage in the definition of regional priorities and in the promotion of effective uses of local resources to tackle regional issues, such as territorial inequalities (OECD 2006; Rodríguez-Pose and Ezcurra 2010). For rural areas, largely failed under top-down methods to address rural change (Ellis and Biggs, 2001), decentralisation offers “sub-national governments and local organizations an increased role in rural development processes” (Bebbington *et al.*, 2008: 3-4), even where it is “uneven and incomplete” (ibid). Yet, at the same time, regional governance capacities vary spatially, which naturally leads to divergent performance across territories, with some, for example, better able to negotiate with central governments and/or raise revenues locally to fund further development efforts..

Encouragingly, recognition of these urgent problems is growing. Rural employment has recaptured the attention of policymakers and development practitioners in developing economies in recent years (for example the International Labour Organization’s Decent Work Agenda is looking ever closer at rural areas). Aside from the evident need to eradicate poverty and hunger, sustainable development in rural areas is of fundamental importance to preserving the social traditions, (indigenous) cultures and valuable natural amenity space, whilst also reducing territorial disparities, generating a vibrant rural economy, new and diverse employment opportunities and transforming rural spaces into places fit for modern socio-economic realities.

EVOLVING APPROACHES TO SUSTAINABLE RURAL DEVELOPMENT

Over the years there have been a number of strategies followed in order to invoke economic, political and social structural changes to rural areas (for a review of evolving themes in rural development see Ellis and Biggs, 2001). However, as remarked by Hewings (2004), it is a field characterised as offering many fads and few satisfying economic evaluations. This is partly a reflection of the lack of a clear,

common definition for what ‘rural development’ precisely means more than a decade after this was first prominently highlighted (van der Ploeg *et al.*, 2000).

The dominant approach during the majority of the last half-century or more has been based on agricultural development. Indeed, rural development has been regarded as synonymous with agricultural development for much of its history (OECD, 2010). Even today, rural development is sometimes practiced with a single emphasis on agricultural development, and on productivity and modernisation in particular (Akpan, 2012). This has endured, partly because we generally know far more about the promotion of agricultural growth in rural areas than about the promotion of non-agricultural activities (Valdés and Foster, 2010), but also because responsibility for rural development typically falls to government departments associated with agriculture in many countries (Rojas-Caldelas *et al.*, 2010).

In more recent decades the agricultural trend in rural development has gradually been supplanted by approaches based on diversification, and especially the promotion of non-farm or non-agricultural sectors and urban-rural linkages. In light of the constraints to agricultural land and the declining potential for agriculture to employ growing rural populations, rural non-agricultural employment (RNAE) is widely regarded as “decisive to fight rural poverty” (Ambrosio-Albalá and Bastiaensen, 2010: 9). Diversification approaches are nothing new, having long been considered important strategies for rural households to mitigate risks associated with volatility and seasonality in agriculture (Lohmann and Liefner, 2009) as well as a means to provide vital financial liquidity to invest in agricultural tools and technology (Lanjouw, 2001; Barrett *et al.*, 2001). Now more than ever, however, support for RNAE is seen as central in order to secure vibrant, diversified portfolios of non-agricultural activities in rural areas to offset relative declines in agricultural employment, reduce inequalities and foster sustainable development (Dirven, 2011; Reardon *et al.*, 2007).

Since the late 1990s, RNAE has escalated significantly. Between 35-50% of employment in the rural developing world is now non-agricultural (de Janvry and Sadoulet, 2001; Bryceson, 2002; Rigg, 2006), ranging from approximately 34% of

rural incomes in Africa, to 47% in Latin America and 51% in Asia (Imai *et al.*, 2013). However, equating growth in RNAE with progress in rural development, particularly in terms of interpersonal and spatial equity, is not straightforward. The types of activities range from low-productivity, informal employment (street-vending), to highly skilled jobs in the formal sector (Kaur *et al.*, 2011). Nevertheless, even where RNAE is of the low-productivity, 'last-resort' variety, it does offer a limited – but nevertheless important – role in poverty alleviation; such jobs can form a 'safety-net' that prevents the poor from "falling into even greater destitution" (Lanjouw, 2001: 535). Consequently, although research tends to confirm a positive correlation between the share of RNAE and household incomes, this finding may be a double-edged sword in terms of vulnerability, poverty and inequality (Lanjouw, 2001). The poor are unlikely to be the first to benefit from RNAE opportunities, which may be limited to a "subpopulation of relatively well-endowed households" (Barrett *et al.*, 2001: 329), where "those who begin poor in land and capital face an uphill battle to overcome entry barriers and steep investment requirements to participation in nonfarm activities capable of lifting them from poverty" (p. 316). The same story largely applies to regions. Different locational advantages and constraints, as well as a diversity of physical and human resources, play a key role in perpetuating socio-economic inequalities across space.

Of course, contrary to the two-sided debate typical in the literature, both agricultural and non-agricultural policies are needed to make progress on rural issues. In 2010, more than 46% of jobs in LMICs were concentrated in agriculture. There are also strong interdependencies between the agrarian and non-agrarian economies: RNAE "depends on the vitality of the farm economy; without agricultural growth in rural areas, redressing poverty is an impossible task" (Singh, 1990: XIX). Expansion in the agrarian sector has also been shown to induce strong urban-rural and forward linkages that can 'pull' non-agricultural sectors with it (Anríquez and Stamoulis, 2007), possibly leading to a reduction in territorial inequality. Moreover, when based on small-scale farming, agricultural development and growth has been evidenced to be powerfully pro-poor, certainly relative to manufacturing and services growth (Christiaensen *et al.*, 2011; Thirtle *et al.*, 2003).

The relative significance of these two pillars of the rural economy varies in accordance with the characteristics of the rural region considered. These characteristics are dynamic, with spatial relations between regions being continually altered by migration patterns and through greater integration into local, national and international economies. For remote rural communities, non-agricultural opportunities are ostensibly scarce; agricultural development in the rural extremes remains one of the few, solutions for reducing poverty, at least in the short-term. From a more long-term perspective, however, failure to develop a viable non-agricultural sector is liable to consign the remote rural poor into perpetual poverty. Relatively well-connected rural economies, on the other hand, offer far greater potential for RNAE by tapping into urban demand, such as manufacturing activities including food processing, garment fabrication, construction, and services (Lohmann and Liefner, 2009). However, for this process to truly generate positive dividends, policies need to avoid inducing excessive capital flight and skilled out-migration. Simply connecting rural regions to cities with expensive infrastructure without concomitantly raising the capacities of rural areas sufficiently to counteract the centrifugal forces of agglomeration is a recipe designed to weaken their relative position.

Territorial, place-based approaches to rural development have, in recognition of the discussed constraints and structural changes to the global economy, become more mainstream. By mobilising local endogenous potential, and building broader and deeper linkages with activities and agents within and beyond the boundaries of the local rural system (Ambrosio-Albalá and Bastiaensen, 2010), it is argued that the diverse and complex needs of rural places can be better met. Part of this shift can be understood as a response to the general failure of centre-led and sector-based development efforts (such as those based solely on the agrarian or particular non-agricultural sectors), the stubborn persistence of poverty in a variety of rural conditions, and growing regional disparities (Schejtman and Berdegué, 2008). Accordingly, the growing territory-based paradigm seeks to coordinate and adapt rural development approaches to the specific needs and opportunities present in rural areas by strengthening local capacities, fostering synergies, enhancing local

governance competencies, promoting social inclusion, and developing sustainable comparative advantages in employment intensive sectors. **Table 1** provides a comparison between spatially blind, sector-led approaches (agriculture-led approaches being one of most prominent), and the more integrated, territorial approaches.

Table 1: Comparison between people- and place- based approaches

	Spatially-blind, sector-led and people-based approaches	Integrated, territorial, place-based approaches
Theoretical foundations	New Economic Geography (NEG), trade theory, and urban economics.	NEG, endogenous growth theory, and institutional and evolutionary economic geography. Community development (CD), sustainable livelihoods (SL) and rural territorial development (RTD) each emphasise the centrality of participation by local actors in bottom-up initiatives.
Economic objectives	Fundamentally based on the principles of efficiency, productivity and growth (in line with the Rostovian development model). Regions are targeted at the sector-level (in rural areas this typically means agriculture), with a greater focus on better-connected regions.	An emphasis that extends beyond economic efficiency, with a far greater focus on the promotion of employment and incomes at the local level by optimizing the unique potentials of the region.
Social objectives	Social objectives are achieved indirectly, under strong assumptions, such as the costless mobility of labour and capital and by trickle-down-effects, which act as equality-inducing pressures.	Social objectives are central to the approach, motivated by efficiency and equity concerns. Economic development policies target new employment opportunities by harnessing the competitive advantages and capacities of the territory by targeting the opportunities and constraints in the informal institutional setting.

<p>Political-institutional objectives</p>	<p>Growth and development is fundamentally private sector led. The role for the public sector is principally to supply services and infrastructure to facilitate production and exchange activity.</p> <p>An emphasis on regulation and formal institutions, as a potential source of barriers to convergence.</p> <p>Approaches are principally top-down (Central government knows best) and based on a centralised government model.</p>	<p>Strong role for both private and public sector actors at multiple levels, with cooperation and interaction between the two to foster common strategies for the development of the territory.</p> <p>Approach acknowledges the considerable economic, social and political costs that inhibit the mobility of labour and resources, often asymmetrically.</p> <p>Particularly refers to decentralized government models, based on administrative, fiscal power transfers.</p>
--	--	---

Source: adapted from Pisani and Franceschelli (2011).

Before going any further it is important to first distinguish between our understanding of ‘location-based’ and ‘place-based’ approaches and their consequences for rural development, poverty and inequalities. It has become convention for spatially-blind policies to be designed in a location-sensitive manner. It is broadly accepted that sector-led or people-based policies should receive some tailoring to ensure that the opportunities are equally available to firms and individuals in different localities. In essence, regional heterogeneity justifies location-tailored policies (Kraybill and Kilkenny, 2003). Place-based, territorially integrated policies are, by contrast, distinguished by their unambiguous objective to activate the endogenous potential of the region in question.

Nowhere have spatially-blind approaches been forwarded more fervently than by the 2009 World Development Report (World Bank, 2008). By advocating the three Ds (density, distance and division) as the foremost impediments to regional development, and proposing the three Is (institutions, infrastructure and integration) as the treatment for each, it places considerable emphasis on economic efficiency from a national point of view. The report stresses the realisation of spatial spillovers, urbanisation and localisation economies (Frenken *et al.*, 2007), and the attraction of mobile workers and capital (Storper and Venables, 2004), which tends to promote cores of economic activity and exasperate territorial disparities

(Rodríguez-Pose, 2010). From the perspective of rural regions, the pursuit of aggregate growth at the national level is justified to create a rising tide that lifts all boats by inducing so-called trickle-down effects. Taken to its extremes, the report raises the question; why focus on rural development at all?

The trouble with a singular focus on economic efficiency and aggregate growth, with rural development prospects relying on the extent to which trickle-down effects can be generated, is that any benefits are likely to be more than offset by powerful depletion forces (Peck and Sheppard, 2010). By promoting urban cores, capital flight and the outmigration of talent from rural areas significantly weakens rural territories in their national context, reinforcing regional inequalities. In this respect reports commissioned by the OECD (2009) and the European Commission (Barca, 2009) deviate from the World Bank standpoint by stressing that growth, integration and trade ought not to be pursued with disregard for territorial imbalances. Both reports underline that increasing territorial disparities, and impact on inequalities in general, can ultimately undermine economic growth (Barca *et al.*, 2012). In fact, this outcome is all the more likely in LMICs where pre-existing inter-regional disparities are high at the outset (Rodríguez-Pose, 2012). Thus, in recognition of the diversity of contemporary rural environments, place-based approaches are now challenging the historical ascendancy of sector-led approaches. The attraction for integrated territorial approaches is simple; policymakers can “look at the real world, and try and understand things from local perspectives” (Scoones, 2009: 172), and use those understandings to shape development priorities.

However, challenges to territorial, place-based approaches in general, and rural areas in particular, are many. The capacity for rural areas to compete is conditioned by a variety of factors, including the level of urban demand for rural production and services, weak governmental legitimacy and low quality institutions (both formal and informal). The territorial settings in many LMICs are often divided, with significant regional cleavages rooted in social movements and conflicts.

THEMES IN RURAL DEVELOPMENT FOR LMICs

Building on the preceding analysis, our focus turns to key themes in contemporary development practice, to seek and identify instances where rural initiatives have worked well in order to stimulate employment and growth and/or reduce inequalities, and others instances where things have worked less well. **Table 2** highlights some broad trends across the developing world in three macro-regions, Asia, Africa, and Latin America.

Table 2: Trends in rural development in the developing world

ASIA	Some of the best examples of rural modernisation and development have come from Asia, particularly in terms of raising agricultural productivity and reducing rates of hunger and poverty. Yet this macro region is also home to some of the most acute examples of extreme poverty outside of sub-Saharan Africa. As far and away the most populous continent on earth, progress on poverty and inequality in Asia make the biggest imprints on the global picture.
AFRICA	Africa’s experience with rural development and poverty reduction has been the most disheartening over recent decades. It is the one global region that has made very little, if any, progress in extreme poverty or hunger reduction. For the most part agricultural development remains the primary focus to alleviate poverty and improve food security with some calling for an agricultural revolution akin to the Asian ‘Green Revolution’ of the 1960s and 1970s. However, with volatile agricultural producer prices, particularly now that state governments are less willing or able to stabilise agricultural commodity markets, , few forces are working to combat growing levels of poverty and widening urban-rural divides, with significant segments of the population and regions being pushed into unsustainable forms of livelihood.
LATIN AMERICA	Of the global regions considered, Latin America is by far the most urbanised, with three quarters of the population now residing in urban regions and solely 10% of GDP coming from agriculture. Yet, like Asia and Africa, poverty remains a disproportionately rural issue. Latin America also has some of the highest levels of interpersonal and spatial inequalities of all the macro-regions. To tackle these issues, Latin American LMICs are frontrunners in their application of integrated territorial approaches. Some rural Latin American regions, particularly coastal areas, have rapidly developed their economies, some diversifying into manufacturing, and others becoming centres for tourism, with significant positive impacts in terms of poverty, hunger and reduced spatial disparities. By contrast, large areas of Latin America have barely progressed at all, remaining impoverished, and as yet unable to transition out of low-productivity traditional and agrarian activities.

Agriculture, diversification, or both?

Although accumulated evidence suggests that RNAE is now crucial for rural vitality and dynamism, support for agriculture still forms an integral part of any rural

development strategy serious about tackling poverty. Moreover, for more remote rural areas, where barriers to generating RNAE can be insurmountable, agriculture represents one of the few viable options. Christiaensen *et al.* (2013) show how the lagging provinces of Mongolia and China have benefitted from targeted tax reductions and transfers directed to increase agricultural productivity and, as a result, have become important motors for not only greater productivity – helping to reduce urban-rural divides, but also for poverty reduction. Agricultural approaches are evidenced as more pro-poor than non-agricultural alternatives, with some research suggesting that the contribution of agricultural growth to poverty reduction can be four times that of growth in industry and services (Ravallion and Chen, 2007).

For countries like China with strong rural roots, the scale of the rampant urbanisation in recent decades has been a blessing from some rural areas and a curse for others. Quite remarkably, the Gini coefficient of inequality calculated for China's rural areas alone exceeds 0.4, a figure generally considered excessive when based on countries as a whole – inclusive of rich urban cores and impoverished rural hinterlands (Unger, 2002: 143). Although some unique features of the Chinese system perpetuate these inter-rural differences (such as the *hukou* system of household registration and other complementary government initiatives, see Sicular *et al.*, 2007, and the nature of land distribution throughout rural China), some more general themes hold true for other contexts.

Areas proximate to growing cities are naturally much better able to tap into new growth industries. Less favourably located areas tend to face relative decline; in China this has occurred in spite of significant efforts by the Chinese authorities to narrow widening urban-rural disparities (Long *et al.*, 2011). There are, however, some encouraging instances of local government initiatives harnessing agricultural modernisation policies to drive rural growth. By focussing on local issues, such as soil erosion in particular, Tang *et al* (2013) describe how local governments capable of recommending “sound and progressive rural development policies” can instigate progressive, place-based strategies (p. 22).

Local tailoring when teamed with adequate local governance, therefore, offers some of the best hope for turning agricultural initiatives into drivers of agricultural growth, but also for invoking sustainable forms of development that are both pro-poor and inequality reducing (Abouleinein *et al.*, 2010). Indian farming, for example, has seen success in shifting regions into higher value and niche crops, such as the cultivation of horticulture (fruits and vegetables), high value cash crops, and the processing of agricultural goods, as a consequence of “well-designed technical programme[s] based on the local conditions of the area” (Kumar *et al.*, 2011: 371). By promoting agriculture with an emphasis on marketing and production innovations, the effect has been to boost rural incomes and generate new jobs. For landless agricultural labourers, the removal of certain domestic and external regulations, such as simplified land leasing policies, are highlighted as particularly beneficial for reducing poverty. Furthermore, by strengthening the local knowledge and skills needed to develop employment in off-farm, agricultural processing sectors, such policies have effectively encouraged new enterprises to form; a solid starting point for building a viable processing and manufacturing base as a launch pad for developing forward linkages to other areas of the economy (Kumar *et al.*, 2011).

For more remote regions, paths towards raising productivity and generating surpluses in agricultural goods can provide an initial foothold for inducing growth in related, non-agricultural activities. Dirven (2011), for example, highlights the role of tailored support programmes in agricultural processing for cotton producers in Peru and winemakers in Chile as instances where endogenous potentials in higher valued added activities have been cultivated. In the Mbeere District of Kenya, Njeru (2003) stresses how the introduction of local initiatives promoting innovations in the production and marketing higher-value fruit and dairy products induced a more enterprising agricultural sector. Ultimately this encouraged greater diversification of agricultural produce, and led to higher profits and increased employment, greatly contributing to poverty reduction in the areas. Finally, in India, productivity advances in agriculture has been credited as critical for encouraging allied opportunities in non-farm activities, creating valuable inter-linkages that in addition to fostering higher levels of development, have also allowed “regions at the lower end of the

development spectrum” to “catch up” and bridge urban-rural divides (Mukherjee and Kuroda, 2002: 396). In essence, these examples from Latin America, Africa, and South Asia, show how by identifying local endowments and capacities, as well as shortcomings, policy successes derived from integrated, territorial approaches are not only able to drive growth, productivity and trade, and provide a basis for advancing into higher value-added activities, but are also sustainable, with the scope to reduce poverty and narrow inequalities.

Although it is clear that agriculture-based approaches to rural development remain important drivers of growth and poverty reduction, balancing agricultural with non-agricultural strategies tend to offer the best hope for a majority of rural regions. In most instances the agrarian economy is simply unable to provide sustainable livelihoods for a sufficient number of the rural poor. Rural families, as a consequence, become increasingly dependent upon supplementary, non-agricultural sources of income. Yet, rural farming families are often reluctant to leave agriculture as it forms an important safety net, allowing some family members to seek employment elsewhere – usually urban cores – where they can return, should they fall on hard times. Remittances from seasonal and permanent migrants have also become critical for not only smoothing consumption patterns and ensuring food security for rural families (Garrett, 2005), but also necessary to stop these families sinking below the poverty line (Quan, Davis and Proctor, 2006).

These themes highlight two challenges for rural development: the need to enhance the potential for agrarian activities to provide sustainable livelihoods, and the concomitant need to generate more RNAE to diversify rural incomes. As the sprawl of cities and towns places intensifying pressure on agricultural plot sizes, Tiffen’s (2003) research in sub-Saharan Africa suggests that more needs to be done to raise agricultural productivity, but also to facilitate rural-urban transitions to allow for larger, higher-productivity farms and larger markets in which to trade. This has been especially true in Southeast Asia where non-agricultural employment has proved a vital and positive factor in regional development (Cherdchuchai and Otsuka, 2006; Imai *et al.*, 2013), most significantly in areas with less-favourable agricultural land. By utilising the abundant cheap labour and tapping into urban demand, this trend has

been described as “one of the most important elements of East Asian development” (Aoki *et al.*, 1997: 28). In China, in particular, rural industrialisation (supported by government initiatives such as the promotion of Township and Village Enterprises) has been a major driver of reduced regional inequalities (Wei and Fan 2000). Proximity to urban centres, supported by urban-rural linkages and outside investments, has also been shown to stimulate recreational and tourism activities that further contribute to the diversification of rural economies and a basis for modernisation (Graziano Da Silva and del Grossi, 2001).

The prospects for RNAE to provide a pathway out of poverty for the poorest rural citizens is, however, also questionable. In a study of the factors that influence RNAE and incomes, despite being associated with lower levels of poverty, RNAE is deemed “unlikely to be a feasible pathway out of poverty for the majority of the rural poor” (Jonasson and Helfand, 2010: 740). RNAE opportunities are lowest where poverty is highest and the types of RNAE jobs available to the poor, with the lowest skills and education, tend to actually pay less than agricultural opportunities and provide little, if any, movement up the occupational ladder. Thus, although recognised as a source of upward mobility for vulnerable households, it is the least poor that benefit the most (Lanjouw, 2001). The question of access, and thus of education and training, is especially important to overcome these challenges and to equip the poor with the means to compete for better jobs.

Infrastructure for rural development?

Lack of access to markets and poor infrastructure have been suggested as major impediments to rural growth and employment generation. Several studies point to the importance of investing in road improvements as a key step to increase access to new markets (Mu and van de Walle, 2007), improving the productive capacity of vulnerable households (Jacoby, 2000), and lowering transportation costs, leading to cheaper inputs and higher production rates, culminating in higher household incomes and employment levels (Khandker *et al.*, 2006). However, research also

suggests that infrastructure investments can be a double-edged sword for rural regions; and that it is localised infrastructure projects, linked to local needs, rather than grandiose projects connecting rural areas to urban cores that yield larger and more equitable returns. Indeed, Gibson and Olivia (2010) suggest that improvements in village-level infrastructure (roads and electricity) are most associated with increases in the share of non-agricultural enterprises established by households. Similarly, both Fan and Chan-Kang (2005) for China and Dercon and Hoddinott (2005) for Ethiopia show that it is investments in local rural roads joining smaller towns and villages, rather than major highways linking rural areas to major cities that maximise rural potentials. These results tend to suggest that better connectivity between small rural settlements and urban towns provides larger localised markets for inputs and outputs, benefitting local firms and employment, whilst highway connections, typically to larger urban centres and cities, offer no significant effects. Rather than creating increased market opportunities, connectivity with urban cores tends to erode the competitiveness of rural firms (Start, 2001) and deepens existing urban-rural divides; at best linkages tend to be indirect (in the form of remittances), rather than direct (reciprocal trade in goods and services). Even where urban connectivity does prove beneficial from an efficiency perspective, it tends to entail significant costs in terms of damage to culturally sensitive, traditional livelihoods, which disproportionately impacts upon the poorest segments of the population.

Thus, the coordination of rural investments in roads giving access to markets, but also in education, the provision of credit, and in health and public services are particularly important for maximising rural development gains, particularly from the perspective of the poor (De Ferranti, 2005). While also confirming the advantages to localised rural infrastructure investments, Pianto *et al.* (2005) find that nearly all the benefits accrue to the more educated (and typically less poor) segments of the population. Nevertheless, although research in contexts as diverse as Peru, Uganda and India tend to confirm similar unequal distribution patterns, these analyses similar show how the benefits to new local infrastructure projects can be amplified, and made more pro-poor, where complementary investments are made to promote education, widen access and participation to schooling and healthcare, support

agricultural development (R&D and innovation), and invest in the quality of local institutional capacities (Escobar and Ponce, 2003; Deininger and Okidi, 2003; Fan *et al.* 2008). All these factors serve to increase the potential for growth in non-agricultural activities, help to retain skilled local workers, but also equip rural inhabitants, and the poorest in particular, with the necessary skills to migrate where this is the only option (and send back remittances), which may be particularly important in more remote regions. Without these complementary investments to provide pathways out of poverty for the poor, the effect is ultimately likely to be inequality enhancing, largely benefitting the well-resourced minority (regions as well as segments of the population) [Bigsten and Tengstam, 2011].

Are decentralised, territorial approaches the answer?

Integrated territorial approaches rely on good, effective governance across multiple administrative tiers, and particularly at the local level, to instigate sustainable and equitable rural development, reduce poverty and create jobs. Issues of accountability and legitimacy call to attention national and local deficits in required governance capacities needed to advance local development (Ambrosio-Albalá and Bastiaensen, 2010). Hazell *et al.* (2010: 8), for example, suggest many rural regions “lack the governance and administrative capability to implement ambitious agricultural development programs”. Accordingly, decentralisation cannot be viewed as a panacea on its own. There are many well-known risks to shifting power and resources to regional entities, including corruption and local elite capture of decision-making and rents (see Rodríguez-Pose and Gill, 2005; Bardhan and Mookherjee, 2006). At risk is the common tendency to pursue zero- and negative-sum initiatives based on redistribution rather than sustainable positive-sum forms of development, centred on equitable growth and employment generation (Bebbington *et al.*, 2008). Thus, although territorial development approaches provide an ample framework for dealing with a host of rural issues, recurrent pitfalls along these lines often malign development strategies in practice.

The first is the tendency to put in place overly centrally driven local initiatives and for too little effective integration across institutions. Although strong central leadership may be needed to design, coordinate and regulate territorial development strategies (De Ferranti, 2005), also key is maintaining an adequate sense of balance, structure and coordination across multiple levels of government (Pike et al., 2014). In Latin America, a forerunner in rural territorial development practice since the late 1990s (Quan, 2012), institutional frameworks often remain incoherent and lack the adequate means to strengthen participation and governance at the local level. For example, the Secretariat for Territorial Development (SDT) in Brazil, Programa Nacional de Solidaridad (PRONASOL) in Mexico, the Social Emergency Fund in Bolivia, FIDES in Venezuela, and FONCODES in Peru, are all highly accountable to central decision makers (Kaufman and Trejo, 1996). For Brazil's SDT, formed in 2003, the scale of territorial units is considered too large to effectively engage in appropriate partnerships and tap into rural social movements (OECD, 2013). In addition, Mexico's poverty-reducing PRONASOL initiative has been criticised for its inability to allow poor citizens to organize and participate in civil, social or political processes (Diaz-Cayeros and Magaloni, 2004) and for its failure to control clientelism and political manipulation, operating primarily to secure votes (McGuire, 2011). Accordingly, "more radical institutional change and modernization are needed" in order to "sustain inclusive growth and deepen democratic engagement in potentially dynamic rural regions" (Quan, 2012: 1).

Second, a tendency for fragmented, ad-hoc initiatives inhibits the ability to generate sufficiently large impacts to exploit the potentials of rural areas. For example, the Mexican Micro-Regions Strategy has incorporated a number of ad-hoc infrastructure investments, farming subsidies, and several pilot-programmes that, due to their limited scale and lack of integration, have failed to deliver material benefits (OECD, 2005). A lack of coordination and poorly articulated responsibilities between various levels of government and development organisations is repeated in other contexts. In Brazil, the inability to coordinate objectives across state departments (the Ministries of Agriculture, Agrarian Development, Social Development and the Environment) and external NGOs has meant that different actors in the development

“pull in different directions and do not always co-ordinate their work” (Schneider *et al.*, 2010: 226). In rural Bosnia, a “lack of interaction between local institutions and local participatory and voluntary organisations” undermines the creation of a “clear vision on rural development and their role in the process” (Vittuari *et al.*, 2012: 138).

Third, financial constraints and insufficient investments mean that many initiatives fail to deliver simply due to a lack of sustaining funds. In South Africa, a concerted transition from a top-down approach to a multi-level development framework – incorporating local and provincial tiers of government, private sector organisations and NGOs – has been hampered by the scattered nature of development initiatives, which make service provision and infrastructure expensive to deliver (Twala, 2012). As a consequence, complementary funding for the building of local capacities and the training, necessary to implement, operate, evaluate and maintain service delivery, has been limited. Thus, decentralisation in this context has done little to significantly change rural and deprived areas, failing to develop long-term capacities and maximise the economic potential of different areas (Twala, 2012).

Finally, increasing exposure to external markets and shock events present major challenges for all levels of governance, limiting the potential for policies to reduce spatial inequalities. Indeed, regional disparities have widened unabated in numerous contexts in spite of quite extensive government initiatives to curb imbalances (Abdullah *et al.* 2015). As governments begin to make more substantive efforts to avert the mentioned adverse consequences that accrue to persistent poverty and spatial inequality, the challenge for the research community is to continue making progress in our understanding of why inequalities prove so resilient – even in the face of concerted policy action – and subscribe policies with pro-poor components and a necessary emphasis on closing urban-rural divides.

CONCLUDING DISCUSSION

Recent decades have seen rural areas undergo important structural changes, particularly in LMICs. They are the source of several pertinent international concerns,

including extreme poverty and hunger, challenges that national governments and the international community have had limited success in alleviating to date. Our discussion has served to highlight the diversity of rural development approaches that have been implemented to greater or lesser extents over the last few decades. Our principal contention is that territorial approaches have become more mainstream, and gradually supplanted traditional place-neutral approaches that, we argue, may have served to increase rural-urban disparities and exasperate the incidence of poverty in rural areas. Of course, only time will tell if they fare any better.

In light of the growing complexity of rural spaces, within and between countries, local information and insights serve as a vital entry point to tackle rural issues and understand how to tackle issues such as spatial inequality. From this perspective, rural territorial development approaches, where able to mobilise sufficient participation from local stakeholders and civil society, and coordinate multi-level actors, can better understand the various social, economic, institutional assets of the region which can be exploited to drive development forward. However, our research also highlights a number of challenges to coordinating territorial approaches, particularly where fragmentation overrides coordination and resources are too limited. Developing countries present distinct challenges in this regard, often with weak local governments and strong risks of clientelism and corruption. Here, collaborations between governments and international organisations are particularly crucial to structure and coordinate development approaches, build local capacities and monitor developments.

A core theme running throughout this research is our focus on agricultural and non-agricultural based initiatives. Certainly in the short-term, and particularly for more remote, impoverished rural areas (including much of rural Sub-Saharan Africa), there is a need to still focus on agrarian productivity as a means to produce the greatest possible changes to the livelihoods of the rural poor, even if only to slow the decline of agricultural employment. It is increasingly clear, however, that the futures of the rural poor lie increasingly in non-agricultural manufacturing and services. Thus, there is a need to first equip the rural poor with pathways to engage in RNAE activities through education and training, and second, to engender local sustainable

development within the territory to gradually develop capacities and a business environment suitable for productive non-agricultural enterprise. Depending on the location of the rural area, these can be designed with agricultural processing in mind, or, if sufficiently proximate to urban settlements, with an emphasis on new opportunities in expanding markets.

The reviewed research certainly suggests that agricultural and non-agricultural development go hand in hand, with important inter-linkages and feedback mechanisms that can reinforce development. This reason, more than any other, highlights the strength of integrated territorial approaches. There is great need for strong synchronicity across all areas of development, between multiple levels of government – as well as local communities, the private sector and international organisations – rather than the typically fragmented, timeworn initiatives that are still, to this day, taking place. Of course, this requires an effective framework of territorial governance that is matched in its many potentials by its pitfalls. Nevertheless, where local endogenous potentials can be realised, this offer not only the most promising way out of poverty for many of the rural poor, by providing vital employment in diversified activities, but also provides a basis for sustainable forms of development that represent the biggest hope for reducing ever-widening spatial disparities.

Acknowledgements

We would like to acknowledge the constructive comments and support by the editor of this special issue, Yehua Dennis Wei, and by two anonymous referees to earlier versions of this article. We are grateful for the financial support by the European Research Council (FP7/2007-2013) ERC grant agreement no. 269868 which has made this paper possible.

REFERENCES

Abdullah, A.J., Doucouliagos, H. and Manning, E. (2015). Are regional incomes in Malaysia converging?, *Papers in Regional Science*. doi:10.1111/pirs.12105

Abouleinein, S., El-Laithy, H., Helmy, O., Kheir-El-Din, H., Kotusenko, L., Maliszewska, M., Mandour, D. and Paczynski, W. (2010). *Global Food Price Shock and the Poor in Egypt and Ukraine, CASE Network Studies and Analyses 403, CASE-Centre for Social and Economic Research*.

Akpan, NS. (2012). Rural Development in Nigeria: A Review of Pre- and Post-independence Practice, *Journal of Sociological Research*, 3(2): 146-159.

Ambrosio-Albalá, M. and Bastiaensen, J. (2010). The new territorial paradigm of rural development: Theoretical foundations from systems and institutional theories, *IOB Discussion Paper 2010-02*.

Anríquez, G. and Stamoulis, K. (2007). Rural Development and Poverty Reduction: Is Agriculture Still the Key?, *ESA Working Paper No. 07-02, The Food and Agriculture Organization of the United Nations: Rome*.

Aoki, M., Kim, H.K. and Okuno-Fujiwara, M. (1997). *The Role of Government in East Asian Economic Development: Comparative Institutional Analysis*. Oxford: Oxford University Press.

Attanasio, O., Goldberg, P. and Pavcnik, N. (2004). Trade Reforms and Wage Inequality in Colombia, *Journal of Development Economics*, 74: 331-366.

Barca F. (2009). *An agenda for a reformed cohesion policy: A place-based approach to meeting European Union challenges and expectations*, European Commission, Brussels.

Barca F., McCann, P. and Rodríguez-Pose, A. (2012). The case for regional development intervention: Place-based versus place-neutral approaches, *Journal of Regional Science*, 52(1): 134-152.

Bardhan, P. and Mookherjee, D. (2006). Decentralization, Corruption, and Government Accountability. *International Handbook on the Economics of Corruption: 161-188*.

Barrett, C.B., Reardon, T. and Webb, P. (2001). Nonfarm income diversification and household livelihood strategies in rural Africa: concepts, dynamics, and policy implications, *Food Policy 26: 315-331*.

Bebbington, Abramovay and Chiriboga (2008). Social movements and the dynamics of rural territorial development in Latin America, *World Development, 36(12): 2874-2887*.

Bigsten, A. and Tengstam, S. (2011). Smallholder Diversification and Income Growth in Zambia, *Journal of African Economies, 20(5): 781-822*.

Binswanger, H.P.M. (2013). The Stunted Structural Transformation of the Indian Economy Agriculture, Manufacturing and the Rural Non-Farm Sector, *Economic and Political Weekly, 26&27: 5-13*.

Brenner, N. (2004). *New State Spaces: Urban Governance and the Rescaling of Statehood*, Oxford University Press: Oxford.

Bryceson, DF. (2002). The Scramble in Africa: Reorienting Rural Livelihoods, *World Development, 30(5): 725-739*.

Cherdchuchai, S. and Otsuka, K. (2006). Rural income dynamics and poverty reduction in Thai villages from 1987 to 2004, *Agricultural Economics, 35(s3): 409-423*.

Christiaensen, L., Demery, L. and Kuhl, J. (2011). The (evolving) role of agriculture in poverty reduction—An empirical perspective, *Journal of Development Economics, 96(2): 239-254*.

Christiaensen, L., Weerdt, J. and Todo, Y. (2013). Urbanization and poverty reduction: the role of rural diversification and secondary towns, *Agricultural Economics, 44 (4-5): 435-447*.

Cistulli, V., Rodríguez-Pose, A., Escobar, G., Marta, S. and Schejtman, A. (2014). Addressing food security and nutrition by means of a territorial approach, *Food Security*, 6(6): 879-894.

De Ferranti, DM. (2005). *Beyond the city: the rural contribution to development*, World Bank: Washington, DC.

de Janvry, A. and Sadoulet, E. (2001). Income Strategies among Rural Households in Mexico. The Role of Off- Farm Activities, *World Development* 29(3): 467-480.

Deininger, K. and Okidi, J. (2003). Growth and poverty reduction in Uganda, 1999–2000: Panel data evidence. *Development Policy Review*, 21(4), 481-509.

Dercon, S. (2009). Rural Poverty: Old Challenges in New Contexts, *The World Bank Research Observer*, 24(10): 1-28.

Dercon, S. and Hoddinot, J. (2005). Livelihoods, growth, and links to market towns in 15 Ethiopian villages, *International Food Policy Research Institute, FCND Discussion Paper 194*.

Diaz-Cayeros, A. and Magaloni, B. (2004). The Politics of Public Spending—Part II. The Programa Nacional de Solidaridad (PRONASOL) in Mexico, *Prepared as a Background Paper for the World Bank World Development Report*.

Dirven, M. (2011). Non-farm rural employment and rural poverty reduction: What we know in Latin America in 2010, *Paper presented at the IFAD Conference on New Directions for Smallholder Agriculture*.

Ellis, F. and Biggs, S. (2002). Evolving Themes in Rural Development 1950s-2000s, *Development Policy Review*, 19(4): 437-448.

Escobar, J. and Ponce, C. (2002). The benefits of rural roads: enhancing income opportunities for the rural poor, *Documento de Trabajo*, (40).

Faigenbaum, S., Berdegué, J.A. and Reardon, T. (2002). The Rapid Rise of Supermarkets in Chile and its Effects on the Dairy, Vegetable and Beef Chains, *Development Policy Review*, 20(4): 459-471.

Fan, S. and Chan-Kang, C. (2005). Road development, economic growth, and poverty reduction in China, *IFPRI Research Report 138, International Food Policy Research Institute, Washington DC*.

Fan, S., Gulati, A. and Thorat, S. (2008) Investment, subsidies, and pro-poor growth in rural India, *Agricultural Economics* 39: 163-170.

FAO (2012). *The state of food insecurity in the world 2012: Economic growth is necessary but not sufficient to accelerate reduction of hunger and malnutrition*. Food and Agriculture Organization of the United Nations: Rome.

FAO (2014). The state of food insecurity in the world. Strengthening the enabling environment for food security and nutrition. *Food and Agriculture Organization of the United Nations: Rome*.

Frenken, K., Van Oort, F. and Verburg, T. (2007). Related variety, unrelated variety and regional economic growth, *Regional Studies*, 41(5): 685-697.

Garrett, J. (2005). Beyond Rural Urban: Keeping up with Changing Realities, *International Food Policy Research Institute (IFPRI) Report*.

Gibson, J. and Olivia, S. (2010). The effect of infrastructure access and quality on non-farm enterprises in rural Indonesia, *World Development*, 38(5): 717-726.

Graziano Da Silva, J. and del Grossi, M.E. (2001). Rural nonfarm employment and incomes in Brazil: patterns and evolution, *World Development*, 39(3): 443-453.

Gutman, G.E. (1999). Desregulación, apertura comercial y reestructuración industrial: La industria láctea en argentina en la década de los noventa, *In La desregulación de los mercados: Paradigmas e inequidades de las políticas del neoliberalismo*, edited by D. Aspiazu, G.E.

- Harrison, A. (2006). Globalization and Poverty, *NBER Working Paper No. 12347*.
- Hazell, P., Poulton, C., Wiggins, S. and Dorward, A. (2010). The future of small farms: Trajectories and policy priorities, *World Development*, 38(10): 1349-1361.
- Hewings, G. (2004). Overview of regional development issues, *Paper presented at the tenth annual World Bank conference on development in Latin America and the Caribbean: San Jose, Costa Rica*.
- IFAD. (2010). Rural Poverty Report 2011, *International Fund for Agricultural Development: Rome*.
- ILO. (2008). Promotion of rural employment for poverty reduction, *International Labour Conference, 97th Session: Geneva*.
- ILO. (2011). Unleashing rural development through productive employment and decent work: Building on 40 years of ILO work in rural areas, *ILO Committee on Employment and Social Policy, 310th Session: Geneva*.
- Imai, K.S., Gaiha, R., Kang, W., Annim, S. and Thapa, G. (2012). Does non-farm sector employment reduce rural poverty and vulnerability? Evidence from Vietnam and India, *Economics Discussion Paper Series EDP-1226, The University of Manchester*.
- Jacoby, H.G. (2000) Access to Markets and the Benefits of Rural Roads, *Economic Journal*, 110: 713-737.
- Jerve, A.M. (2001). Rural–urban linkages and poverty analysis. In UNDP. (Eds.), *Choices for the poor: lessons from national poverty strategies, CMI/UNDP: New York*.
- Jonasson, E. and Helfand, S.M. (2010). How important are locational characteristics for rural non-agricultural employment? Lessons from Brazil, *World Development*, 38(5): 727-741.
- Justino, P., Litchfield, J. and Niimi, Y. (2004). Multidimensional Inequality: An Empirical Application to Brazil, *Poverty Research Unit at Sussex (PRUS) Working paper No. 24, University of Sussex: Brighton, UK*.

Kaufman, RR. and Trejo, G. (1996). Regionalismo, Transformación del Régimen y Pronasol: la Política del Programa Nacional de Solidaridad en Cuatro Estados Mexicanos, *Política y Gobierno* 3(2): 245-280.

Kaur, S., Kulkarni, VS., Gaiha, R. and Pandey, MK. (2011). Prospects of Non-Farm Employment and Welfare in Rural Areas, *Handbook of South Asian Economics*, Routledge: London and New York.

Khandker, S. R. et al. (2006) The Poverty Impact of Rural Roads: Evidence from Bangladesh, *World Bank Policy Research Working Paper 3875*, Washington, DC: World Bank.

Kraybill, D. and Kilkenny, M. (2003). Economic rationales for and against place-based policies, *AAEA-RSS Annual Meeting: Montreal: 27-30*.

Kumar, A., Kumar, S., Singh, D.K. and Shivjee (2011). Rural employment diversification in India: Trends, determinants and implications on poverty, *Agricultural Economics Research Review* 24(2): 361-372.

Kuznets, S. (1955). Economic growth and income inequality, *American Economic Review*, 45: 1–28.

Lanjouw, P. (2001). Nonfarm employment and poverty in rural El Salvador, *World Development* 29(3): 529-547.

Lohmann, C. and Liefner, I. (2009). Location, non-agricultural employment, and vulnerability to poverty in rural Thailand, *Erdkunde*, 63(2): 141-160.

Long, H., Zhou, J., Pykett, J. and Li, Y. (2011). Analysis of rural transformation development in China since the turn of the new millennium, *Applied Geography*, 31: 1094-1105.

McGuire, J.W. (2011). Social policies in Latin America: Causes, characteristics, and consequences, *ACSPL Working Paper Series*, 1(1): 1-53.

Misselhorn, A., Aggarwal, P., Ericksen, P., Gregory, P., Horn-Phathanothai, L., Ingram, J. and Wiebe, K. (2012). A vision for attaining food security, *Current Opinion in Environmental Sustainability*, 4(1): 7-17.

Moreno, E.L., Oyeyinka, O. and Mboup, G. (2010). State of the World's Cities 2010/2011 - Bridging the Urban Divide, *United Nations Human Settlements Programme (UN-HABITAT): Nairobi*.

Mu, R. and Van de Walle, D. (2007) Rural roads and poor area development in Vietnam, Policy Research Working Paper Series 4340, Washington, DC: World Bank.

Mukherjee, A.N. and Kuroda, Y. (2002). Convergence in rural development: Evidence from India, *Journal of Asian Economics*, 13(3): 385-398.

Murshed, SM. and Gates, S. (2005). Spatial–horizontal inequality and the Maoist insurgency in Nepal, *Review of Development Economics*, 9(1): 121-134.

Njeru, G.R. (2003). Livelihood diversification and entrepreneurship: an analysis of production and marketing innovations in smallholder farming in a rural Kenyan district, Mbeere, *Working Paper No. 539, Institute for Development Studies, University of Nairobi: Nairobi*.

Østby, G., Nordås, R. and Rød, JK. (2009). Regional Inequalities and Civil Conflict in Sub-Saharan Africa, *International Studies Quarterly*, 53(2), 301-324.

Ostry, J.D., Berg, A. and Tsangarides, C.G. (2014). Redistribution, Inequality, and Growth, *IMF Staff Discussion Notes. Washington D.C.: International Monetary Fund*.

OECD. (2005). Economic Surveys – Mexico, *Organisation for Economic Cooperation and Development: Paris*.

OECD. (2006). The new rural paradigm: policies and governance, *Organisation for Economic Cooperation and Development: Paris*.

OECD. (2009). Regions Matter: Economic Recovery, Innovation and Sustainable Growth, *Organisation for Economic Cooperation and Development: Paris*.

OECD. (2010). *Agricultural Policies and Rural Development: A Synthesis of Recent OECD Work*, Organisation for Economic Cooperation and Development: Paris.

OECD. (2013). *OECD Territorial Reviews: Brazil 2013*, Organisation for Economic Cooperation and Development: Paris.

Osmani, S.R. (2005). The impact of globalization on poverty in Bangladesh, *Policy Integration Department Working Paper No. 65*, International Labour Organisation: Geneva.

Peck, J. and Sheppard, E. (2010). Worlds Apart? Engaging with the World Development Report 2009: Reshaping Economic Geography, *Economic Geography*, 86: 331-40.

Pianto, D., Tannuri-Pianto, M., Arias, O. and Sanfeliu, M.B. (2005). Determinants and Returns to Productive Diversification in Rural El Salvador, *XXVII Encontro Brasileiro de Econometria*.

Pike, A., Rodríguez-Pose, A. and Tomaney, J. (2014) Local and regional development in the global North and South. *Progress in Development Studies* 14(1): 21-30 .

Piketty, T. (2014). *Capital in the Twenty-First Century*, Cambridge: Harvard University Press.

Pisani, E. and Franceschelli, G. (2011). Territorial approaches for rural development in Latin America: a case study in Chile, *Revista de la Facultad de Ciencias Agrarias, Universidad Nacional de Cuyo*, 43(1): 201-218.

Portnov, B. A. and Felsenstein, D. (2005). Measures of regional inequality for small countries, In *Felsenstein, D. and Portnov, B. (Eds). Regional disparities in small countries*, Springer, Berlin: 47-62.

Quan, J. (2012). Territorial approaches, public policy and rural governance: perspectives from the Jiquiriçá valley in Northeast Brazil, *Paper submitted to the RTD conference in Quito, 5 – 7 June, 2012*.

Quan, J., Davis, J. and Proctor, F. (2006). Rural development from a territorial perspective: lessons and potential in sub-Saharan Africa, *MPRA Paper No. 25974*.

Ravallion, M. and Chen, S. (2007). China's (Uneven) progress Against Poverty, *Journal of Development Economics*, 82(1): 1-42.

Ravallion, M., Chen, S. and Sangraula, P. (2007). New Evidence on the Urbanization of Global Poverty, *Population and Development Review*, 33(4): 667-702.

Reardon, T. and Timmer, C.P. (2007). Transformation of Markets for Agricultural Output in Developing Countries Since 1950: How Has Thinking Changed?, *Handbook of Agricultural Economics*, 3: 2807-2855.

Reardon, T., Stamoulis, K. and Pingali, P. (2007) Rural nonfarm employment in developing countries in an era of globalization, *Agricultural Economics*, 37: 173-184.

Rigg, J. (2006). Land, Farming, Livelihoods, and Poverty: Rethinking the Links in the Rural South, *World Development*, 34(1): 180-202.

Rodríguez-Pose, A. (2010). Economic Geographers and the Limelight: The Reaction to the World Development Report 2009, *Economic Geography*, 86: 361-370.

Rodríguez-Pose, A. (2012) Trade and regional inequality, *Economic Geography*, 88(2): 109-136.

Rodríguez-Pose, A. and Ezcurra, R. (2010) Does decentralization matter for regional disparities? A cross-country analysis, *Journal of Economic Geography*, 10(5): 619-644.

Rodríguez-Pose, A. and Gill, N. (2005) On the 'economic dividend' of devolution. *Regional Studies*, 39(4): 405-420.

Rojas-Caldelas, R., Peña-Salmón, C., Ranfla-González, A., Venegas-Cardoso, R., Leyva-Camacho, O. and Ley-García, J. (2010). Approaches to analyzing the rural-urban interface: comprehensive development views from town and countryside, *The Sustainable City VI: Urban Regeneration and Sustainability*, 129: 359.

Sankhe, S., Vittal, I., Dobbs, R., Mohan, A. and Gulati, A. (2010). India's urban awakening: building inclusive cities, sustaining economic growth, *McKinsey Global Institute: Delhi*.

Schejtman, A. and Berdegue, J. (2008). Towards a Territorial Approach for Rural Development, *RIMISP-IPPG Discussion Paper (available at www.ippg.org.uk)*.

Schneider, S., Shiki, S. and Belik, W. (2010) Rural development in Brazil: overcoming inequalities and building new markets, *Universidade Federal do Rio Grande do Sul*.

Scoones, I. (2009). Livelihoods perspectives and rural development, *Journal of Peasant Studies*, 36(1): 171-196.

Scott, A.J. (2002). Regional push: towards a geography of development and growth in low- and middle- income countries, *Third World Quarterly*, 23(1): 137-161.

Sicular, T., Ximing, Y., Gustafsson, B. and Shi, L. (2007). The urban-rural income gap and inequality in China, *Review of Income and Wealth*, 53(1): 93-126.

Singh, I. (1990). The Great Ascent: The Rural Poor in South Asia, *Johns Hopkins University Press: Baltimore, MD*.

Start, D. (2001). The Rise and Fall of the Rural Non-farm Economy: Poverty Impacts and Policy Options, *Development Policy Review*, 19(4): 491-505.

Storper, M. and Venables, A.J. (2004). Buzz: face-to-face contact and the urban economy, *Journal of Economic Geography*, 4: 351-370.

Tang, Q., Bennett, S.J., Xu, Y. and Li, Y. (2013) Agricultural practices and sustainable livelihoods: Rural transformation within the Loess Plateau, China, *Applied Geography*, 41: 15-23.

Thirtle, C., Lin, L. and Piesse, J. (2003). The Impact of Research-Led Agricultural Productivity Growth on Poverty Reduction in Africa, Asia, and Latin America, *World Development*, 31(12): 1959-1975.

Tiffen, M. (2003). Transition in Sub-Saharan Africa: Agriculture, Urbanization and Income Growth, *World Development* 31(8): 1343-1366.

Tilman, D., Balzer, C., Hill, J. and Befort, B. L. (2011). Global food demand and the sustainable intensification of agriculture, *Proceedings of the National Academy of Sciences*, 108(50), 20260-20264.

Topalova, P. (2010). Factor immobility and regional impacts of trade liberalization: Evidence on poverty from India, *American Economic Journal: Applied Economics*, 2(4): 1-41.

Twala, C. (2012). The Impact of Rural Development on Poverty Reduction in a Post-Apartheid South Africa: An Ecological Discourse, *Journal of Human Ecology*, 40(3): 213-221.

UN. (2013). Millennium Development Goals Fact Sheet, *UN*.

UN System Task Team. (2012). Addressing inequalities: The heart of the post-2015 agenda and the future we want for all, *UN*.

Unger, J. (2002). The transformation of rural China, *Armonk: M.E. Sharpe*.

Valdés, A. and Foster, W. (2010). Reflections on the Role of Agriculture in Pro-Poor Growth, *World Development*, 38 (10):1362-1374.

van der Ploeg, J.D., Renting, H., Brunori, G., Knickel, K., Mannion, J., Marsden, T.K., de Roest, K., Sevilla-Guzman, E. and Ventura, F. (2000). Rural development: from practices and policies towards theory, *Sociologia Ruralis* 40 (4): 391-408.

Vittuari, M., El Bilali, H. and Berjan, S. (2012). Territorial Governance in Rural Bosnia: The role of local institutions and organisations in the Sarajevo-Romanija region, *Journal of Central European Agriculture*, 13(1): 131-141.

Wei, Y.D., and Fan, C.C. (2000). Regional inequality in China: a case study of Jiangsu province, *Professional Geographer*, 52(3): 455-469.

Williamson, JG. (1965). Regional inequality and the process of national development: A description of the patterns, *Economic Development and Cultural Change*, 13: 1–84.

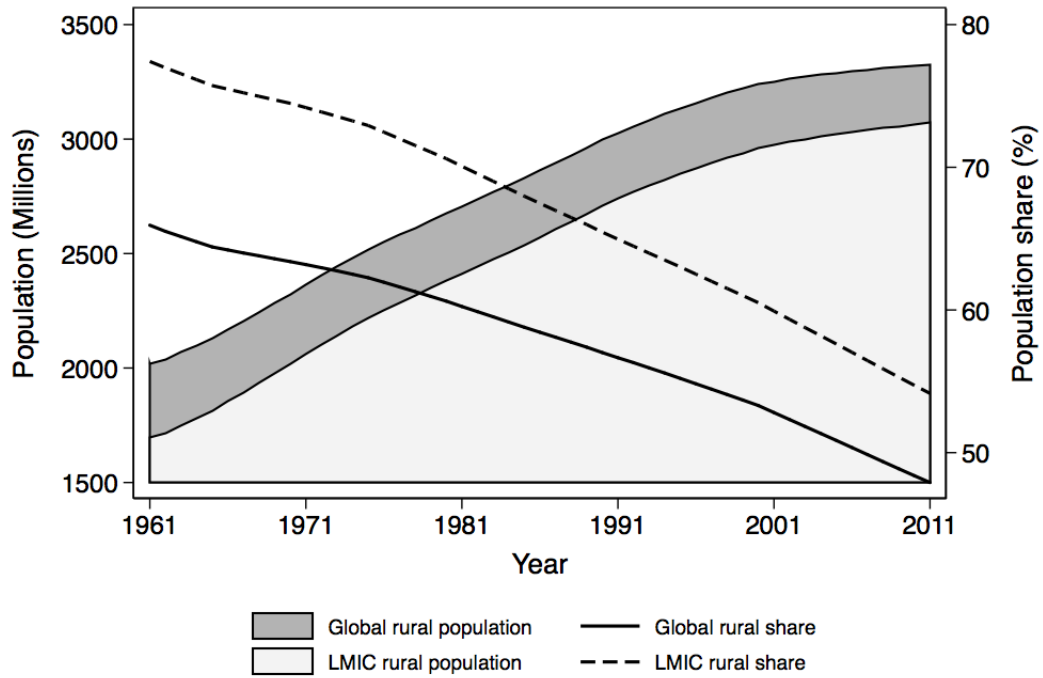
World Bank. (2007). World Development Report 2008: Agriculture for Development, *World Bank: Washington, DC*.

World Bank. (2008). World Development Report 2009: Reshaping Economic Development, *World Bank: Washington, DC*.

ADDRESSING POVERTY AND INEQUALITY IN THE RURAL ECONOMY FROM A GLOBAL PERSPECTIVE.

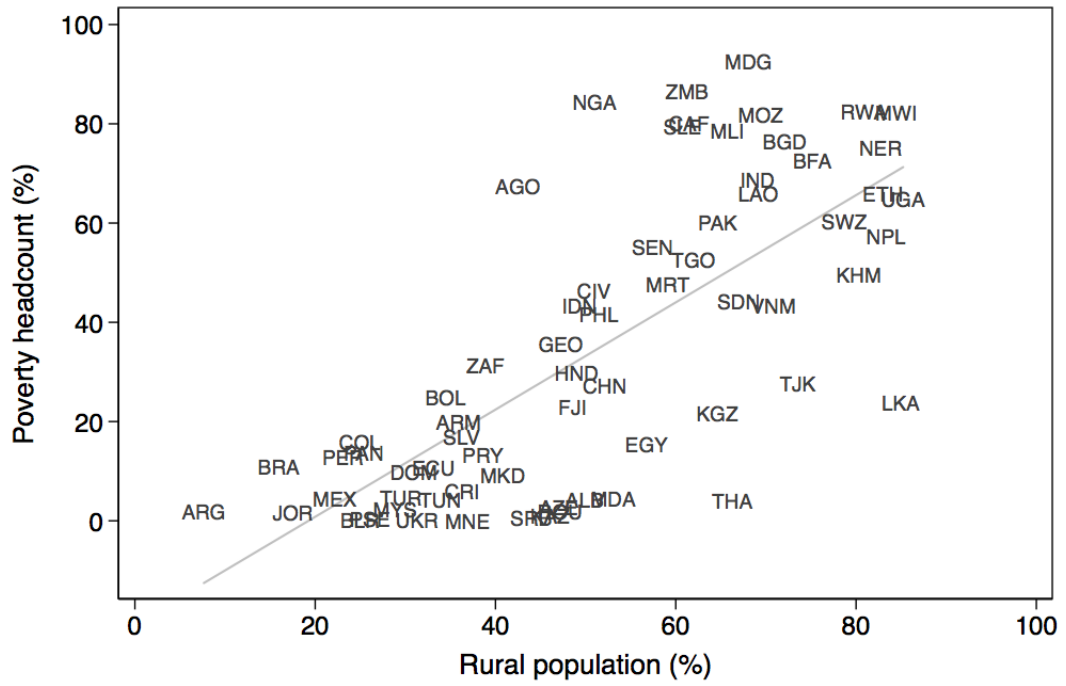
FIGURES

Figure 1: Rural population stock and share



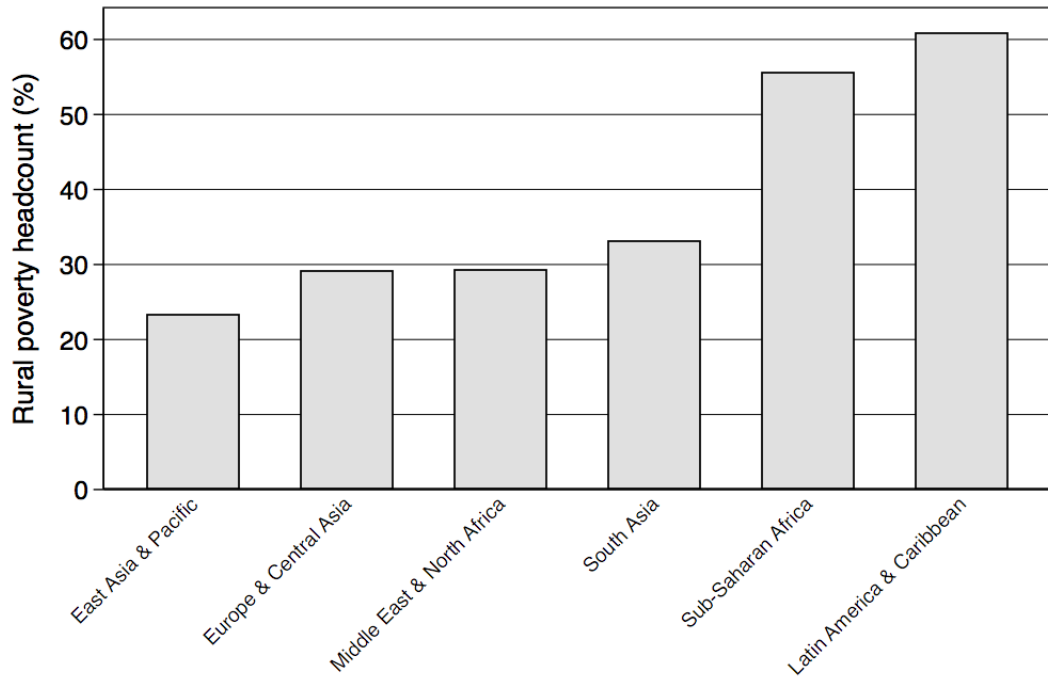
Source: World Development Indicators; Authors calculations

Figure 2: Rural population and poverty ratio in LMICs



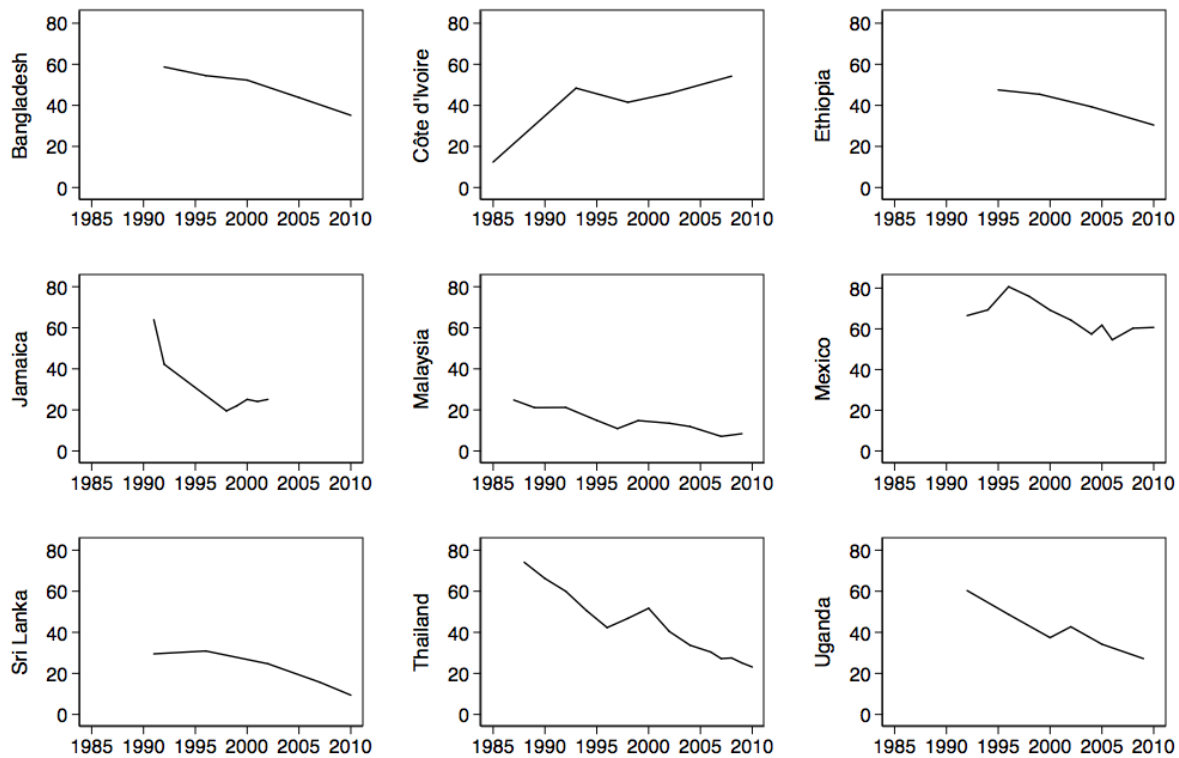
Source: World Development Indicators; Authors calculations

Figure 3: Rural poverty headcount in LMICs by region



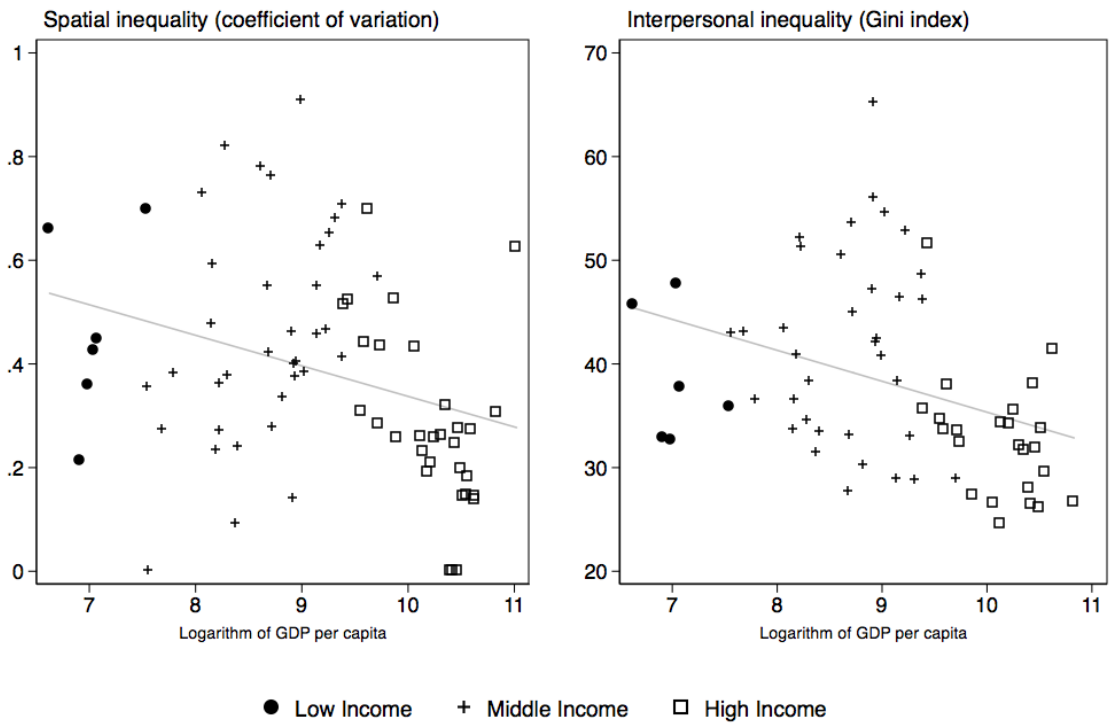
Source: World Development Indicators; Authors calculations

Figure 4: Evolution of poverty headcount (% of total population) in selected LMICs



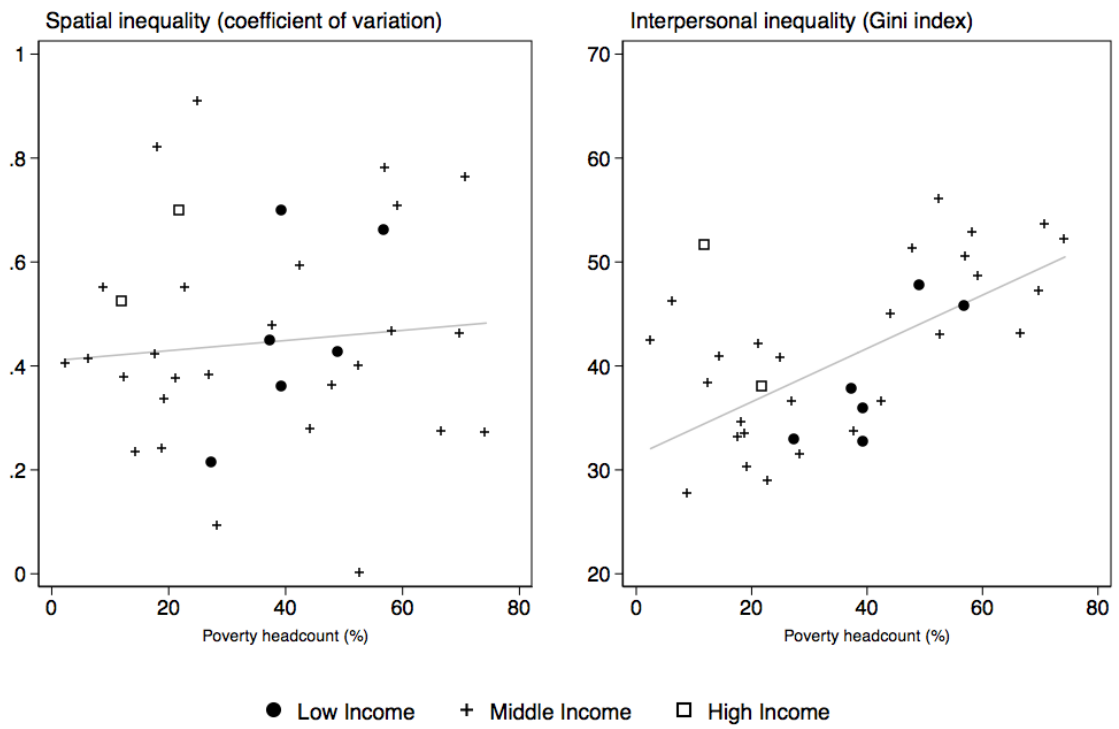
Source: World Development Indicators; Authors calculations

Figure 5: Inequality (spatial and interpersonal) and GDP per capita



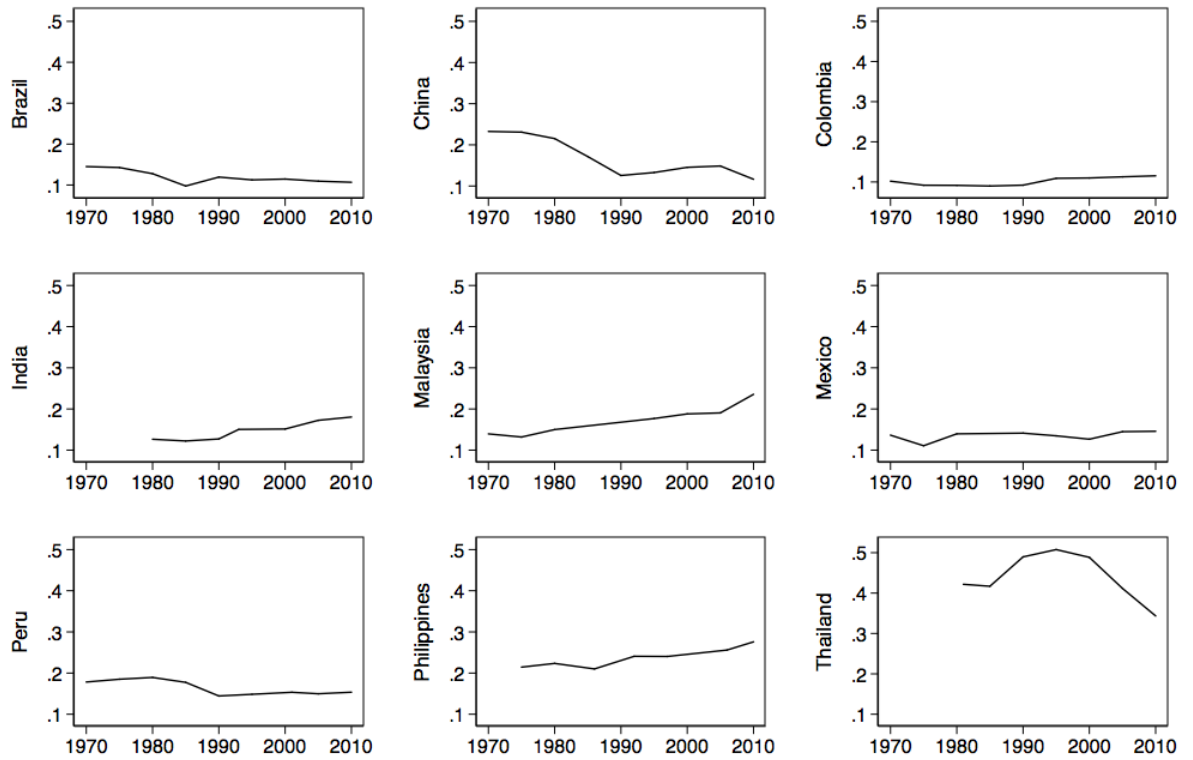
Source: World Development Indicators; Data appendix in Gennaioli et al, 2014; Authors calculations

Figure 6: Inequality (spatial and interpersonal) and poverty headcount



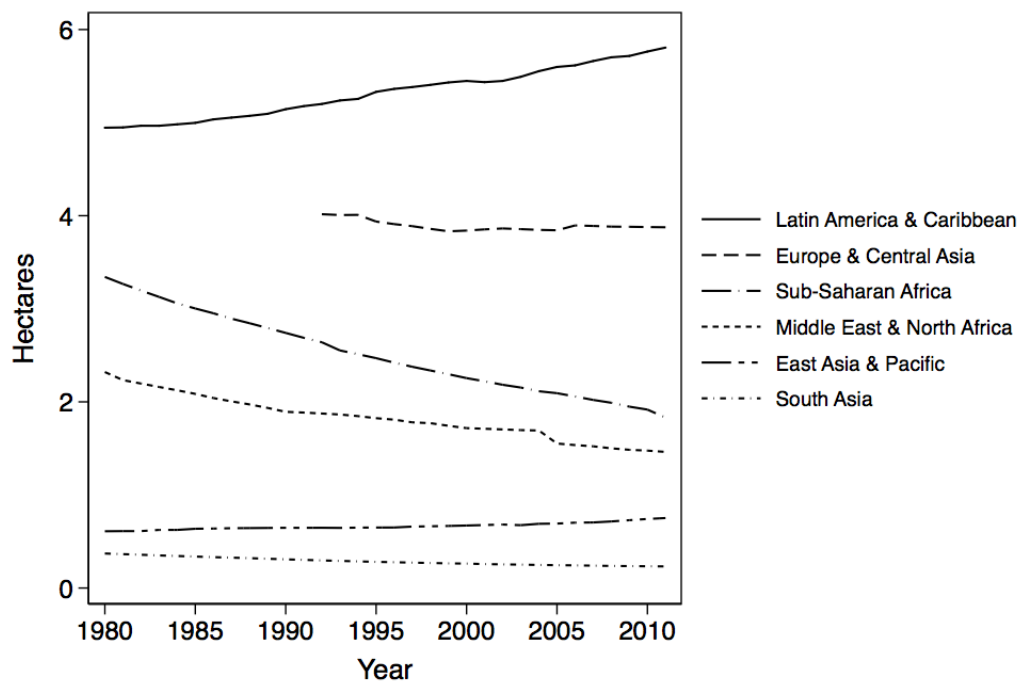
Source: World Development Indicators; Data appendix in Gennaioli et al, 2014; Authors calculations

Figure 7: Evolution of spatial inequality in selected LMICs



Note: Spatial inequality measured as the population weighted coefficient of variation.
 Source: Data appendix in Gennaioli et al, 2014; Authors calculations

Figure 8: Agricultural land per rural inhabitant in LMICs by region



Note: Consistent data for Europe and Central Asia only available from 1992

Source: World Development Indicators; Authors calculations