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HUMAN SETTLEMENTS: THE SHELTER OF DEVELOPMENT

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SUMMARY

During the period between the United Nations Conference on Human Settlements (Habitat I, Vancouver, 1976) and the forthcoming Habitat II Conference to be held in Istanbul, the conditions affecting human settlements in the region have changed substantially. The public policy efforts made in the 1970s to partially alleviate the problems which cities faced as a result of their unchecked growth were disrupted in the 1980s by the economic recession stemming, in turn, from the stabilization and adjustment policies that followed in the wake of the debt crisis. In the 1990s the Latin American and Caribbean countries recovered a certain capacity for growth, and governments are now redesigning their strategies for the development of human settlements within a framework of jurisdictions, resources and approaches very different from that which existed in past decades.

As the predominantly urban character of Latin America and the Caribbean becomes firmly established, the pace of the urbanization process is diminishing, especially in large cities, while medium-sized and smaller urban centres are continuing to expand rapidly. This pattern now offers countries the opportunity to promote a more balanced and efficient spatial distribution of their population regionally and nationally.

One of the main problems which Latin American cities face is urban poverty. An increasingly inequitable pattern of income distribution is expressed among city dwellers in very unequal access to services, infrastructure and housing. Overcoming urban segregation as a physical reflection of such inequity is a prerequisite for advancing towards cities that can grapple with the challenges of economic growth with equity and sustainability within a framework of democracy and participation.

The cumulative deficiencies in the employment sphere will be aggravated in the next few years by the increase in demands, especially because of the gradual entry of young people and women into the labour market. Increasing cities' capacity to generate productive employment and supporting the creation of human capital are crucial to overcoming poverty and enhancing the productivity of cities.

Suitable management of the urban process requires the strengthening of democratic local governments at the metropolitan, urban and neighbourhood levels so as to enable a broad range of social resources to be mobilized for the retooling, expansion and upgrading of an urban infrastructure that is largely insufficient or outmoded. Also vital to such management is the use of urban space within the framework of an economically and environmentally rational growth of cities and the adoption of appropriate strategies for dealing with the main problems of urban congestion.

In accordance with national censuses, the cumulative housing shortage affects one third of households in the region, and will continue to increase so long as the production rate for dwellings remains below the accelerated rate of growth of households.

In order to avoid a worsening of the backlog of unmet needs, it will be necessary to build between two and three million dwellings annually. This requires increasing the efficiency and effectiveness of housing management by channelling new and additional resources into this area, especially from the private sector, on the basis of transparent financing systems. There also appears to be a need to upgrade some aspects of the housing supply in order to lower the costs of housing and urban services. In the light of the deficiencies noted in the countries, there is also a need to expand housing services to areas not hitherto given due consideration in sectoral policies, such as the improvement of existing dwellings and the provision of basic sanitation services. Lastly, better linkages between housing programmes and urban and national development policies could significantly increase the effectiveness and efficiency of the sector.

While serious problems persist in the field of urban development and housing, they now appear to be manageable, if countries approach them from a bold and realistic standpoint. In the light of the experience of recent decades and what can be glimpsed of the outlook for the future, it is clear that making room for development is not only necessary but possible for the human settlements of Latin America and the Caribbean in the next few years.

Introduction

The United Nations Conference on Human Settlements (Habitat II) that is to take place in Istanbul in June 1996 will complete the round of world conferences called by the United Nations to consider the most critical issues facing humanity at the close of the millennium. It is hoped that the Istanbul conference will help, in particular, to heighten awareness of the potential cities hold for fostering social progress and economic growth in the various regions of the planet. Coming twenty years after Habitat I in Vancouver (1976), Habitat II will seek to rekindle the interest of the various sectors and their willingness to review the results achieved since then in housing and to examine the new problems urban concentration has caused and the demands it places on natural resources, in order then to set new goals of equity, quality of life and sustainability in relation to human settlements.

In the years since the first conference, there has been a major change in attitudes towards urbanization, particularly in developing countries. The notion that urbanization is inevitably associated with poverty, overcrowding, environmental degradation, violence and a loss of cultural identity has given way to a more positive view of the urban phenomenon, which, while not ignoring the serious persistent or growing problems of cities, sees in them a synergic potential essential to progress. The economic, political, cultural and social functions of cities and towns can serve as the basis for technological innovation and for training human resources adequate in both quantitative and qualitative terms to the challenge of development. In this view, the aim is not to combat urban growth, inevitable in any case, but to improve the conditions under which such growth takes place.

In Latin America and the Caribbean, one of the most urbanized regions on the planet, this new perspective implies a shift from the traditional discourse, which regards cities as the source and cause of most of their own problems, to a rather different evaluation of urban reality and the potential it holds. It does not overlook the fact that for decades cities have been accumulating increasing numbers of the poor and marginal, nor does it minimize the effort that will be required to resolve existing acute environmental and urban problems. What the new perspective does is to recognize cities as a valuable resource the region can use to spur development and to meet the challenges it faces by making use of the cities' potential.

The time is ripe for reformulating the role of human settlements in the region. The profound changes taking place in countries now seeking to improve their linkages to the global economy are reflected in the spatial distribution of their populations. In order to meet the challenge of competition, cities need to find an efficient and sustainable mode of operation.

One goal of human settlement policies in the next few years should be to reduce the discrepancy between the effective capacity of the inhabitants to solve the problems of obtaining housing and services in the city and the cost entailed. To counter the prevailing trend towards increasing segregation in the cities of Latin America and the Caribbean, progress must be made in management and in technologies of production and delivery of services, in order to increase social equity in housing policy. Changes have

come about in the division of functions and spheres of action between the public and private sectors which will require new approaches to the problems of housing and urban development that go beyond purely governmental initiatives or the limits of fiscal budget constraints.

ECLAC believes that the region is now ready to move forward in an optimistic, bold yet realistic search for new ways to transform the construction and operation of cities and housing into opportunities to foster the future progress of the inhabitants. In order to achieve this goal, it proposes placing analysis and initiatives on cities and housing within the broader framework of development in Latin America and the Caribbean in the next few years. Providing shelter for development, understood as a process of changing production patterns with social equity and sustainability, may be the chief task to be undertaken in the area of human settlements in the near future.

I. HUMAN SETTLEMENTS IN THE REGION: FROM VANCOUVER TO ISTANBUL

A. THE IMAGE OF HUMAN SETTLEMENTS IN THE 1970s AND 1980s

Latin American and Caribbean representatives attended the Vancouver Conference with the perception that housing problems would intensify, especially as a result of the accelerated urbanization expected by the end of the millennium, which would give rise to large cities of uncontrolled growth. In that context, it was feared that cities would gradually become poles of marginality, as an endless flood of migrants, most of them from rural areas, settled on the periphery of traditional cities, in a process of accelerated, undercapitalized and unplanned urbanization (ECLAC, 1976). Despite the efforts of governments to meet the acute needs for housing and urban services, scant possibilities were envisaged at that time for reversing the flow of settlements if a substantial increase in urban development and housing budgets could not be provided.

In the 1980s conditions were anything but ripe for channelling more resources to the housing sector, since the region experienced the worst economic recession since the 1930s. The effects of this crisis were felt more intensely in the region's urban areas; meanwhile, the structural adjustment programmes that came in response to the crisis meant a change in economic thinking (the deregulation and liberalization processes), as well as in the role of the State (decreasing its importance as a productive agent and emphasizing its subsidiary role). The new conditions entailed a loss of jobs in industry and the public sector which was reflected in higher rates of unemployment and urban poverty. In addition, a sharp reduction in public spending on maintenance of and investment in urban housing and infrastructure worsened the problems already afflicting cities and, in particular, metropolitan areas. The 1980s bequeathed an image of Latin American cities that was dominated by poverty, survival strategies, social segregation, public violence, personal insecurity and the growing deterioration of urban services and infrastructure (Sabatini and Jordan, 1993; Sorj, 1991).

B. MAIN FEATURES OF HUMAN SETTLEMENTS IN THE 1990s

In the 1990s the countries in the region have recovered a certain capacity for growth and, against a backdrop of democratic gains, are redesigning their development strategies with a view to fostering competitiveness. Under these conditions, human settlements display some characteristics which must be kept in mind in assessing their potential for making a contribution to progress in the region, as well as their limitations.

1. Consolidation of an urban continent

The Latin American population has gradually chosen to settle in urban areas, in which 351 million people now reside. The urban population, which represented 57.2% of the total in 1970, now accounts for 73.4%, and is expected to reach 85% in 2025.¹ Latin America is thus one of the most urbanized regions in the world, with levels of urbanization similar to those of more developed regions. However, in absolute terms, the urban population is increasing at rates far lower than those projected in the 1970s, mainly because of changes in fertility linked to urbanization patterns.

In this context, while the leading role of Latin America's main cities among the great urban centres of the world that was forecast in the 1970s continues to be important, it has become less so because of the slow-down in demographic growth, the increase in the population of medium-sized cities, and the explosive growth of cities on other continents. The Latin American and Caribbean region is the only less developed region in the world where, as in Europe and North America, the share of urban population in cities having five million or more inhabitants will decrease during the period 1970-2015 (United Nations, 1995).

2. Cities as the seat of poverty

In most countries in the region the number of poor households is even higher than in the 1970s. In the early years of this decade some of these countries managed to lower their poverty rates, but such gains represent only a partial recovery from the poverty levels of the 1970s. Moreover, the change in the panorama of poverty from the predominantly rural one that prevailed up to the early 1980s to the current one, in which most poor people are urban dwellers, has transformed cities into the main setting for Latin American poverty. The inequalities between rich and poor, in terms of access to a better standard of living and broader opportunities, are growing as a result of a pattern of income distribution which is now more concentrated and inequitable than at the end of the 1970s (ECLAC, 1994a).

3. Limited infrastructure

Insufficient infrastructure, exacerbated by the drastic cuts in public spending during the 1980s, is a factor which now seriously limits the region's ability to compete. There are deficiencies with regard to both urban infrastructure as such and that which is directly linked to productive activity. As exporting and importing activity in the countries visibly increases, demand will exert severe pressure on such services as electricity, telecommunications, railways, ports and airports, roads and urban and intercity transport, in particular. If the investments needed to retool and expand infrastructure are not made, the vulnerability of the cities in the region, and their inaptitude for meeting the challenges of competitiveness, will become clear.

¹ The figures cited in this document are taken from the United Nations Demographic Centre (CELADE) (1995) and the United Nations (1995) (see table 1). In chapters V and VI national census data are used which do not necessarily coincide with these projections.

4. A backlog of unmet housing needs

Lack of sufficient and adequate housing affects one out of three Latin American households. Overcoming this lack will mean building and upgrading some 37 million units. With only a few years remaining until the start of the next millennium, 25 million dwellings lack drinking water, and one third of the urban housing stock lacks a minimally acceptable sewage disposal system. This picture of unmet needs is worsening as the number of households rises at a faster rate than demographic growth. The demand for shelter will expand significantly in the next few years, given the tendency, especially among the urban population, to form ever smaller and more complex family units.

The lower levels of investment in housing construction that characterized the 1980s are continuing in many countries, which, as households multiply, adds to the backlog of unmet needs. The production of dwellings at a rate far below demand is reflected in housing instability and overcrowding, especially among lower-income groups. The marked inequity of income distribution in the region and the high cost of housing mean that a large number of households are excluded from the housing market.

Lastly, mention should be made of the scant concern for adequate maintenance of the existing housing stock, which contributes to its rapid deterioration and increases its rate of obsolescence. The 90 million existing dwellings constitute an important asset for households and countries in the region and must be maintained if they are to remain habitable.

C. HUMAN SETTLEMENTS AND THE ECLAC PROPOSAL

The recent redesign of development strategies in the region gives renewed validity to the recommendation emanating from the Vancouver Conference on the need for closer links between sectoral policies on housing and human settlements and overall development policy. It is therefore appropriate to assess the real contribution that urban development and housing policies can make to development. To that end, the Economic Commission for Latin America and the Caribbean (ECLAC) proposal for changing production patterns with social equity (ECLAC, 1990a and 1992) should be considered and adopted as a frame of reference so as to highlight the spatial dimension of its three components —competitiveness, social equity and sustainability. The main concepts of changing production patterns with social equity, as proposed by ECLAC, can be summarized in the six postulates set forth below,² which are also commented upon from the standpoint of their relationship to human settlements.

i) The proposal's first postulate refers to changing production patterns through the deliberate and systematic incorporation of technological progress and an increased investment in human resources, with a view to raising international competitiveness through growing productivity. In the proposal, the concept of technological progress is not limited to development and the adaptation of technology, but includes a wide range of improvements in areas such as entrepreneurial management capacity, with regard to both the general structure and the quality of the work force; it also encompasses the technological, energy and

² The main documents on the question are ECLAC, 1990a, 1991a, 1992, 1993, 1994a, 1994b and 1994c. For an overview of the ECLAC strategy, see Lahera, Ottone and Rosales (1995). A portion of this document is transcribed below.

transport infrastructure, the educational system, labour-management relations, the public and private institutional framework and the financial network.

Genuinely changing production patterns means enhancing the capabilities of workers who, on a continent as urbanized as Latin America, live mainly in cities. Accordingly, not only the large Latin American urban centres, but also the medium-sized and smaller cities, which are growing at a robust pace in the region, should enable such human resources to reach the highest levels of productivity. In the domestic sphere, meanwhile, providing families with housing, sanitation and access to urban services may be of great importance in encouraging their adoption and promotion of values, know-how and behaviour conducive to the enhancement of human resources required for changing production patterns.

ii) Secondly, the proposal postulates the need for coherent and stable macroeconomic management, expressed in adjustment programmes whose specific content, time-frame for implementation, gradualism and linkages to short- and medium-term policies must be determined appropriately. The challenge proposed requires a substantial increase in the current investment rate, which in turn requires an increase in saving.

More careful macroeconomic management calls for redoubled efforts to raise efficiency and productivity in the use of resources. This also applies to the task of eliminating the backlog of unmet needs for housing, urban services and infrastructure. The growing involvement of the private sector in such areas as housing finance and production, investment in services and infrastructure and their management should channel new financial and organizational resources into the area of human settlements. It should be recalled, furthermore, that the goal of having a home is a strong incentive to household saving, and that urban development and housing activity stimulate broad sectors of the economy, both directly and indirectly.

iii) The proposal lays stress on increasing social equity as a basis for achieving the social cohesion that can make changing production patterns sustainable over time. At the same time, greater social equity is inconceivable without economic growth, which in turn requires changing production patterns. This functional relationship between growth and social equity can feasibly be established by reinforcing the mutual links between economic and social policies, which involves monitoring the former's impact on distribution and the latter's efficiency and contribution to growth.

In accordance with this proposal, urban development and housing programmes play an important role in breaking the cycle of poverty in the region's households, as well as bringing the fruits of progress into people's daily lives. Actions to alleviate urban poverty, extend the outreach of basic services or facilitate access to adequate housing are not only intended to raise social justice indicators; rather, in comparison with other types of social efforts, they have the advantage of embodying the goal of social equity for Latin American families within shorter time spans.

iv) A fourth concept implicit in the proposal is the search for models of regional integration and intraregional cooperation that can help to strengthen changing production patterns. The interaction between trade liberalization and deregulation and integration driven by agreements or specific policies makes it necessary to strengthen the links between the two elements within the framework of what has been termed "open regionalism".

The challenge of competitiveness will require territories and cities in which conditions favourable to productivity and technological innovation exist. An urban continent like Latin America and the

Caribbean should therefore set itself the task of establishing and strengthening a competitive regional urban system which offers greater advantages than large cities in other regions, particularly in terms of productivity, infrastructure, governance, human resources, and technological innovation. The evidence already suggests that the region's large metropolitan areas are fostering a climate more conducive to productivity than that of smaller cities.

v) Environmental sustainability is a prerequisite for genuinely changing production patterns so that the development and use of natural resources neither affects the quality of life of the population nor limits development. Technological progress consistent with safeguarding the environment is becoming increasingly important in strengthening international competitiveness.

Once again there is a perceptible link between the location, organization and growth of human settlements in the region and the ECLAC proposal. Cities have shown a historical pattern of uncoordinated and unchecked expansion which ravages agricultural areas and ecosystems, causes congestion, hampers or raises the cost of supplying infrastructure and creates problems of deterioration in central areas. There will be a need to reformulate development models in order to manage urban growth within acceptable limits of environmental sustainability.

vi) Lastly, changing production patterns requires a pluralistic and participatory democratic framework which supports the institutional reforms needed in order to improve the quality of the market and of the public sector. In this context, public action should be efficient and effective, and should strengthen institutions so as to provide a stable and predictable framework for the development of private initiative.

The involvement of various agents at the urban, neighbourhood and domestic levels in building and maintaining cities, neighbourhoods and housing has proved to be an excellent tool for strengthening democratic frameworks. Similarly, urban management can be a good means of exercising and regulating the democratic cooperation mechanisms needed for changing production patterns.

Over and above these and other relationships between each of the components of the ECLAC proposal and the various aspects of urban and housing policies, human settlements have a basic, instrumental role to play in making one central element of changing production patterns —its systemic nature— feasible. If what ultimately characterizes the Commission's proposal to the countries is the notion of approaching development simultaneously, and not sequentially, from the standpoint of changing production patterns, social equity and sustainability, the question of where and how to carry out the complex range of interactions implied by that proposal becomes vital to its implementation. The synergies and exchanges characteristic of a systemic proposal become viable in specific regional, urban, neighbourhood and domestic contexts, in which geographical, institutional and cultural proximity enables the various agents to assimilate, transmit and circulate information and to offer and avail themselves of goods and services, among countless other possibilities.

In a region as highly urbanized as Latin America and the Caribbean, improving competitiveness from this spatial standpoint therefore means strengthening balanced and integrated settlement systems which promote the development of governable, well-equipped cities with an acceptable quality of life, where productive employment can be increased and progress disseminated from its more dynamic strongholds to new agents and population groups, and where the proper balance can be achieved between specialization and technological innovation and natural resources and land.

The goal of making Latin American cities competitive does not mean simply having large urban centres in which the airports, some residential neighbourhoods and large corporate headquarters offer the latest in modern technology. Cities, large, medium-sized and small, must have their urban and industrial infrastructure retooled and upgraded. Making adequate, centrally located housing available to all inhabitants of a city will facilitate their access to schools, medical care, employment and urban services, thus helping to bring the promises and benefits of development closer to the population.

As the proposal for changing production patterns with social equity is connected with a democratic and participatory framework which functions mainly through the creation of consensus, it is important to strengthen efficient metropolitan, urban and local governments. Civic opportunities must be generated in order for people to meet and to identify with and participate in collaborative development projects, especially those groups which, by virtue of their ethnic, age, social, territorial or gender characteristics, are excluded from the benefits of development.

Lastly, there is a growing consensus as to the important role of households, families and neighbourhoods in motivating their members to make a commitment to progress. Thus, the domestic and residential sphere also fulfils the function of encouraging the feelings, sympathies and incentives which are motivating growing numbers of women, the elderly, teenagers and children to ally themselves with progress. Therefore, benefits are also to be expected from the mutual reinforcement between the family and the wider context of changing production patterns with social equity that can make a housing policy feasible.

The following chapters describe the main features of the urban development and housing panorama in the region, as well as the issues which, from the standpoint of the ECLAC proposal, should be incorporated into human settlements policies.

II. URBANIZATION AND METROPOLITAN EXPANSION

A. CONSOLIDATION AS AN URBAN CONTINENT

In 1995 the population of Latin America and the Caribbean reached 478 million, divided among more than 40 countries. Some Caribbean nations have less than one hundred thousand inhabitants, while at the other extreme Brazil and Mexico together account for 253 million; these two countries plus Argentina, Colombia, Peru and Venezuela have a total of 369 million, or 77% of the region's inhabitants (see table 1). The population of Latin America and the Caribbean represents 8.4% of the world total (United Nations, 1995).

In recent decades, the urban character of the region has intensified. In 1995, 73% of the population, that is, some 351 million people, are living in urban areas. This degree of urbanization places Latin America and the Caribbean on a par with Europe and not far behind the United States and Japan. It should be noted, however, that the rate of growth of the urban population is slowing from 3.6% in the 1970s to 2.5% in the early 1990s (see table 2).

The demographic transition has been the most important change the region has undergone in the past 30 years in terms of population. While mortality has been declining steadily since the 1930s, only since the mid-1970s has a sustained, widespread decline in fertility been evident. Life expectancy at birth has increased from 59 years at the start of the 1960s to 69 in the years leading up to 1995 (CELADE, 1995).

The balance between these fertility and mortality trends has determined the population growth curve in Latin America and the Caribbean. International migration has had little demographic impact on the region as a whole in the last 30 years, although in certain countries, particularly some smaller Central American and Caribbean countries, it has played an important role in population dynamics. As a result, the region's rate of population growth has declined rapidly from an annual rate of 2.8% in the early 1970s to 1.7% in the years leading up to 1995.

The region's age structure is relatively young and includes a high proportion of individuals of reproductive age as a result of the high fertility rates that prevailed prior to the 1970s; for this reason, the potential for demographic expansion remains high. According to projections, only by the year 2020 will the mean annual growth rate decline to 1%, and the size of the population will not stabilize until past the middle of the twenty-first century, by which time the region will have a little over 800 million inhabitants. This means that despite the trend towards a slowing rate of demographic increase, the region's population can be expected to grow by some 200 million over the next 25 years (CELADE, 1995).

Table 1
LATIN AMERICA AND THE CARIBBEAN: TOTAL POPULATION (IN THOUSANDS) AND PERCENTAGE URBAN, BY COUNTRY, 1970, 1980, 1990 AND 1995

Countries and territories	1970			1980			1990			1995		
	Total population	Urban population	Percentage urban	Total population	Urban population	Percentage urban	Total population	Urban population	Percentage urban	Total population	Urban population	Percentage urban
Latin America and the Caribbean	283,345	57.2		358,922	65.0		438,150	70.9		478,736	73.4	
Latin America*	274,696	57.4		349,194	65.3		427,312	71.1		467,363	73.6	
Argentina	23,962	78.4		28,114	83.0		32,547	86.9		34,587	88.3	
Bolivia	4,212	5.3		5,355	45.4		6,573	55.6		7,414	60.4	
Brazil	95,847	55.6		121,286	67.3		148,477	74.7		161,790	77.8	
Chile	9,496	73.0		11,147	79.0		13,100	82.8		14,210	84.4	
Colombia	21,360	57.7		26,525	64.4		32,300	69.5		35,101	71.7	
Costa Rica	1,751	38.8		2,284	43.1		3,035	46.7		3,424	48.5	
Cuba	8,520	60.1		9,710	68.0		10,598	74.8		11,041	77.5	
Dominican Republic	4,423	39.3		5,697	50.1		7,110	58.7		7,823	61.7	
Ecuador	5,970	39.5		7,961	47.1		10,264	55.4		11,460	59.2	
El Salvador	3,588	39.0		4,525	44.0		5,172	49.4		5,768	52.2	
Guatemala	5,246	36.2		6,917	37.2		9,197	38.1		10,621	38.7	
Haiti	4,520	19.7		5,353	24.6		6,486	30.6		7,180	34.2	
Honduras	2,592	29.0		3,569	35.0		4,879	40.8		5,654	44.4	
Mexico	50,596	58.9		67,570	65.5		83,226	71.4		91,145	74.1	
Nicaragua	2,054	46.9		2,790	51.0		3,568	55.3		4,124	57.7	
Panama	1,506	47.6		1,950	49.7		2,398	53.8		2,831	55.7	
Paraguay	2,350	37.1		3,114	41.6		4,219	48.6		4,828	52.4	
Peru	13,193	58.1		17,324	64.2		21,569	68.7		23,532	71.2	
Uruguay	2,808	82.0		2,914	85.1		3,094	88.8		3,186	90.1	
Venezuela	10,721	71.8		15,091	78.9		19,502	83.9		21,844	85.8	
Caribbean and other countries and territories in the region	8,649.0	50.2		9,728.0	54.2		10,838.0	61.0		11,373.0	63.4	
Anguilla	6	0.0		7	0.0		7	0.0		8	0.0	
Antigua and Barbuda	57	33.3		61	34.4		64	35.9		66	36.4	
Aruba	61	0.0		60	0.0		67	0.0		70	0.0	
Bahamas	170	71.8		210	75.2		256	83.6		276	86.6	
Barbados	239	37.2		249	40.2		257	44.7		262	47.3	
Belize	123	51.2		146	49.3		189	47.6		215	47.0	
British Virgin Islands	10	0.0		12	0.0		16	0.0		19	0.0	
Cayman Islands	10	100.0		17	100.0		26	100.0		31	100.0	
Dominica	70	0.0		74	0.0		71	0.0		71	0.0	
French Guiana	49	67.3		68	70.6		117	74.4		147	76.2	
Grenada	94	0.0		89	0.0		91	0.0		92	0.0	
Guadeloupe	320	75.3		327	88.4		391	98.5		428	99.3	
Guyana	709	29.5		759	30.6		796	33.7		835	36.2	
Jamaica	1,869	41.5		2,133	46.8		2,366	51.4		2,447	53.7	
Martinique	326	61.0		326	79.8		340	90.6		379	93.1	
Monserrat	11	9.1		12	8.3		11	9.1		11	9.1	
Netherlands Antilles	159	67.9		174	67.8		190	68.4		199	69.3	
Puerto Rico	2,718	58.3		3,206	61.8		3,531	71.3		3,674	73.4	
Saint Kitts and Nevis	47	34.0		44	36.4		42	40.5		41	43.9	
Saint Lucia	101	40.6		115	41.7		133	45.9		142	48.6	
Saint Vincent and the Grenadines	87	14.9		98	27.6		107	41.1		112	46.4	
Suriname	372	46.0		355	44.8		400	47.5		423	50.4	
Trinidad and Tobago	971	63.0		1,082	63.0		1,236	69.1		1,306	71.8	
Turks and Caicos Islands	6	33.3		7	42.9		12	41.7		14	42.9	
United States Virgin Islands	64	43.8		97	44.3		102	44.1		105	45.7	

Source: For Latin America: Latin American Demographic Centre (CELADE), *Demographic Bulletin*, No. 56 (L/C/DEM/G.155), Santiago, Chile, 1995; for the Caribbean and other countries and territories in the region: United Nations, *World Urbanization Prospects. The 1994 Revision: Estimates and Projections of Urban and Rural Populations and of Urban Agglomerations* (ST/ESA/SER.A/150), New York, 1995. United Nations publication, Sales No. E.95.XIII.12.

* Includes Cuba, the Dominican Republic and Haiti.

Table 2
LATIN AMERICA AND THE CARIBBEAN: MEAN ANNUAL GROWTH RATES OF TOTAL, URBAN AND RURAL POPULATION (PERCENTAGE), PERIODS
1970-1980; 1980-1990 AND 1990-1995

Countries and territories	1970-1980			1980-1990			1990-1995		
	Total population	Urban population	Rural population	Total population	Urban population	Rural population	Total population	Urban population	Rural population
Latin America and the Caribbean	2.37	3.63	0.38	2.00	2.87	0.14	1.77	2.47	-0.04
Latin America*	2.40	3.67	0.38	2.02	2.88	0.16	1.79	2.49	-0.03
Argentina	1.60	2.16	-0.77	1.46	1.92	-1.13	1.22	1.55	-1.17
Bolivia	2.40	3.97	1.30	2.05	3.99	0.15	1.46	4.56	-0.49
Brazil	2.35	4.26	-0.70	2.02	3.06	-0.53	1.72	2.53	-0.89
Chile	1.60	2.39	-0.90	1.61	2.09	-0.41	1.63	2.00	-0.25
Colombia	2.17	3.27	0.43	1.97	2.72	0.44	1.66	2.31	0.11
Costa Rica	2.78	3.82	2.05	1.04	3.64	2.19	2.41	3.20	1.70
Cuba	1.31	2.54	-0.90	1.82	3.80	-1.51	1.54	2.91	-1.48
Dominican Republic	2.53	4.96	0.57	2.22	3.80	0.33	1.91	3.54	0.40
Ecuador	2.88	4.63	1.35	2.54	4.16	0.84	2.20	3.14	0.41
El Salvador	2.32	3.66	1.36	1.34	2.48	0.32	1.62	3.20	1.18
Guatemala	2.76	3.05	2.60	1.92	3.07	2.71	2.88	3.20	2.68
Haiti	1.69	3.92	1.06	2.85	4.11	1.09	2.03	4.21	0.99
Honduras	3.20	5.08	2.31	3.13	4.66	2.19	2.95	4.85	1.69
Mexico	2.89	3.91	1.23	1.01	3.00	1.55	1.82	2.53	-0.09
Nicaragua	3.06	3.89	2.26	2.46	3.26	1.24	1.86	2.58	1.83
Panama	2.58	3.02	2.16	2.07	4.60	1.76	2.70	4.19	0.99
Paraguay	2.81	3.97	2.06	3.04	2.86	0.87	1.74	2.47	1.17
Peru	2.72	3.74	1.13	2.19	2.86	0.87	1.74	2.47	0.05
Uruguay	0.37	0.74	-1.54	0.60	1.03	-2.25	0.42	0.87	-1.87
Venezuela	3.42	4.36	0.51	2.56	3.18	-0.13	2.27	2.72	-0.26
Caribbean and other countries and territories in the region	1.2	2.0	0.4	1.1	2.3	-0.6	0.5	0.8	-0.1
Anguilla	1.5	1.0	1.5	0.0	0.9	0.0	1.3	0.4	1.3
Antigua and Barbuda	0.7	1.0	0.5	0.5	0.9	0.2	0.4	0.4	0.2
Aruba	-0.2	-	-0.2	1.1	1.1	1.1	0.4	1.1	-1.3
Bahamas	2.1	2.6	0.8	2.0	3.0	-2.1	1.1	1.1	-0.3
Barbados	0.4	1.2	-0.1	0.3	1.4	-0.5	0.2	0.8	0.6
Belize	1.7	1.3	2.1	2.6	2.2	2.9	1.3	1.5	1.4
British Virgin Islands	1.8	1.8	1.8	2.9	2.9	2.9	1.7	1.7	1.7
Cayman Islands	5.3	5.3	-	4.2	4.2	-	1.8	1.8	0.0
Dominica	0.6	3.7	0.6	-0.4	4.1	-0.4	0.0	2.5	0.0
French Guiana	3.3	3.7	2.2	5.4	5.9	4.1	2.3	2.5	1.5
Grenada	-0.5	-	-0.5	0.2	4.1	0.2	0.1	0.1	0.1
Guadeloupe	0.2	1.8	-7.3	1.8	2.9	-18.5	0.9	1.0	-6.9
Guyana	0.7	1.0	0.5	0.5	1.4	0.0	0.5	1.2	0.1
Jamaica	1.3	2.5	0.4	1.0	2.0	0.1	0.3	0.8	-0.1
Martinique	0.0	2.7	-6.5	1.0	2.3	-6.6	0.3	0.8	-2.7
Monserrat	0.9	0.0	1.0	-0.9	0.0	-1.0	0.0	0.0	0.0
Netherlands Antilles	0.9	0.9	0.9	0.9	1.0	0.7	0.9	0.6	0.0
Puerto Rico	1.7	2.2	0.8	1.0	2.4	-1.9	0.5	0.7	0.2
Saint Kitts and Nevis	-0.7	0.0	-1.0	-0.5	0.6	-1.1	-0.2	0.6	-0.4
Saint Lucia	1.3	1.6	1.1	1.5	2.4	0.7	0.7	1.2	-0.8
Saint Vincent and the Grenadines	1.2	7.3	-0.4	0.9	4.9	-1.2	0.5	1.7	0.1
Suriname	-0.5	-0.7	-0.3	1.2	1.8	0.7	0.6	1.1	-0.5
Trinidad and Tobago	1.1	1.1	1.1	1.3	2.2	-0.5	0.6	0.9	0.0
Turks and Caicos Islands	1.5	4.1	0.0	5.4	5.1	5.6	1.3	1.8	-0.4
United States Virgin Islands	4.2	4.3	4.1	0.5	0.5	0.5	0.3	0.6	0.0

Source: For Latin America: Latin American Demographic Centre (CELADE), *Demographic Bulletin*, No. 56 (LC/DEM/G.155), Santiago, Chile, 1995; for the Caribbean and other countries and territories in the region: United Nations, *World Urbanization Prospects. The 1994 Revision: Estimates and Projections of Urban and Rural Populations and of Urban Agglomerations* (ST/ESA/SER.A/150), New York, 1995. United Nations publication, Sales No. E.95.XIII.12.

* Includes Cuba, the Dominican Republic and Haiti.

The perspective on the individual country level may differ from the regional picture. Four different groups of countries can be distinguished with relative clarity based on their stage of demographic transition (ECLAC/CELADE, 1993). The first group consists of Bolivia and Haiti, which are in an incipient transition stage, characterized by a high level of poverty, scarce access to social services and a predominantly rural population. Under these circumstances, birth and mortality rates remain high, and there is a large proportion of children and youth. The average rate of natural increase is around 2.5% per year.

The second group is in a moderate transition stage and still has a low level of urbanization; the rate of natural increase is higher (around 3% per year, on the average) as a result of declining mortality combined with a birth rate that remains high. The countries currently in this stage of transition are El Salvador, Guatemala, Honduras, Nicaragua and Paraguay. While they have succeeded in reducing mortality somewhat, as reflected in the rejuvenation of the population and an increase in the age dependency ratio, this progress has not spread to large segments of the rural population or to those living below the poverty line. Given the high proportion of children and youth, it is likely that in the short run the birth rate will remain high in these countries.

Three fourths of the region's inhabitants live in Brazil, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guyana, Mexico, Panama, Peru, Suriname, Trinidad and Tobago or Venezuela, countries that are predominantly urban and in full demographic transition. This can be inferred from their birth rates, which have begun to decline, and the substantial drop in their mortality rates. In the countries in this third group, the rate of natural increase is around 2% per year.

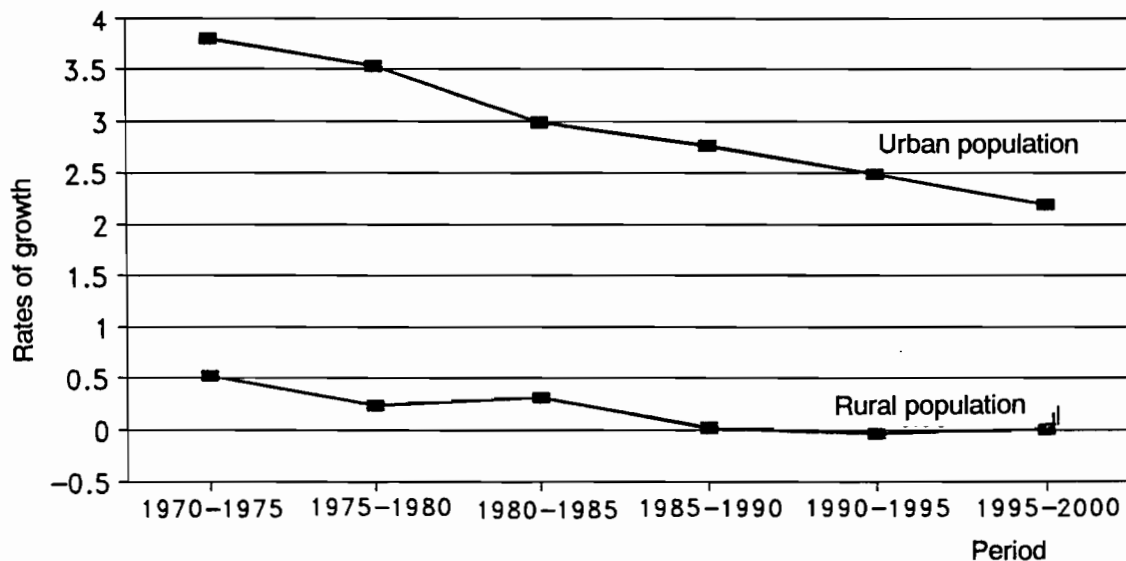
Finally, the group in an advanced stage of transition is made up of countries with a high degree of urbanization and relatively low mean annual rates of population growth (around 1%) as a result of a comparatively low birth rate combined with moderate or low mortality; Argentina, Bahamas, Barbados, Chile, Cuba, Guadeloupe, Jamaica, Martinique, Puerto Rico and Uruguay fall into this category. Some of these countries have reported declining fertility rates for a long time and are now characterized by an aging population structure.

B. THE SPATIAL DISTRIBUTION OF POPULATION IN THE REGION

In the last 20 years, the redistribution of population in Latin America has been a function of steady trends in the direction of urbanization and with more intensive occupation of the territory, reflected in an increase in the number of urban localities and the expansion of the area they cover (Chackiel and Villa, 1992).

Average population density in Latin America, keeping pace with the rate of population growth, rose from 17 persons per square kilometre in 1980 to nearly 22 in 1990, a value still considerably below those calculated for other major regions of the planet. This average, however, hides a wide variation in population density between countries, ranging from 7 inhabitants per square kilometre in Bolivia to over 230 in Haiti and El Salvador. Since in the last 20 years the rate of demographic increase has in general been higher in the most densely populated countries, the differences between countries with respect to this indicator has gradually widened.

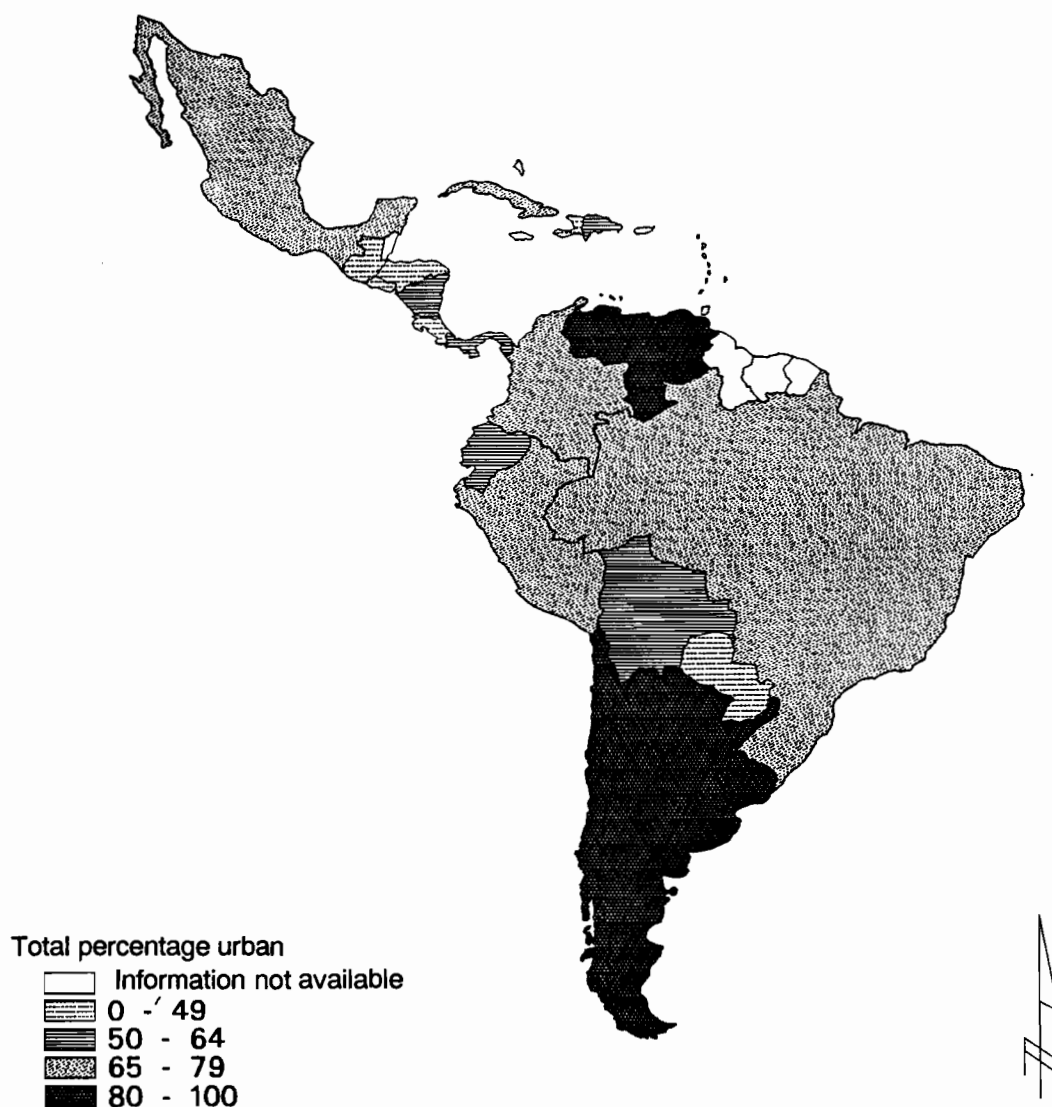
Box 1
**RATES OF URBAN AND RURAL POPULATION GROWTH,
 LATIN AMERICA AND THE CARIBBEAN,
 1970-2000**



Mean annual population growth rates for the countries of Latin America for the five-year period 1990-1995 ranged from 0.9% (Uruguay) to over 4% (Haiti, Honduras). The average rate for Latin America (2.5%) was close to the world average and lower than the rates for the countries of Africa (4.4%) and Asia (3.3%), but higher than those for the European countries (0.6%) and the United States (1.3%). With the exception of Argentina, which had a lower population growth rate, the countries with the largest populations in the region recorded annual rates ranging from 2.3% to 2.7% (Venezuela). Mexico and Brazil fell in between, with mean annual rates equal to the regional average. A look at the rural growth rate reveals that the rural population of Latin America and the Caribbean stopped increasing in the mid-1980s. It is projected that in the 1990s the rural growth rate will be close to zero and even negative in some cases. The urban population also shows a slowing growth rate (see table 2).

Source: United Nations, *World Urbanization Prospects. The 1994 Prevision: Estimates and Projections of Urban and Rural Population and of Urban Agglomerations* (ST/ESA/SER.A/150), New York, 1995. United Nations publication, Sales No. E.95.XIII.12.

Map 1

PERCENTAGE OF URBAN POPULATION, BY COUNTRIES, 1990 ^a

Source: United Nations, *World Urbanization Prospects. The 1994 Revision: Estimates and Projections of Urban and Rural Populations and of Urban Agglomerations* (ST/ESA/SER.A/150), New York, 1995. United Nations publication, Sales No. E.95.XIII.12.

^a The boundaries shown on this map do not imply official endorsement or acceptance by the United Nations.

Despite the clear predominance of the urban population, the size of the rural population, 127 million, in itself demonstrates the importance of the rural segment to the region. Since, moreover, the rural population in general faces poorer living conditions, and most agricultural activities are lagging behind in technology and organizational methods, it is evident that the human settlements and population located in rural areas still constitute priority targets for development efforts in both quantitative and qualitative terms.

A few countries are still experiencing major migratory movements because living conditions in the country have not improved in recent decades. Such rural-urban migration is becoming less and less of a factor, however, in the growth dynamics of large cities.

The decline in migration in the region has coincided with a period of structural adjustment, so that it can be attributed to an informed decision on the part of potential migrants in light of the high unemployment rates the cities have been experiencing (Gilbert, 1993). If migration depends on rational decisions made on the basis of urban employment opportunities, as those opportunities improve, an increase in migration to the cities can be anticipated.

There have also been shifts in migration patterns. The 1990 censuses suggest a trend towards migration from the largest urban areas, as in the case, for example, of Mexico City (CELADE, 1994) and São Paulo. Moreover, the migration is often not a permanent change of residence; many of the movements are temporary, seasonal, itinerant or cyclical, part of a way of life that ranges over a wide territory. Seasonal work in the fields, for example, has become part of the work routine for many of the urban poor, especially women.

In recent years, migratory movements from countries in the region to the developed world have intensified. Argentina and Venezuela, for decades destinations for migrants, have not shown a positive balance since the 1980s (Singer, 1993). In the subregions of Central America and the Caribbean, migration to the United States is a common strategy of young people experiencing problems finding a job or attempting to improve their standard of living.

C. FEATURES OF URBANIZATION IN LATIN AMERICAN AND CARIBBEAN COUNTRIES

The general view of the region as highly urbanized tends to obscure the great diversity of the process. There are wide variations, for example, between the levels of urbanization of the subregions; whereas in South America the urban percentage is 78%, in Central America it is 68% and in the Caribbean 62%. Differences between countries are even more marked.

In Argentina, Chile and Uruguay, which have high levels of urbanization and achieved urban predominance prior to the 1950s, the rate of urbanization has slowed in recent decades. The high percentage of the population living in urban areas in these countries implies that the growth in urban population is due largely to natural increase. The high urban percentage also tends to inhibit new rural-urban migration.

In other countries, however, the dynamic urban growth apparent in the period leading up to 1995 suggests that unless other factors intervene there will be major increases in the urban percentage of total

population; this appears to be the case in Haiti, Bolivia, Ecuador, the Dominican Republic, Honduras and Paraguay. Countries with smaller populations, especially in Central America, are also experiencing fairly high rates of growth, which are making it very difficult to provide adequate services in the cities. For the most part, these countries still have a high proportion of rural population, so that the chief impetus for urbanization comes from rural-urban migration.

The countries in the region with the largest populations—notably Brazil, Mexico, Colombia and Peru—recorded the highest rates of urban population increase (approaching 5% per year) prior to the 1970s. From that decade onward, urban growth rates in those countries have declined steadily, although they still remain above 2.5% per year. The decisive weight of the rates for the above countries in the regional averages in part explains the overall downward trend of the urban population growth rate in Latin America and the Caribbean. The reasons for the decline are, first, the gradual slowing of migratory flows from the country to the city and, second, the steady drop in the rate of natural increase of the urban population.

To sum up, the region is now experiencing the inexorable advance of urbanization; some countries are confronting the expansion of an already established urban population, while others are facing conditions characteristic of rapid urbanization. In quantitative terms, the first situation tends to be found in the countries with larger populations. From the standpoint of policy and urban planning, it should be borne in mind that a considerable number of countries with small populations are confronting the stresses of rapid urbanization.

At the same time, the fact that three fifths of the increase in the urban population over the last 25 years is due to natural increase and only two fifths to migration suggests that given the level of urbanization already reached the future of cities will largely be an outgrowth of the urban situation as it now stands.

D. THE GROWTH OF BIG CITIES

It has been frequently stated that Latin America and the Caribbean the structure of human settlements shows a strong metropolitan tendency, in other words, a heavy concentration of the population and socio-economic and administrative functions in a few large cities. In this respect, it is suggestive that of the 15 largest cities of the world in 1994 in terms of population, four were located in Latin America (São Paulo, Mexico City, Buenos Aires and Rio de Janeiro). It is also indicative that in 1995 nearly 30% of the total population and 40% of the urban population of the region were concentrated in cities of one million or more inhabitants (see table 3).

The overall regional picture is valid for a significant number of countries in the region. As a result of an historical process of concentration, in Argentina, Chile, the Dominican Republic, Nicaragua, Panama, Peru and Uruguay a sizeable portion of the population, over 25%, lives in the principal city—Buenos Aires, Santiago, Managua, Panama City, Lima, Santo Domingo and Montevideo, respectively—which in all cases mentioned is also the political and administrative capital of the country.

Table 3

**LATIN AMERICA: CONCENTRATION OF THE POPULATION IN
LARGE CITIES ^a**

	Cities with 1 million or more inhabitants			Cities with 5 million or more inhabitants		
	1970	1980	1995	1970	1980	1995
Number of cities	18	24	40	4	4	7
Population (thousands)	56,877	84,351	135,455	32,972	45,404	72,962
Percentage of total population	20.7	24.2	28.8	12.0	13.0	15.6
Percentage of urban population	36.0	37.0	39.1	20.9	19.9	21.2
	40 cities with 1 million or more inhabitants in 1995			18 cities with 1 million or more inhabitants in 1970		
	1970	1980	1995	1970	1980	1995
Population (thousands)	69,266	95,788	135,445	56,493	77,480	101,304
Mean annual population growth rate (percentage)	3.2	2.3		3.2	1.8	
Percentage of total population ^b	25.2	27.4	28.8	20.6	22.2	21.7
Percentage of urban population	43.9	42.0	39.1	35.8	34.0	29.4

Source: United Nations, *World Urbanization Prospects. The 1994 Revision: Estimates and Projections of Urban and Rural Population and of Urban Agglomerations* (ST/ESA/SER.A/150), New York, 1995. United Nations publication. Sales No. E.95.XIII.12.

^a Does not include the city of San Juan, Puerto Rico. Mexico City is deemed to include Naucalpan (treated as a separate locality in United Nations estimates and projections).

^b The percentages were calculated on the basis of the population of Latin America (see annex table 3).

None the less, another group of countries, larger in number and population, presents a different picture. Brazil, Colombia, Mexico and Venezuela, among others, differ from the first group in that a good portion of their population is distributed more evenly over a number of large cities (United Nations, 1995; Rodríguez and Villa, 1994).

Moreover, the "metropolitan" label applied to human settlements patterns in the region needs to be examined carefully in light of the latest census information revealing a trend, more or less marked from one country to the next, towards a deconcentration of population in the principal city (Rodríguez and Villa, 1994; United Nations, 1995).

A retrospective look at the evolution of cities of one million or more inhabitants reveals demographic growth less dynamic than that of other cities in the national urban networks. The pace of demographic expansion in the 40 cities that exceeded the million inhabitant mark in 1995 has slowed significantly over the last 25 years. In the 1970s these 40 cities grew on average 3.2% per year, whereas between 1980 and 1995 the rate of growth averaged 2.3% per year, i.e., it grew more slowly than the total urban population (which grew at an annual rate of 2.8% during the latter period). As a result, these cities reduced their share of the total urban population from 44% in 1970 to 39% in 1995 (see table 3).

The slow-down in growth has been even more marked in the 18 cities which already had over a million inhabitants in 1970. Their annual rate of increase declined from 3.2% in 1970-1980 —during which period it was already lower than the rate for urban areas in general— to 1.8% in 1980-1995. The effect was to reduce the percentage of the urban population of Latin America living in these 18 cities from 35.8% in 1970 to 29.4% in 1990.

An examination of the urban primacy index —defined as the ratio between the largest city in a country and the three next largest— also illustrates the changes that have been taking place in patterns of human settlement. As table 4 shows, the index has tended to decline (in 10 countries) or stay the same (five countries), Haiti being the sole exception. It should be noted that the downward trend of the primacy index has appeared in countries with different levels of urbanization and at different stages in the demographic transition process, and this confirms the perception that the change is a general one.

Contrary to the notion considered almost axiomatic up to the mid-1970s, in most countries in the region the largest metropolitan areas (Mexico City, São Paulo, Buenos Aires, Rio de Janeiro, Santiago, Caracas) have lost some of their relative importance in the total urban context in their respective countries. This phenomenon does not appear to be limited to the larger countries; the largest cities in Bolivia, Cuba, Ecuador and Honduras have also evidenced less dynamic growth than others with mid-sized populations.

What explains the changes observable in the pattern of human settlements, particularly the trends in the drawing power and primacy of large metropolitan areas? The effects of the economic crisis that hit most of the countries during the 1980s should be considered as short-term factors. Significant long-term factors might be the restructuring and consequent internationalization of the regional economies, together with the impact of new technologies and investment in infrastructure.

Under the import substitution industrialization model, locating companies in large cities was the best strategy, since it allowed them to benefit from economies of agglomeration and nearness to markets and enabled them to satisfy the requirements of constant negotiation with the government (Singer, 1975).

Table 4

**URBAN PRIMACY AMONG LATIN AMERICAN AND CARIBBEAN
CITIES, 1970 AND 1990 ^a**

Country	City	Around 1970	Around 1990	Urban percentage 1990
Venezuela	Caracas	1.5	0.9	84
Colombia	Bogotá	0.9	0.9	70
Brazil	São Paulo	0.8	0.9	75
Honduras	Tegucigalpa	1.8	1.1	41
Bolivia	La Paz	1.4	1.1	56
Ecuador	Guayaquil	1.2	1.1	55
Mexico	Mexico City	2.7	2.0	71
Jamaica	Kingston	4.4	2.2	52
Chile	Santiago	2.8	2.9	83
Cuba	Havana	2.5	2.4	75
Paraguay	Asunción	6.0	3.5	49
Argentina	Buenos Aires	4.0	3.5	87
Peru	Lima	4.5	4.2	69
Costa Rica	San José	5.4	4.7	47
Haiti	Port-au-Prince	4.7	5.4	31
Uruguay	Montevideo	4.7	7.9	89

Source: For Caracas, São Paulo, México, D.F., Santiago, Buenos Aires y Lima: J. Rodríguez and M. Villa, "Dinámica sociodemográfica de las metrópolis latinoamericanas 1950-1990 en grandes ciudades de América Latina: dos capítulos", serie Documentos docentes, No. 98 (LC/DEM/R.210), Santiago, Chile, Latin American Demographic Centre (CELADE), 1994; for Bogotá, Tegucigalpa, La Paz, Guayaquil, La Habana, Asunción and Montevideo: A. Portes, "Latin American urbanization in the years of the crisis", *Latin American Research Review*, vol. 24, No. 3, 1989; for Kingston, San José and Port-au-Prince; A. Portes, J. Itzigsohn y C. Dore-Cabral, "Urbanization in the Caribbean Basin: social change during the years of the crisis", *Latin American Research Review*, vol. 29, No. 2, 1994.

^a Primacy is defined as the ratio between the population of the largest city (numerator) and the total population of the three next largest cities (denominator).

The advantages that urban markets offer in terms of economies of scale and concentration and proximity to a pool of labour, capital and technology continue to be valid. However, an open economy model alters some of the advantages of agglomeration and favours a choice of locations other than the largest city. The availability of new technologies fosters segmentation and decentralization of production processes and even economic specialization by cities. In addition, the greater the role of the market in allocating economic resources, the less necessary it is to be located close to centres of political decision-making. Furthermore, new technologies and communication facilities tend to free companies from the need to locate close to their sources of raw materials, their consumer markets and even their support industries (Singer, 1993). In this light, one can interpret the growing importance of medium-sized centres as reflective of changes in business location strategies.

The experience of some countries in the region in recent years offers an opportunity to analyse the decentralizing potential of the particular resource-allocation model. The case of Chile, which began the process of economic liberalization in the mid-1970s, provides some data that can be used to evaluate these tendencies. At first, deregulation, stabilization and trade liberalization caused a crisis in import substitution industries that affected the large urban and metropolitan centres, reducing their share in gross domestic product (GDP) and contributing to a degree of decentralization.

In a more advanced stage of economic liberalization, however, industrial diversification, the expansion of the tertiary sector, higher wages and lower unemployment revived and developed an internal market for products and services. The trend shift back to increasing metropolitan concentration may have to do with management aspects of national economic processes and the need to interface with the global economy. The fastest-growing service industries in the tertiary sector are located in the major cities, close to centres where business decisions are made. Facilities for education and advanced training are also concentrated in big cities (de Mattos, 1995). Metropolitan areas offer more infrastructure and equipment, a skilled labour force, suppliers and consumers, and easier and better business, social and cultural contacts (Sassen, 1991 and 1994).

These processes lead to some geographic specialization of economic activity. First of all, major improvements in communications and transportation mean that large segments of the production process can be located close to natural resources. This fact explains the growth and dynamics of cities associated with production for export. Meanwhile, activities higher up the hierarchical scale remain in the metropolitan area in order to benefit from the economic, urban and social advantages it offers. To sum up, the tendencies towards decentralization related to the emergence of new production activities are offset by the expansion of services provided in business decision-making centres.

Even though the location of an economic activity may become independent of its markets, cities remain important spaces, interconnected into networks by flows of goods, capital and labour. The location of economic activity determines the city's specialization; some cities become important for industrial production, others for services, and yet others as decision-making centres (Sabatini and Jordan, 1993). In order to establish adequate linkages with the network of flows and to play a significant role in the world economy, countries need to have urban agglomerations capable of assuming the role of quasi-global cities that possess critical mass in the economic, cultural and technological spheres. To achieve this end, countries must coordinate measures aimed at controlling the inevitable problems of urbanization with others designed to improve the quality of the metropolitan areas indispensable to their participation in the global economy (de Mattos, 1995).

Other signs of a more balanced urban picture can be observed in the polycentric urban patterns beginning to emerge in metropolitan areas as a result of tendencies toward suburbanization and deconcentration of industry to localities near large urban agglomerations; Buenos Aires, Mexico City and São Paulo offer examples of this phenomenon (Gilbert, 1993). New technologies and modern business conditions make it possible to locate industrial production in places more than a hundred kilometres from a metropolitan centre. This may, of course, lead to geographical reconcentration, as the towns and cities in a radius around the metropolitan area grow and its suburbs expand (de Mattos, Sabatini and Soler, 1995) so that the expanding metropolitan area absorbs the smaller localities (Sabatini and Jordan, 1993). Growth of this kind may even reach beyond national boundaries as the result of market integration. MERCOSUR, for example, has reinforced the Rio de Janeiro-São Paulo-Montevideo-Buenos Aires axis and created the new challenge of coordinating the urban complex in this subregion.

Another process that has accompanied the slow-down in metropolitan demographic expansion is unevenness in the spatial distribution of intra-urban growth. Generally speaking, in the centre city the population has declined and aged, while in some peripheral areas it has grown rapidly, resulting in a rejuvenation of the age structure and creating the need to relocate services. This process, encouraged by various kinds of speculative land use, has not only resulted in accentuated residential mobility and heavy pressure on public resources, but has also had major environmental repercussions, as occupation extends further and further into ecologically fragile terrain on the periphery.

E. URBANIZATION PATTERNS AND POLICY CHALLENGES

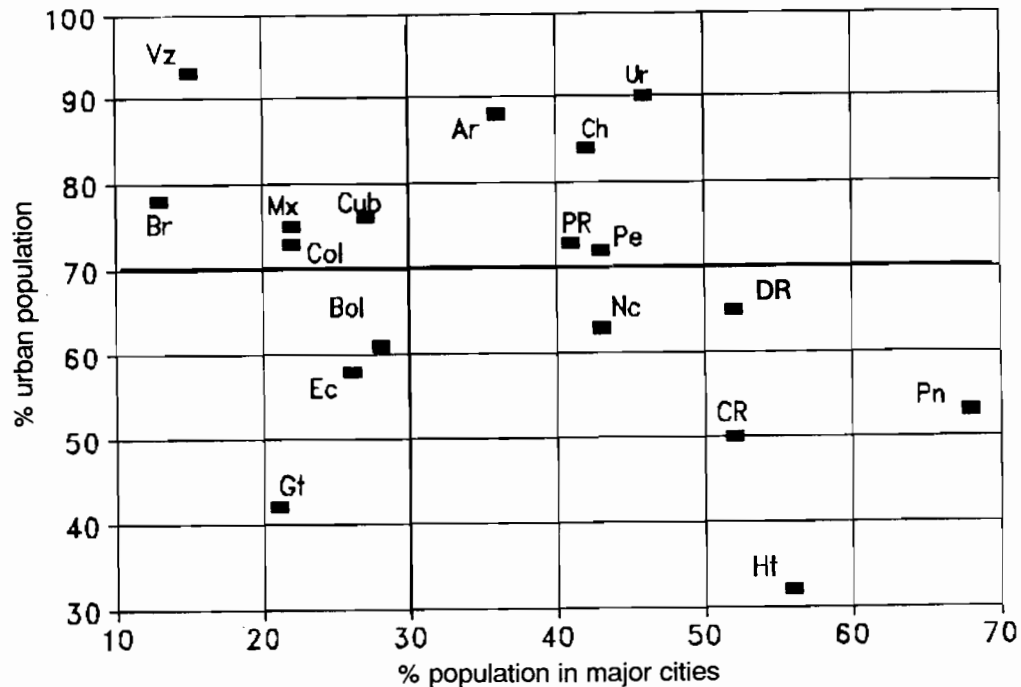
In the region's recent experience, no one trend can be identified to explain urbanization patterns; urban structure may assume a variety of forms at various levels of urbanization. In order to analyse prevailing trends and the challenges they entail, it is more helpful to group the countries into several categories than to search for a generalization that applies to all of them. In the following box the countries are grouped according to their levels of urbanization and urban primacy, corresponding to their relative position on the chart included in the box.

Among the countries with higher urbanization levels, one group has a clearly predominant principal city, while the other group has a low urban primacy index. The latter group includes large countries that account for the greater part of the region's population. The low primacy index is attributable both to a tradition of strong regional economies within the country (Colombia, Brazil) and to recent trends towards deconcentration. Apart from Argentina, the countries where the principal city is clearly predominant are small or medium-sized.

The countries with low levels of urbanization have smaller populations and are undergoing relatively rapid urbanization. In some, the urban population is heavily concentrated in the principal city, while in others it is distributed over a number of urban centres.

Patterns of urbanization and urban primacy can serve as a guide for decisions as to where and how to deal with urban development. Despite having less room for manoeuvre in modifying the distribution of their urban populations, even countries with high levels of urbanization and primacy can seek to harmonize the management of the problems specific to their large metropolitan areas with support to medium-sized and smaller urban centres in order to achieve a better urban balance. For the highly urbanized countries with less urban concentration, the challenge will probably be to maintain a balanced pattern of cities.

Box 2
SELECTED COUNTRIES: RELATIVE WEIGHT OF MAJOR CITY WITH
RESPECT TO URBAN POPULATION, 1995



CLASSIFICATION OF COUNTRIES BY LEVEL OF URBANIZATION AND
URBAN PRIMACY

Urbanization	Primacy	Countries
High	High	Argentina, Chile, Peru, Puerto Rico, Uruguay
High	Low	Brazil, Colombia, Cuba, Mexico, Venezuela
Low	High	Costa Rica, Dominican Republic, Haiti, Nicaragua, Panama,
Low	Low	Bolivia, Ecuador, Guatemala

Source: United Nations, *World Urbanization Prospects. The 1994 Revision: Estimates and Projections of Urban and Rural Populations and of Urban Agglomerations* (ST/SER.A/150), New York, 1995. United Nations publications, Sales No. E.95.XIII.12.

The countries with a lower level of urbanization combined with a high primacy index, on the other hand, have the alternative of prioritizing investment in the production and urban infrastructure of the principal city, to increase their international competitiveness, or to promote investment in the smaller cities in order to avoid accentuating urban concentration in the future. Finally, the countries that still have a low level of urbanization and an urban population that is less concentrated should be aware that the decisions they make today with respect to their cities will likely determine the quality of future urban development.

The countries generally have tended to concentrate investment in one major city in order to promote economic development. Metropolitanization, however, is by no means an immutable law, and it is important to weigh the costs and benefits of encouraging one pattern of development over another.

III. CITIES

The Latin American city is both the result and the determinant of the global economic processes to which it is linked. The growing contribution of cities to gross domestic product (GDP) suggests that the deliberate incorporation of technological progress for the purpose of changing production patterns occurs mainly in urban areas. Therefore, it is important to assess the contribution that cities can make to development through their ability to provide their inhabitants with equitable access to acceptable living standards, generate employment and foster the accumulation of human capital.

A. URBAN POVERTY AND CITIES

About half of all Latin Americans live in poverty, and 94 million people do not even have the resources needed to nourish themselves properly (ECLAC, 1994a).³ The highest poverty levels are concentrated in smaller cities, which suggests that attention should be focused on medium-sized cities.

Poor households suffer from the fact that Latin America and the Caribbean has the world's worst income distribution. In 12 Latin American countries, which account for over 360 million people, the richest 20% have an income between 8.1 and 32.1 times higher than the poorest 20% (UNDP, 1994). Jamaica, Uruguay and Venezuela have the narrowest income spread (8-10 times), although this ratio is well above those of Europe (6.1) or North America (6.7). Honduras, Guatemala, Brazil and Panama are at the opposite extreme, with ratios three times higher than the already high figures of the countries with the least income inequality in the region.

The long-term distributional changes that have taken place in Latin America show that six out of eight countries have witnessed very significant setbacks since the start of the 1980s. Only Uruguay and Colombia now exhibit a more equitable income distribution than at the end of the 1970s, and the gains made in recent years in urban income distribution in such countries as Argentina, Brazil, Costa Rica, Mexico, Panama and Venezuela are not sufficient to counteract the increases in inequality registered during the past decade. The predominance of a highly concentrated pattern of income distribution, together with median per capita income levels, show that a substantial share of urban poverty, or, at least, the increase in poverty seen during the first half of the 1980s, when the most drastic setbacks in income distribution occurred, is the result of such inequity.

³ The methodology used here is the income classification or "poverty line" one developed by ECLAC (1991).

Table 5

PERCENTAGE OF POOR HOUSEHOLDS BY AREA OF RESIDENCE,
LATIN AMERICA, ABOUT 1990

Country	Households below the poverty line ^a					Households below the indigence line ^a				
	Urban					Urban				
	Total	Total urb.	Metrop. area	Other urban areas	Rural	Total	Total urb.	Metrop. areas	Other urban areas	Rural areas
Argentina	-	-	16	-	-	-	-	4	-	-
Bolivia ^b	-	50	-	-	-	-	22	-	-	-
Brazil ^c	43	39	-	-	56	-	22	-	-	-
Chile	35	34	30	38	36	12	11	9	13	15
Colombia	-	35	-	-	-	-	12	-	-	-
Costa Rica	24	22	20	25	25	10	7	5	6	12
Guatemala	-	-	-	-	72	-	-	-	-	45
Honduras	75	65	-	-	84	54	38	-	-	66
Mexico ^b	39	34	-	-	49	14	9	-	-	23
Panama ^b	38	34	32	42	48	18	15	14	20	25
Paraguay	-	-	37	-	-	-	-	10	-	-
Uruguay	-	12	7	17	-	-	2	1	3	-
Venezuela	34	33	25	36	38	12	11	7	12	17
Latin America	39	34	-	-	53	18	13	-	-	30

Source: ECLAC, *Social Panorama of Latin America*, 1994 edition (LC/G.1844), Santiago, Chile, 1994, pp. 158-159.

^a Includes households below the indigence line or living in extreme poverty.

^b Average of the figures for Rio de Janeiro and São Paulo.

^c 1989.

In most countries in the region the incidence of poverty increased, especially in urban areas. For a large number of poor households, the improvements seen after the mid-1980s and during the early years of the 1990s did not offset the sharp drops in income experienced during the crisis and the economic adjustment and restructuring processes. In most countries, the recovery of per capita income was not sufficient to counteract the worsening of income distribution caused by the recession, at least not entirely. As a result, poverty rates are generally higher now than at the start of the crisis, which impairs the opportunities for social and individual integration. Accordingly, it is important to explore the possible connections between certain aspects of cities and the factors that influence the reproduction of poverty, in order to determine ways of neutralizing their adverse effects.

As the growth rate of Latin America's large metropolitan areas has slowed, these areas have offered their inhabitants a certain access to adequate urban services. What were once marginal settlements on the outskirts of cities have now become solid neighbourhoods with electricity, drinking water, public transport and other urban services. However, poverty has not disappeared; rather, it has taken other forms. The low incomes of urban residents are leading to a growing deterioration of human resources, which is one of the forms that urban poverty takes. Untreated illnesses make it difficult to maintain proper health, and early entry into the work force reduces school attendance. The confluence of these factors determines and reproduces a diminished participation in the labour market and helps to perpetuate the poverty cycle.

The characterization of the Latin American city as a spatially segregated territory is rooted in the image that emerged during the period of accelerated urbanization—that of a traditional city first overrun and then surrounded by hordes of migrants from rural areas. This characterization was later subsumed under the concept of marginality developed in the region in the 1960s. While the symmetry then postulated by the concept between marginal (poor) urban sectors and peripheral, deteriorated residential areas was later questioned, the subsequent growth of cities confirms the relationship between the social and spatial dimensions of Latin American urban poverty. Nevertheless, it is now clear that not all inhabitants of the "peripheral city" are poor, and that not all of the urban poor necessarily live in that "other" city. Although the spatial polarization image has been widely disseminated, it is difficult to find Latin American cities in which spatial segregation fully coincides with socio-economic inequalities (Portes, Itzigsohn and Dore-Cabral, 1994). Nowadays the proximity between the poorest and richest districts appears to be greater than what the stereotype of the Latin American city would indicate, suggesting the complexity of the relationship between urban space and socio-economic inequality.

Spatial segregation can be accentuated where urban policies deliberately make city neighbourhoods socio-economically homogeneous, as in the case of Santiago, Chile, in the 1980s (Morales and Rojas, 1987), in which a vigorous settlement and uprooting process occurred. However, in most cities in the region, income distribution figures and trends show that high-income minority groups must inevitably make spatial concessions to a growing poor majority. Given its socio-economic landscape, the image of the Latin American urban centre needs to be changed; the stereotype of the affluent city with "pockets of poverty" should be replaced by the concept of the poor city with "pockets of wealth" (Portes, 1989 and Portes, Itzigsohn and Dore-Cabral, 1994; Villasante, 1994).

The increased proximity between neighbourhoods of varying socio-economic status could be the result of unplanned urbanization, as well as of the resistance of neighbourhoods, once established, to the real-estate trade's drive to uproot them. During their period of greatest expansion, cities incorporated new areas into the urban fabric, often without any plan or design. While the poorest settlements tended to be "outside the market", they also were located in areas adjacent to higher-income districts. Thus, for example, in Bogotá, Colombia and Rio de Janeiro, Brazil, upgrading operations have established poor neighbourhoods adjacent to high-income areas. The very expansion of higher-income neighbourhoods brought them into contact with already established residential areas or sectors whose inhabitants were of varying socio-economic status. Cities such as Bogotá and Kingston, Jamaica, have seen higher-income groups move into poorer neighbourhoods, whose appeal stems from their location and lower prices (Portes, 1989 and Portes, Itzigsohn and Dore-Cabral, 1994).

This tendency for cities to grow into more complex territorial structures is not equivalent to integration; huge socio-economic inequalities persist and tend to fragment urban areas, since they set up barriers to social integration and lead to a growing devaluation of public spaces. The existence of

inequalities gives rise to defensive attitudes. Spatial fragmentation provides violence, crime, drug addiction and other social pathologies, which are neither natural aspects of urban life nor products of segregation, with fertile ground in which to flourish.

B. EMPLOYMENT AND THE URBAN ENVIRONMENT

Generating employment is a key issue for many countries in the region and will remain one in the future. In the next few decades, the aging of the Latin American population will create a growing demand for jobs in urban areas, worsening the already gloomy outlook for employment. Young people will practically double their numbers in the work force and will probably have difficulties in finding a stable niche in the job market. Women could find themselves in a similar position, given their increased participation in the work force for longer and more stable periods.

Urban employment is becoming increasingly important in a region whose inhabitants live mostly in cities. In the 1970s the question of urban employment was regarded as an issue of low productivity linked to the growth of the informal economic sector: in the context of growing migration from rural to urban areas, newcomers self-generated low-productivity or informal employment, which lowered cities' average productivity. Subsequent studies of informal-sector trends in the 1980s helped to make it clear that, for example, what was involved was not necessarily a sector divorced from the formal economy and linked to family survival strategies, but one that could be part of a production chain linked to the formal economy.

With the reactivation of the region's economies in the second half of the 1980s, employment increased; from the end of the 1980s to the start of the 1990s, urban open unemployment fell significantly (see table 6). By the end of 1992 it reached levels of around 7% or less in eight countries and 5% or less in five countries. The available figures indicate that as 1993 approached, urban unemployment remained low or dropped relative to the previous year in Bolivia, Chile, Colombia, Costa Rica, Guatemala and Venezuela. In 1994, however, urban unemployment increased slightly in Bolivia, Brazil and Mexico and somewhat more in another five countries, reaching two-digit levels in Nicaragua, Panama and Argentina. The crisis of December 1994 in Mexico worsened this picture, particularly in that country and in Argentina. In any case, even with the 1993 results, the unemployment rate continued to exceed that of the 1970s. The GDP growth achieved in most countries was still insufficient to reduce unemployment rates to the levels reached in the past.

Open unemployment in Latin America's urban areas mainly affects young men and women. In 10 of the 11 countries for which information was available (ECLAC, 1994a) about 1992, unemployment rates among the population of both sexes aged 15 to 24 were double the overall rates as well as the figures for the population aged 24 and over. Demographic data reflect the higher number of young people in most countries in the region and their increased participation in economic activity, especially that of young women. Moreover, gender segregation is present: in the three countries where open unemployment reached its highest levels at the beginning of the 1990s, those most affected were women.

Table 6
LATIN AMERICA (13 COUNTRIES): URBAN UNEMPLOYMENT RATES
AND PER CAPITA GDP, 1980-1992

Country	1980		1992	
	Urban unemployment (%)	Per capita GDP (in 1980 dollars)	Urban unemployment (%)	Per capita GDP (in 1980 dollars)
Argentina	2.6	4,110	6.6	3,786
Bolivia	7.1	785	5.8	628
Brazil	6.4 ^a	1,879 ^a	5.9	1,839
Chile	9.0	2,315	6.0	2,774
Colombia	9.7	1,225	9.1	1,473
Costa Rica	9.1 ^b	1,471 ^b	4.2	1,516
Guatemala	-	-	6.1	945
Honduras	8.8	705	5.1	657
Mexico	-	-	4.3	2,491
Panama	11.6 ^a	1,592 ^a	18.6 ^c	1,357 ^c
Paraguay	-	-	5.0	1,279
Uruguay	6.7 ^b	2,289 ^b	8.4	2,426
Venezuela	6.8 ^b	3,905 ^b	7.3	3,714

Source: ECLAC, *Social Panorama of Latin America*, 1994 edition (LC/G.1844), Santiago, Chile, 1994, pp. 127-128.

^a 1989. ^b 1981. ^c 1991.

In all countries, nearly 70% or more of the urban unemployed had completed between six and 12 years of schooling at the start of the 1990s. The significant growth in post-primary education in Latin America during the past two decades and the huge number of young people with half-completed or incomplete educational levels in search of work explain the high percentage of unemployed in this group. An individual must now have 10 or more years of schooling—and, in many cases, must have completed secondary school—in order to have a reasonable probability of finding a job that can protect him from the risk of poverty.

The cities in the region are now facing the challenge of significantly and urgently increasing their employment-generating capacity. Thus, the areas in which each specific urban centre offers the greatest potential would need to be identified. It must be kept in mind that the relative proportion of unproductive employment is lower in each country's major cities than in other urban areas. Such is the case, for example, with São Paulo, Brazil (35.6%) as compared with other urban areas of Brazil (52.7%). Accordingly, the main productivity problems would be concentrated in smaller cities, towards which the efforts to create more jobs should preferably be geared (see annex 4).

C. CITIES AND THE ACCUMULATION OF HUMAN CAPITAL⁴

The accumulation of human capital requires breaking the cycles that perpetuate intergenerational poverty and that include cultural, social, institutional and economic elements. Economic growth, in and of itself, does not automatically ensure that poverty will be overcome. So long as poor people act as passive recipients of whatever benefits such growth brings, there will be an increased risk of infantile malnutrition, in particular, which affects school performance, with the resulting high rates of repetition, failure to thrive and, ultimately, leaving school at an early age. Accordingly, the children of the poor will be at a disadvantage, as a result of having spent nearly all their pre-adult lives in poverty.

School performance is the key to the formation of human capital. More than half of the achievement in this sphere is connected with the educational environment in the household, in other words, the average number of years of schooling of the persons aged 15 and older who reside in it. The next most important factor is the economic capacity of the household, which accounts for between 25% and 30% of achievement. The physical infrastructure of the dwelling and the family structure determine the remaining 20% to 25% (ECLAC, 1994a).

Improving the educational environment in the household appears to be a difficult task in the short run, since it requires either that some members of the household attain grade levels much higher than the others' average, or that all have access to increased years of school. A poor educational environment can be offset through efforts centred on other factors which also influence the formation of human capital. Social policies designed to improve housing quality and reduce overcrowding will have a positive impact on educational performance in the same way as those designed to foster adult productivity. An innovative feature of social policies might therefore consist of "simulating" a stimulating educational environment in cases where social integration and family structure do not provide it. Initiatives of this type would appear to be closely linked to such issues as public infrastructure, housing, sanitation and community organization. Developing proposals along these lines constitutes a challenge that must be met if there are to be closer links between urban development policies and economic and social policies.

⁴ In this section, except as otherwise indicated, the source used is "Social Panorama of Latin America, 1994 edition" (ECLAC, 1994a), which mainly analyses the results of household surveys by country.

IV. KEY ISSUES IN URBAN MANAGEMENT

The 1980s constituted a transitional period in urban management styles. With the discovery that physical planning as such has meagre practical results if it is not accompanied by appropriate urban management, the emphasis hitherto placed on the planning and construction of the physical components of settlements has shifted to management, which has an increasing number of economic, social and institutional elements. Priority has been given to new matters which especially influence the development of Latin American cities, such as the establishment and strengthening of local governments capable of achieving a political and social consensus on the formulation of human settlement policies. The careful use of urban land so as to ensure balanced growth of cities will be another major consideration in the decisions to be adopted over the next few years. Lastly, the management of settlements must ensure that cities have sufficient infrastructure to support social progress and competitiveness, as regards both transport and urban and productive services.

A. GOVERNABILITY OF CITIES AND DECENTRALIZATION

Notwithstanding the 1970s predictions that cities would become uncontrollable in the long run, the present conviction is that they are governable, and the more pertinent question is how to create good government.

It is beyond doubt that the problems of Latin American and Caribbean cities do not arise solely from their population size and growth rate. Urban management today has two basic aspects: first, the circumstances enabling the existing institutional framework to act on the population's demands, a question that relates to the powers of regional and local governments; and, second, the need to maintain macroeconomic equilibria, which limits public spending on urban needs. In this connection, the initiatives to privatize urban services should be kept in mind.

Recent decades have generated an atmosphere favourable to decentralization, especially in so far as autonomy in the organization and management of services at the local level is concerned (Peñalva and Grossi, 1989; Boisier, 1995; De Mattos, 1995; Aghón, 1995). The Latin American countries are tending to transfer jurisdictions, resources and staff within a framework of geographical deconcentration. Bolivia, Chile, Colombia and Peru carried out decentralizing reforms during the 1980s; Brazil, which was already decentralized, strengthened local governments (Nunes, 1994; Aghón, 1995).

The point has been made that in most of the countries there is no clear definition of the nature and functions of urban governments with the exception of formal requirements stipulated by law. Decentralization processes are still in an initial stage, and local government is still far from being a key agent in the management of urban development. Municipalities continue to be bound to the traditional tasks of territorial administration and supervision and provision of some local services (Trivelli, 1995).

The municipal level of operation and administration frequently does not coincide with the geographical units of which cities are actually composed. Some large cities are broken up into numerous administrations, designed when the cities still consisted of scattered settlements, which leads to inefficiency, duplication of effort and poor coordination among authorities whose jurisdictions overlap. In other cases, municipalities have been overwhelmed by the growth of new urban centres in their territory, at distances from the administrative seat which make efficient local government difficult. Linkages and operative coordination between communal territories are essential if inefficiencies stemming from overlapping functions and jurisdictions among local, regional and national authorities are to be avoided (Peñalva and Grossi, 1989).

Centralism retains great strength in countries with a federal system, such as Argentina, Brazil, Mexico and Venezuela, as well as in other countries with a unitary system, such as Chile, Colombia, Ecuador and Peru. The strength of centralism is due to the concentration of various political, economic and institutional forces, which is why, despite an atmosphere favourable to decentralization, little real progress has been made (de Mattos, 1989).

While most countries recognize the benefits of decentralization—which is actually enshrined in principle in several constitutions—a de facto centralization exists which makes this principle difficult to apply in practice. One crucial aspect of this is the vulnerability of municipal finances and their dependence on fiscal resources transferred from other levels of government. Under these circumstances, only municipalities with greater resources can have viable jurisdictions, which tends to widen the gaps between rich and poor municipalities. If fiscal income is distributed very unequally, the decentralizing process will accentuate such inequalities, especially if it is not accompanied by effective mechanisms to offset fiscal disparities between municipalities.

Efficient spending capacity is becoming increasingly important in urban management. Local governments show limitations with respect to the efficient management of public funds as compared with centralized agencies or private enterprise (Aghón, 1995). Thus, policies designed to strengthen urban government bodies are decisive for improving their technical management capacity.

The financing of urban programmes draws upon various sources: the public sector, private agents and the community itself. Creating circumstances favourable to this process can facilitate the mobilization and accumulation of ample resources: community contributions (time, good will, working capacity, commitment and organization), financial support from the private sector, public contributions from budgetary resources, regulatory mechanisms and management of local development programmes.

The role of the private sector in urban management should be carefully considered. The privatization of urban services has been frequently recommended as a mechanism for financing their provision and operation. The private sector has shown a notable interest in helping to solve the problems of infrastructure and services affecting cities. Some experiences with privatization, however, show that the State's capacity to regulate the operation of markets is still limited, which affects the quality and cost of the service provided. Municipalities have not always managed to develop adequate monitoring and regulatory mechanisms for the private enterprises which manage services in their territory.

The creation of markets where they did not previously exist, as in the case of urban services, is a question relevant to the region's future. In this connection, the competent urban government agencies should consider adequate transitional measures, since good will is not sufficient to create markets. Much

of the social cost of economic restructuring policies is due to the failure to foresee the transition from a model of strong public-sector intervention to one in which resources are allocated by the market.

Whether it is a question of consolidated urban areas or of medium-sized cities in the process of expansion, the management of urban services requires a high operative capacity on the part of the agents involved. Even in cases where urban services are provided by private enterprises, that does not exempt such agents from responsibility for service delivery and quality. In this context, local government operative capacity no longer refers so much to service delivery as to consideration of the technical and entrepreneurial aspects which influence service provision, so as to establish a suitable basis for transferring functions to the private sector and selecting the best privatization options. There is also a need for local government to promote technological and operative innovation in the field of urban services with a view to improving quality, reducing costs and upgrading the urban environment.

B. LAND AND URBAN DENSITY

The recommendations of the United Nations Conference on Human Settlements (Habitat I), held in Vancouver, concerning the need to facilitate access to land for homeless families, establish public control over land use and channel the increment in the value of land resulting from public decisions or investments into the improvement of marginal settlements have been difficult to implement in the region in recent decades. Notwithstanding the decisive influence of the Latin American land market on the development of urban growth and housing, government intervention in this market has, in practice, been minimal (Geisse, 1981).

Urban poverty widens the gap between urban land costs and requirements with respect to locating housing for lower-income families. Obtaining access to land through large-scale or piecemeal land invasions or unconventional replotting methods has become difficult because of the increased regularization of tenure and the cumulative and speculative assessment of land adjacent to cities.

Families who settle in cities are seeking, first, adequate access to the services and jobs which cities provide, and, second, a secure stay for reasonable periods. Housing policies have sought to meet the needs of these families through programmes to regularize tenure by means of establishment or eviction. The establishment of marginal settlements has frequently been accompanied by slum upgrading operations which have enabled their inhabitants to make gradual progress. However, the results of processes of eviction of irregular settlements have not always been satisfactory for families and cities. Given the high priority which families attach to urban access, they often prefer to remain in areas prone to natural hazards, such as hillsides or river beds, or environmental hazards, such as rubbish dumps or roadsides, rather than move to settlements which may be safer, but which make their access to services and jobs difficult or expensive.

The countries' experience indicates that land markets have limited the scope of housing policies. Programmes which seek to provide adequate coverage must necessarily opt for land that is cheaper, far from urban centres, of poor quality and lacking in services. This fosters urban expansion and segregation and forces families to incur high costs in order to gain access to urban services and employment.

Even where the regional urbanization process is nearly complete, a strong demand for land persists, because migratory flows from smaller to medium-sized cities and metropolitan areas are continuing,

together with population shifts linked to new patterns of economic globalization. For their part, Latin American cities already have a population mass which, merely because of its own dynamic, requires large annual increases in land (see annex 5). If measures are not adopted to raise the relatively low densities which characterize the growth of Latin American settlements, there will be a need to incorporate an additional 800,000 hectares into existing cities in order to shelter the 40 million new urban inhabitants that the region will have in the next five years. If the region opts for densities approaching 200 inhabitants per hectare, the requirements would decrease to 200,000 hectares during that period, which in any case would mean that an area equivalent to Santiago or Bogotá would have to be built in all of the region's settlements each year. In the light of these figures, the resolute adoption of more compact land use models seems inevitable.

Land requirements are distributed in each country in accordance with its national settlement pattern. Greater demands seem to occur in medium-sized cities, in which the land market is frequently more rigid than in large cities.⁵ Thus, the effort to increase density is not limited to large cities, but must also be undertaken in smaller ones.

C. THE PROBLEM OF CONGESTION AND TRANSPORT

The most important transport problem which Latin America's large cities now face is traffic congestion caused by the excessive use of individual motor vehicles. The consequences of this adversely affect all citizens, including the public transport users, consisting mostly of lower-income strata, who must cope with higher fares and longer travel times.

The inhabitants of Latin American cities use a sizeable share of their income to buy cars, which results in unmanageable road requirements. In the region's main urban centres, there is a clear preference for using cars as opposed to public transport, which causes congestion and other environmental problems. In the past 10 or 15 years, cars have improved and become cheaper, while incomes have risen. In Peru, for example, the adoption of a neoliberal macroeconomic policy was accompanied by a rise in the value of motor vehicle imports from US\$ 12 million in 1990 to US\$ 171 million the following year.⁶

The ever greater number of cars and buses operating on the public streets of Latin American cities exerts pressure on the State to provide more infrastructure to accommodate them. In several cities, such as Rio de Janeiro, Quito, La Paz and Santiago, major road works are still under construction in already built-up areas, and efforts are being made to interest the private sector in their financing and management.

Transport requirements can make it necessary to build underground rapid rail systems, or metros. Cities including Brasilia, Caracas, Lima, Mexico City, Santiago and São Paulo have invested heavily in this area. With the technologies used up to now, this mode of transport has a high direct cost, as shown in table 7. In the future, the choice among various public transport alternatives will depend on the technological progress achieved and the environmental costs in each case.

⁵ As the Mexican Ministry of Social Development points out, of the nearly 58,000 hectares which the demand for urban land in Mexico represented during the 1980s, large, medium-sized and smaller cities accounted for 25%, 47% and 28%, respectively (ECLAC, 1994d).

⁶ These figures refer specifically to "non-bus passenger vehicles" (United Nations, 1993).

Table 7
COSTS OF VARIOUS URBAN PUBLIC TRANSPORT SYSTEMS,
PER PASSENGER-KILOMETRE

System	Cost per passenger-km (in 1994 dollars)		
	Operating cost, including interest charges	Operating cost, including depreciation	Total system cost
Bus (in mixed traffic)	0.03-0.07		
Bus in reserved lane	0.03-0.07		
Bus in expressway	0.07-0.11		
Rapid rail (underground)		0.13-0.27	0.27-0.34
Suburban rail		0.07-0.13	0.11-0.27

Source: Updated costs from Alan Armstrong-Wright, "Urban transit systems: Guidelines for examining options", World Bank Technical Paper, No. 52, Washington, D.C., World Bank, 1986.

Road pricing appears to elicit consensus as the most efficient way of controlling congestion. This option, of proven effectiveness in Singapore, should be weighed by Latin American governments.

There are various other methods of mitigating congestion, some of which are more effective than others. Parking restrictions, for example, do not distinguish between vehicles which move along congested routes and those which use other roads, nor between those which travel at times of greater and lesser congestion. Other options are: i) staggered business hours; ii) a rotating ban on the use of private cars, determined by the final digit of the licence plate; and iii) fuel price hikes in congested cities. Each of these options has disadvantages which limit its efficiency. Even less efficient are measures directed against car ownership, since this in itself is not the cause of congestion.

While such measures also improve the transit of public transport vehicles, it might be appropriate, under some circumstances, to introduce systems for giving preference to bus transit, by designating reserved lanes, building expressways, establishing right-of-way signals for buses, and so on.

Box 3

UNDERGROUND RAPID RAIL SYSTEMS OR SURFACE TRANSIT

Metros and suburban rail systems have proved expensive to build and operate. At best, commercial revenues cover operating costs, as in the case of the Santiago Metro; however, in Brazil, for example, operating subsidies for suburban trains have risen to more than 10 times the value of passenger ticket sales. In many cases there is no need for an underground rapid rail system, since bus systems, which offer more convenient services to users, can be much cheaper and better.

Brazil is one of the most forward-looking countries when it comes to operating buses on reserved lanes or expressways, which can carry up to 20,000 passengers per hour, lane and direction, at a speed of some 20 km per hour, stops included (in Porto Alegre). The best known example is that of Curitiba, where a system of bi-articulated buses was introduced; each bus can carry up to 300 passengers and operates on a world-famous network of expressways. Some of the Mexico City Metro lines, the Buenos Aires pre-metro, the Lima electric train, the second Santiago Metro line and the Rio de Janeiro pre-metro might never have been built if they had been compared with the alternatives offered by buses.

The Curitiba model has other very interesting features, such as the linkages between land use and the transport network, and between the various bus lines and the companies' pricing and financing systems. However, major changes will have to be made if this model is to be adapted to other cities. The principles on which the Curitiba system is based represent one of the available options for reaching better results; another, possibly preferable option would be to improve the operation of the market.

Source: World Bank, *Staff Appraisal Report: São Paulo Metropolitan Transport Decentralization Project*, report No. 10012-BR, Washington, D.C., March 1992.

D. INFRASTRUCTURE

Insufficient infrastructure gives rise to growing economic and environmental costs resulting from traffic congestion; pollution of watercourses limits their potential uses; and air pollution causes respiratory illnesses. When infrastructure is designed, careful consideration must be given to its environmental impact, since a cheap solution can entail tremendous environmental costs. For example, the paving of new areas makes the soil impermeable and creates flood hazards. The treatment and recycling of solid, liquid and gaseous waste is essential, since cities produce a large quantity of waste.

Infrastructural deficiencies have a direct adverse impact on the productivity of investment and limit economic growth. This effect is especially clear in the transport sector. Rail, airport, port and urban and intercity transport services run serious deficits which influence trade, cultural and social relations. Likewise, electricity, telecommunications and sanitation services (wastewater, solid waste) have a direct impact on the quality of urban life and human resource development. However, as these services, too, are distributed inequitably, they accentuate the differences in opportunities available to various social groups. Hence, to give such policies a redistributive bias will make a substantial contribution to social equity.

Mitigating infrastructural deficiencies means generating the resources needed to fill the gap. It was traditionally assumed that the public sector was responsible for investing in, operating and maintaining infrastructure, and this was the case in the region from the 1950s to the 1970s. State action delivered large-scale public works which had a major social and economic impact, and which served as a basis for subsequent development policies (IEU, 1994). Road, port, rail, electricity-generating and irrigation infrastructure helped to improve the productivity of industry and agriculture, which had beneficial consequences for employment and income.

However, since the 1970s, the model of the entrepreneurial State has shown limitations with respect to the provision and maintenance of public works, as well as the production and distribution of services. More than anything else, these limitations involved infrastructure management, since the State was wholly responsible for maintenance costs and even subsidized consumption. As operating and maintenance costs were not provided for, the works fell into a state of obsolescence and disrepair. At the same time, urban population growth generated a high demand for services which the entrepreneurial State found it increasingly difficult to meet.

The deficiencies which became visible in the 1970s had adverse effects on the productivity of the economy and the quality of urban life. Many urban services collapsed due to obsolescence and the large number of illegal practices developed by inhabitants deprived of access. The electricity, water and telephone networks, for example, have often been overloaded because of people plugging into the mains, tapping wires and using other illegal means to obtain services (Glifo, 1995).

The model of the State as provider of infrastructure also came into conflict with the requirements of maintaining macroeconomic equilibrium which Latin American governments faced in the 1980s, leading them to adopt more austere fiscal policies. Hence, investment in infrastructure suffered drastic cuts during the 1980s because, as the public sector retreated, its place was not clearly and promptly taken by the private sector.

The 1990s approach to the creation of infrastructure has shifted from one in which this process was seen as simply creating physical assets to one in which it is conceived of as providing a service (World Bank, 1991; *La era urbana*, 1994). From this standpoint, the basic criterion for assessing the quality of an infrastructural work is user satisfaction with the quality of the service. It is assumed that users will be willing to pay for the creation or maintenance of infrastructure that improves their quality of life.

This change of approach has at least two major consequences. The first is that it raises the question of prices as a counterpart to the costs of providing a service. Thus, payment by users contributes to maintaining the flow of services within acceptable quality standards, expanding or upgrading infrastructure and hiring qualified personnel. The second consequence is that, as services recover their costs and become profitable, they facilitate the entry of private resources into infrastructure production and management.

Current experiences in transferring aspects of infrastructure management from the public to the private sector have taken three major forms: service contracts, privatization and concessions (IEU, 1994). Under the service contracting system, as it typically applies to household waste collection, the public agency pays the service provider in accordance with established norms and standards. Privatization is the transfer of ownership and management to the private sector. The concessions system, in which operators of socially advantageous projects receive payment from users, combines State ownership with private operation.

While the price of services may be regarded as a burden for poorer segments of the population, it should be recalled that those deprived of urban services spend enormous sums to compensate for this lack. While the lack of services generates regressive conditions associated with the operation of deregulated markets, subsidies or prices so low that they do not allow for recovery of costs are also regressive, in that they limit coverage. Charging adequate prices for services may have initial political costs; however, if such prices result in prompt improvements in service quality, expanded coverage and user satisfaction, these costs tend to dissipate over time (Heisecke, 1994).

The search for profitability through private-sector participation in the provision of services can also lead to distortions. In particular, before services which naturally lend themselves to the establishment of monopolies are privatized, regulatory frameworks should be strengthened so as to safeguard service quality, level of coverage, investment goals, sectoral competition and the capacity of regulators to supervise pricing and cost structures.

The upgrading and expansion of the infrastructure of Latin American cities will require not only additional resources, but also efficient management systems within an appropriate institutional framework. In this context, importance should be attached to strengthening the technical and financial capacity of local governments, and to implementing decentralized public and private services adapted to regional and urban conditions.

V. HOUSING

A. DEMOGRAPHIC TRENDS AND HOUSEHOLDS

Although the slowing of population growth means that with a certain time lag the annual absolute increase in the region's population will decline, it will not bring about a commensurate decline in the demand for housing. The 1970, 1980 and 1990 rounds of population censuses show a steady increase in the volume of annual household formation. In the region as a whole the rate of growth in the number of households has remained relatively stable, and in a number of countries it has actually increased.

Of nine countries for which census information is available for the last two decades, four saw the rate of increase in the number of households rise: Argentina (from 1.0% to 2.2%); Panama (from 2.8% to 3.6%); Paraguay (from 3.0% to 3.9%); and Peru (from 1.8% to 3.2%). In the other five (Brazil, Chile, Ecuador, Mexico and Venezuela), although the rate of increase in the number households slowed somewhat, in relative terms it declined less than the rate of population growth. Brazil provides a good example: the rate of increase in the number of households declined from 3.1% in the 1970s to 2.9% in the 1980s, but the decline in the rate of population growth was even greater (from 2.5% to 1.9%).

Since in all the countries analyzed the annual number of new households is rising (even in those in which the rate of increase is slowing), it is evident that the region will be confronting an increase of nearly 3% in potential demand for new housing (see annex, table 7). This means that in the medium-term at least the sector will not derive much benefit from the reduction in population pressure resulting from the demographic transition in Latin America and the Caribbean.

The census information also shows that during recent decades the average size of households in the region has progressively declined. Figure 1 depicts changes in household size for selected countries. Even though these tendencies need to be considered more closely in light of household trends in each individual country, it is evident that dwellings will be accommodating smaller and smaller groups of individuals residing together. In general, the housing pattern that is developing in the region is less efficient than the pattern that prevailed earlier in that it requires a larger number of dwellings. Although the dwellings required may be smaller as household size declines, the fixed costs and infrastructure needed for each dwelling will increase the expense of providing shelter for Latin American households as they increasingly divide into nuclear units. On the other hand, since the census data indicates that over half of existing dwellings have three rooms or less (ECLAC, 1995), the decline in household size should alleviate the overcrowding now found in many households.

Figure 1

LATIN AMERICA AND THE CARIBBEAN: CHANGES IN HOUSEHOLD SIZE

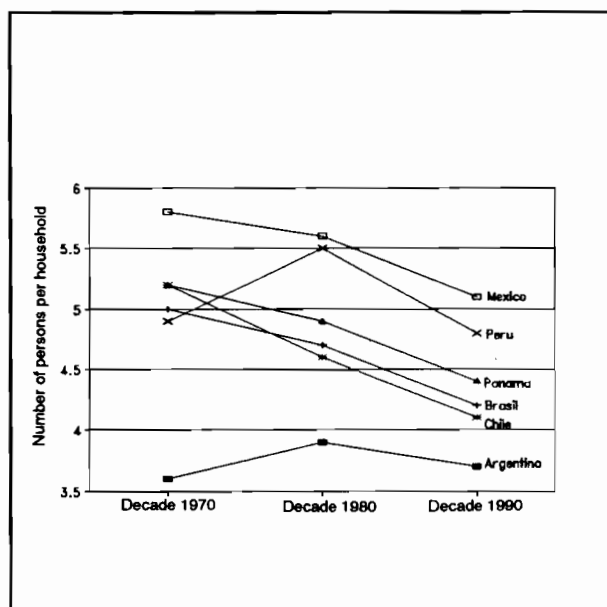
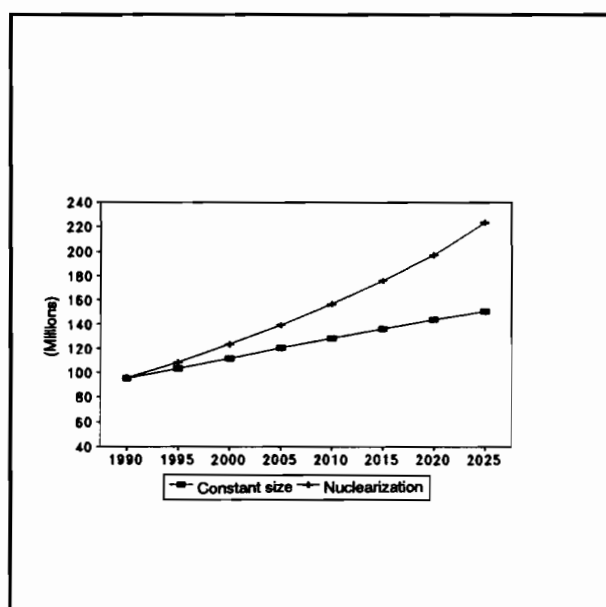


Figure 2

ESTIMATE OF NUMBER OF HOUSEHOLDS UNDER TWO DIFFERENT GROWTH SCENARIOS (1990-2025)



The dynamics of Latin American households, then, seems to be a function of more complex factors than the demographic trends. To determine the volume and characteristics of housing demand will require analysis of the full spectrum of family and household groupings into which the Latin American population combines to share living quarters (ECLAC, 1994b)⁷ and the foreseeable trends over the next few years. Such studies are equally important within countries to quantify, for example, the evolution of housing demand in urban and rural areas or on various socio-economic levels.

B. HOUSEHOLDS AND URBANIZATION

Urbanization is a major factor in the nuclearization of households. In the countries that were the first to urbanize, such as those in the Southern Cone, for example, the relative ageing of the population resulting from declining fertility and a higher life expectancy has increased the number of one-person households. In the early 1980s, one-person households constituted over 10% of total households in Uruguay, Argentina and Puerto Rico (12%) and over 6% in Chile and Brazil. The urbanization process fosters smaller family size by facilitating the access of women to health services, higher education and the labour market.

While the urbanization process is still under way, the headship ratio may rise considerably as a large number of young people reach adulthood. As young couples and individuals seek their own housing, they constitute a powerful demand segment, since in general they have greater opportunities to save to pay for housing than older or more extended families.

In countries in incipient or moderate transition stages, characterized by population growth rates of around 2.5% and 3%, respectively (ECLAC/CELADE 1993), and populations with a large proportion of children and youth, there are still many large families, often multi-generational or extended, typical of societies with a more heavily rural population. Such households may not be moving towards nuclearization at present, but it is highly likely that the structure of the domestic group will change as households adopt more urban cultural patterns.⁸

According to estimates made for 19 countries based on a total of 96 million households, by the year 2000 there will be from 112 to 123 million domestic units, and from 151 to 224 million by the end of another 25 years. In light of the continuing urbanization process in the region —and in the absence of other socio-demographic factors that would suggest a reversal of the strong trend towards nuclear family units— it seems reasonable to assume a substantial increase in numbers of households. According to this

⁷ Although most countries consider the household to be the domestic unit, there are quite a number of censuses that consider the household to be the residential group, i.e., a group of individuals sharing the same dwelling, even if the group is composed of a number of families or domestic units. In those cases, the census figures for households and dwellings coincide.

⁸ Given the importance for housing policy of future trends in demand, it is a cause for concern that governments are paying scant attention to the social, economic, demographic and cultural factors that influence the trends in household increase in their countries. The remarks that follow on specific features of these trends point up the inadequacies of conventional ways of measuring demand, such as applying overly general or out-dated estimates of household size to population volumes or applying rates of population growth to total households.

scenario (see figure 3), during the period 1990-1995 household formed in the region at a rate of over 2.5 million per year. Unless housing policy meets at least this much of the need, the present housing shortage will continue to grow.

Box 4

ESTIMATES AND PROJECTIONS OF THE NUMBER OF HOUSEHOLDS IN THE YEAR 2025

Estimates and projections of the number of households are useful in quantifying housing requirements. As with any simulation, the calculations can be done with varying degrees of complexity. Here a simple method is used to arrive at an approximate figure for the number of Latin American and Caribbean households on a country-by-country basis. The parameter used is the average number of persons per household as recorded in the national population and housing censuses from the 1970 series to the 1990 series.

Projections were figured assuming two different scenarios. In the first, the average number of persons per household according to the latest available census data was assumed to remain constant to the year 2025 and was applied to the latest population projections calculated by CELADE over that period. This scenario ignores the tendencies towards smaller household size observable in the region.

The second scenario assumes that the average number of persons per household will decline; it is dubbed the "accelerated nuclearization" scenario and takes into account the decline in fertility, the ageing of the population with a resulting increase in households of elderly singles or couples, and the earlier age at which young people become independent. It assumes the linear progression of household size from the last available census figure to a figure considered plausible in the year 2025 in light of past developments. For those countries in full or advanced demographic transition (groups III and IV in the CELADE classification), where more active or rapid nuclearization is likely, the figure selected is 3. For countries in incipient or moderate transition (groups I and II in the CELADE classification), with higher overall fertility rates and younger age structures, the indicator used was 3.5 persons per household. This scenario obviously means a larger number of households, which in turn puts greater pressure on the housing sub-system.

C. AVAILABILITY OF HOUSING, HOUSEHOLDS AND POVERTY

Whether or not a family has a real opportunity to obtain independent housing (whether formal or informal) also has a bearing on household composition. If households that form in or move to urban centres find it relatively easy to occupy a site and erect shelter, they are more apt to divide into smaller units. One explanation for the small household size reported in Bolivia, despite the fact that the country is in an incipient transition stage, may be that the population has relatively easy access to land on which to build housing. If, on the other hand, the opportunity to find separate accommodation, whether formal or informal, is limited, the new families that form among the lower-income segments of the population are forced to find living space with other households. In some countries such limitations on the domestic autonomy of the family resulted from strict controls on the illegal expansion of shanty settlements in the 1980s, combined with a big drop in housing production. When public housing once more becomes available, many families living in composite households perceive an opportunity to have a dwelling of their own and become a major source of demand for new housing.

Poor families may use their housing arrangements as a survival strategy. Households that require the income of several earners have opted for complex domestic arrangements, whether transitory or permanent (ECLAC, 1994a), in which a number of families share living quarters. These domestic strategies were a common response to the economic adjustments of the 1980s, and during that period overcrowding became more acute in poor households in many urban centres.

The strategies of "doubling up" or "sharing" can have both positive and negative consequences. If, on the one hand, the members of the household have skills and are able to contribute income or help with household chores, composite living arrangements provide flexibility and economic benefits for the family group. Thanks to this strategy, there is less poverty among extended households than among poor households of less complexity. If, on the other hand, the additional members do not bring in significant income, the receiving family must spread its income over all household members, offering its protection to the most vulnerable. Among poor households, those classified as indigent have a higher average number of persons per household than non-indigent poor households and a higher demographic dependency ratio.

One of the most striking changes in family structure in Latin America and the Caribbean is the increase in the number of families headed by women. Of thirteen countries for which information is available, only in Peru and Paraguay did the percentage of households with a female head decline slightly between the 1980s and the 1990s. The vast majority of the women reported to be the head of the household have no spouse and are the sole support of their families. With just a few exceptions, households (whether extended, composite or nuclear) headed by women have higher indicators of poverty than those headed by men. In the early 1990s, households headed by women were more than proportionally represented among indigent households; this was particularly the case in Venezuela, Costa Rica and Paraguay (ECLAC, 1994a). Households headed by a woman without a spouse and with three or more children present the conditions most likely to activate the mechanisms of intergenerational poverty perpetuation, such as child labour, frequent repeating of grades, dropping out of school and in general all the factors conducive to low educational capital formation (ECLAC, 1994a).

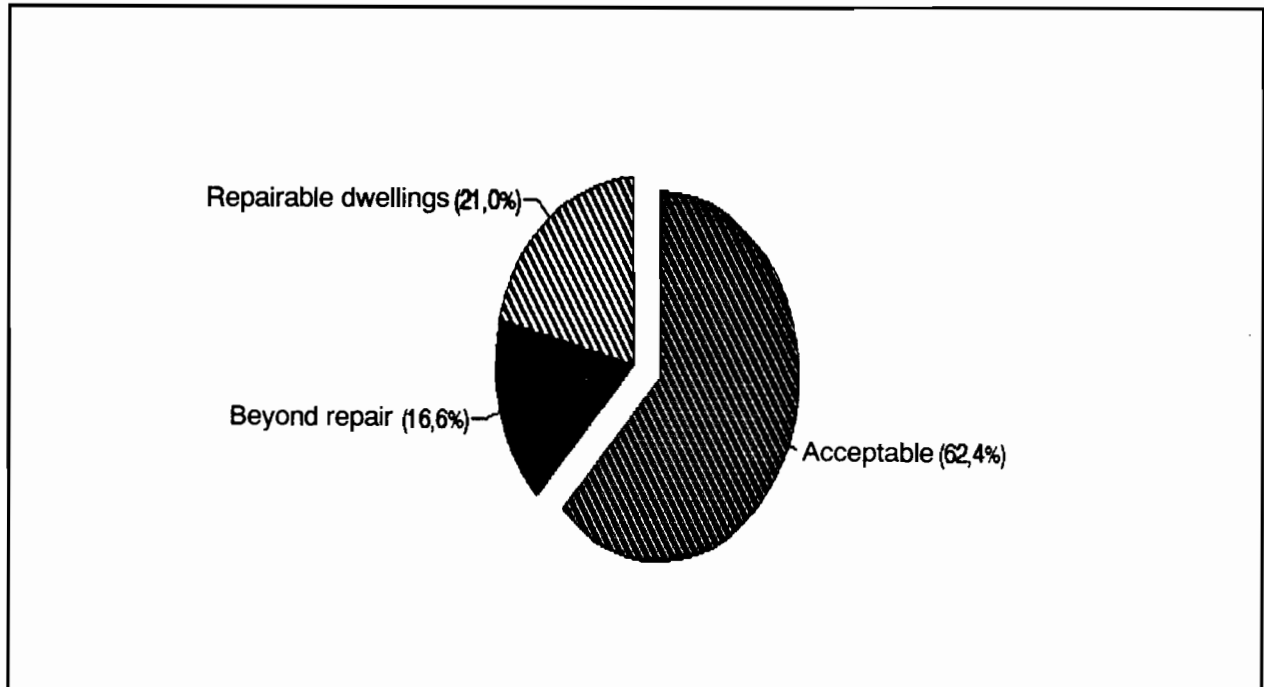
D. EXISTING HOUSING

According to the census information on 19 countries, in the early 1990s the region had a housing stock of 93 million private dwellings. Generally speaking, two out of every three dwellings constituted acceptable housing for Latin American households. The remaining dwellings were substandard in some way and were either repairable or beyond repair, depending on the severity of the problem (see figure 3).⁹

⁹ It should be borne in mind, of course, that a more exact classification of the housing stock would require factoring in the geographical, climatic and cultural contexts in which the dwellings are located. More precise statistics would also require measurement of how well the housing has been maintained, information that is not available in many cases.

Figure 3

**LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES):
AVERAGE COMPOSITION OF HOUSING STOCK**



There are major differences between countries in the quality of their housing stock. As table 8 shows, the countries with the highest proportion of adequate housing are also those with the highest relative levels of development (Argentina, Chile, Cuba and Uruguay). Those with the lowest percentage of housing in acceptable condition are Nicaragua, El Salvador, Guatemala, Bolivia and Peru. The three Central American countries mentioned have high rates of natural increase and high percentages of rural population. In Bolivia and Peru, where urbanization is further advanced, urban systems are less consolidated and a large proportion of households live in poverty.

Dwellings classified as repairable are of potentially acceptable materials but require major repairs to walls, floors or roofs. The percentage of existing housing in this category varies from country to country, ranging from under 12% of the total housing stock (Chile and Cuba) to nearly 30% (Peru, the Dominican Republic, Brazil, Guatemala and Honduras), based on the parameters implicit in the respective censuses. Since there are nearly 21 million dwellings in the region capable of repair, it is surprising that housing policy is not more oriented towards housing improvement programmes.

Dwellings classified as beyond repair are those that are so deteriorated or rudimentary that they would require extensive replacement of their material components and in essence would have to be rebuilt on their present site or elsewhere. This category, totalling some 12.5 million dwellings, comprises extremely dilapidated and overcrowded inner-city housing, makeshift shacks and shanties, rural huts and hovels, and the like. On average, such housing represents over 15% of the stock, and over 30% in some countries, for instance, El Salvador or Nicaragua.

E. HOUSING TENURE

Latin America and the Caribbean constitute a region of homeowners: two out of every three dwellings are owner-occupied, a high figure in comparison with other regions. Census information from the 1990s confirms that this phenomenon is not restricted to the more urbanized or developed countries; countries as diverse in their housing and social situations as Honduras, Panama, Peru, Mexico and Venezuela all have percentages of owner-occupied dwellings higher than 70%.

Box 5

OWNER-OCCUPIED DWELLINGS (%)

Country	1960	1970	1980	1990
Argentina	59	59	68	68
Chile	39	54	63	68
Ecuador	-	63	67	76
Panama	59	63	67	76
Venezuela	-	71	75	76

Source: For 1960, 1970 and 1980: ECLAC, *Statistical Yearbook for Latin America and the Caribbean*, Santiago, Chile, various years; for 1990: housing censuses.

Owner occupancy, already predominant in the 1970s, appears to have become even more accentuated in recent decades. Among other factors, incentives operating in both the social and commercial spheres to encourage ownership and purchase of housing have contributed to this situation. In light of the high percentage of irregular housing situations in the developing world, the stability of ownership observable in the region can be seen as a positive socio-economic factor.

According to studies by the World Bank (UNCHS, 1995), legal ownership has resulted in an increase of up to 60% in the commercial value of housing, thereby substantially increasing the assets of families. Moreover, such dwellings are more likely to have a sanitary infrastructure in the future, and secure tenure provides an incentive for families to allocate resources to improve their dwellings. It is safe to say, then, that the high proportion of owner-occupied dwellings in the region is a factor that tends to improve family income, quality of life and capital formation.

It should be borne in mind, however, that national averages do not reflect the real situation of the poorest strata of society, in which there is the highest proportion of irregular tenure. Countries should consider implementing policies to regularize ownership in pockets of irregular rural and urban housing. This is a particularly important issue in the Caribbean and Central American countries, where non-owner

occupancy is more common and rural dwellings subject to complex systems of tenure abound. Moreover, the public policy of assigning ownership of public housing to tenants can be judged to be a good one, because the stability implicit in such a system has proven to be an incentive for families to collaborate in repairing and maintaining their dwellings and to participate in improving the neighbourhood and the city.

It is none the less necessary to consider other forms of tenure better adapted to the increasing mobility inherent in urbanization and in the new situations created by liberalization. Families will probably wish to change residence in response to new expectations of employment or income. Policies should allow for flexibility of tenure, even in the case of housing designed for low-income groups, so that families have the opportunity to move to a new city, neighbourhood or dwelling as new opportunities for employment or betterment present themselves.

F. QUANTITATIVE AND QUALITATIVE DEFICIT

It is estimated that on average, out of every 100 Latin American households, 60 live in adequate housing, 22 in housing needing repair and 18 in extremely marginal housing (beyond repair) or are forced to share living quarters with other family groups.¹⁰

Based on these estimates, the region's quantitative deficit, in other words, the size of its housing shortage, is some 18 million dwellings. Earlier remarks about the probable underestimation of domestic units, however, are applicable here. Including additional family units that have been calculated for some countries (Mac Donald, 1994), the shortage of housing comes to around 20 million dwellings. Given the anticipated annual increase in the number of households for the period 1990-1995 through the formation of new units of demand, another 2.68 million dwellings will be needed each year. If in the next few years the pace of construction is not able to keep up with this demand, the quantitative deficit will continue to grow. In Brazil and Mexico, for example, the increase in number of households alone will create an annual need in excess of 900,000 and 530,000 dwellings, respectively.

The countries can be divided into four groups based on the ratio of net quantitative shortage to total households. The first group, countries with a low shortage ratio (less than 15% of households without housing or in housing classified as beyond repair), comprises Costa Rica, the Dominican Republic and Uruguay. The group with a moderate shortage —between 15 and 19 dwellings short for each 100 households— consists of Argentina, Brazil, Chile, Colombia, Cuba, Guatemala, Honduras and Paraguay. The group with a fairly high shortage ratio that is just above the average (i.e., a shortage of from 19 to 25 dwellings for each 100 households) includes Ecuador, Mexico, Panama and Venezuela. The fourth group, defined as having a shortage ratio higher than 25 per hundred households, comprises Bolivia, Peru, El Salvador and Nicaragua (see tables 8 and 9).

The qualitative deficit is even more pronounced than the net shortage and involves more than 20 million dwellings. Although it might seem less urgent a social problem, its economic impact is substantial over the medium term. If qualitative housing problems are not addressed in time, the stock of housing beyond repair could increase and augment the quantitative deficit. The inadequate scope of

¹⁰ Calculated on the basis of figures for the number of dwellings that are adequate, repairable or beyond repair compared with total domestic groups.

Table 8
LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES): HOUSING STOCK* (1981-1993)

Country	Year	Population ^b	Households ^a	Private dwellings	Adequate dwellings	%	Dwellings beyond repair	%	Repairable dwellings	%
Argentina	1991	32 615 528	9 380 204	8 515 441	6 480 251	76.1	587 565	6.9	1 447 625	17.1
Bolivia	1992	6 420 792	1 614 995	1 614 995	880 172	54.5	406 979	25.2	327 844	20.3
Brazil	1991	145 657 806	35 517 542	34 734 715	19 490 609	56.1	5 098 394	14.7	10 145 712	29.2
Chile	1992	13 231 803	3 365 462	3 120 967	2 394 995	76.7	364 760	11.6	361 212	11.5
Colombia	1985	28 713 000	5 824 857	5 251 273	3 303 051	62.9	525 127	10.0	1 423 095	27.1
Costa Rica	1984	2 404 530	527 299	500 030	339 840	67.9	43 804	8.8	116 386	23.2
Cuba	1981	9 723 605	2 350 221	2 290 176	1 698 649	74.1	335 427	14.6	256 100	11.1
Dominican Republic	1981	5 509 741	1 140 798	1 140 798	696 791	59.3	126 238	11.0	337 769	29.6
Ecuador	1990	9 648 189	2 136 889	2 008 665	1 375 212	68.4	296 609	14.7	336 834	16.7
El Salvador	1992	5 191 647	1 091 728	1 049 191	508 858	48.5	359 873	34.3	180 461	17.2
Guatemala	1989	8 663 859	1 610 994	1 591 288	874 111	54.9	283 225	17.8	433 952	27.2
Honduras	1988	4 443 721	808 222	762 117	481 658	63.2	90 921	11.9	189 767	24.9
Mexico	1990	81 249 645	17 394 368	16 035 233	11 364 798	70.8	1 964 712	12.3	2 705 723	16.8
Nicaragua	1991	3 808 035	...	639 531	128 545	20.1	289 994	45.3	220 992	34.5
Panama	1990	2 329 329	541 704	524 284	365 650	69.7	86 268	16.5	72 366	13.8
Paraguay	1992	4 152 588	873 694	855 547	517 578	60.5	143 080	16.7	194 889	22.7
Peru	1993	22 639 443	4 762 779	4 427 517	2 231 469	50.4	872 221	19.7	1 323 828	29.8
Uruguay	1985	2 955 241	902 300	823 253	685 934	83.3	40 998	4.9	104 553	12.7
Venezuela	1990	18 105 265	3 750 940	3 517 229	2 387 459	67.8	595 716	16.9	534 054	15.1
Average composition of housing stock:					Adequate dwellings: 62.4%		Dwellings beyond repair: 16.5%		Repairable dwellings: 21%	

Source: ECLAC, prepared on the basis of national censuses, and projections by CELADE. For El Salvador: Ministry of Planning and Co-ordination of Economic and Social Development, Encuesta de hogares, 1992-1993; for Guatemala: National Institute of Statistics, Encuesta nacional socio-demográfica, 1989; for Nicaragua: data provided in 1994 by the Nicaraguan Institute for Municipal Development (INIFOM) and the Swedish International Development Agency (SIDA); for Colombia: estimates by the Instituto Nacional de Reforma Urbana y Habitacional (INURBE), United Nations Centre for Human Settlements (Habitat)(UNCHS) and National Planning Department; for Uruguay: data provided by the Ministry of Housing, Land Management and Environment.

- The figures for the categories of housing stock are estimates based on information concerning predominant construction materials and type of dwelling. When such information was lacking or insufficient, it was supplemented with data on sanitary facilities (see annex, table 9).
- Population figures are taken from the censuses of the years indicated and may not coincide with the estimates and projections presented in previous chapters. The percentage of the 1990 Latin American and Caribbean population covered is 96.15%.
- With regard to quantification of demand, for Brazil, Chile, Costa Rica, Honduras, Mexico and Panama the number of households was calculated on the basis of the average number of persons per household taken from national household surveys. For Argentina, Paraguay and Uruguay, in view of the urban coverage of the source, additional urban households were estimated and added to those recorded in the census. For the remaining 10 countries, the computations were based on census figures for households.

Table 9
LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES):
ESTIMATE OF HOUSING STOCK DEFICIT AND ANNUAL HOUSEHOLD FORMATION
(1980-1993)

Country	Year	Quantitative deficit ^a		Qualitative deficit ^b		Total deficit (100%) ^c	Annual increase in households ^d
		No.	%	No.	%		
Argentina	1991	1 452 328	50.1	1 447 625	49.9	2 899 953	152 378
Bolivia	1992	406 979	55.4	327 844	44.6	734 823	44 400
Brazil	1991	5 881 221	36.7	10 145 712	63.3	16 026 933	909 000
Chile	1992	609 255	62.8	361 212	37.2	970 467	72 000
Colombia	1985	1 098 711	43.6	1 423 095	56.4	2 521 806	200 000
Costa Rica	1984	71 073	37.9	116 386	62.1	187 459	25 000
Cuba	1981	395 472	60.7	256 100	39.3	651 572	42 000
Dominican Republic	1981	126 238	27.2	337 769	72.8	464 007	49 000
Ecuador	1990	424 843	55.8	336 834	44.2	761 677	69 000
El Salvador	1992	402 410	69.0	180 461	31.0	582 870	31 000
Guatemala	1989	302 931	41.2	433 952	58.8	736 883	69 000
Honduras	1988	136 797	41.9	189 767	58.1	326 564	42 000
Mexico	1990	3 323 847	55.1	2 705 723	44.9	6 029 570	535 000
Nicaragua	1991	289 994	56.8	220 992	43.2	510 986	29 000
Panama	1990	103 688	58.9	72 366	41.1	176 054	16 000
Paraguay	1992	161 227	45.3	194 889	54.7	356 116	30 000
Peru	1993	1 207 483	47.7	1 323 828	52.3	2 531 310	105 000
Uruguay	1985	111 812	51.7	104 553	48.3	216 366	8 400
Venezuela	1990	829 427	60.8	534 054	39.2	1 363 481	148 000
Average composition:		Quantitative deficit:		Qualitative deficit:		Total: 100%	2 581 000
		45.6%		54.4%			
The percentage of the 1990 Latin American and Caribbean population covered is: 96.15%							

Source: ECLAC, prepared on the basis of national censuses, and projections by CELADE. For El Salvador: Ministry of Planning and Co-ordination of Economic and Social Development, Encuesta de hogares, 1992-1993; for Guatemala: National Institute of Statistics, Encuesta nacional socio-demográfica, 1989; for Nicaragua: data provided in 1994 by the Nicaraguan Institute for Municipal Development (INIFOM) and the Swedish International Development Agency (SIDA); for Colombia: estimates by the Instituto Nacional de Reforma Urbana y Habitacional (INURBE), United Nations Centre for Human Settlements (Habitat)(UNCHS) and National Planning Department; for Uruguay: data provided by the Ministry of Housing, Land Management and Environment.

- ^a Quantitative shortage: number of households - number of adequate and repairable dwellings.
^b Qualitative deficiencies: number of repairable dwellings.
^c Total deficit: quantitative shortage + qualitative deficiencies.
^d Annual increase in households: estimates of annual increase for period 1990-1995 based on nuclearization hypothesis for the evolution in the average number of persons per household.

Box 6

MEASURING HOUSING REQUIREMENTS AND CENSUS STATISTICS

Given the chronic lack of capacity to supply housing to an extent that will at least ensure that the deficit does not keep widening, in the housing debate it has been suggested that there is no point in calculating the deficit, since in any case the resources available are insufficient to meet the need. Such statements aside, it is unquestionable that programmes can be improved by an objective understanding of the magnitude, composition and geographical distribution of housing shortages.

In this regard, the data on housing shortages presented in this document are not designed to rate the performance of the countries and do not pretend to determine the exact magnitude of the deficit. For those countries for which detailed, up-to-date information is available, it was possible to identify housing deficiencies with greater precision. Where information was very general, less precision was possible. The cooperation of housing agencies in some countries was also helpful in refining the estimates.

The housing stock was broken down into categories on the basis of data on predominant materials and types of housing deriving from the latest housing censuses in 19 countries in the region.

From this exercise two levels of results were obtained. The estimates of dwellings beyond repair were calculated on the basis of the categories of marginal housing employed by national institutes of statistics or housing and are relatively reliable. The figures on repairable dwellings, on the other hand, should be viewed with greater caution, because they may be underestimated for a number of countries. There is a need for countries to define more precisely the dividing line between an adequate dwelling and another that needs improvement in its material components in order to be considered adequate. Moreover, the lack of information on the state of the material components is a serious obstacle to an accurate classification of this sort. In this regard, it is worth noting the system used in Costa Rica's population and housing census (1984), in which the condition of the predominant material component is assessed and a distinction is made between material components that have no defect or deterioration in their structure, those that require major repairs, but not total replacement, and finally, those that need to be replaced for the protection of the inhabitants of the dwelling.

improvement programmes in the region and the scarce resources of low-income families that prevent them from taking care of the necessary repairs themselves together make it difficult to maintain the housing stock and foster urban blight and the abandonment of dwellings. Ratios of repairable housing to total housing stock range from just under 10% to over 25%, the latter in the case of Guatemala, Colombia, Brazil, the Dominican Republic, Peru and Nicaragua (see table 8).

Looking at each country individually, the housing deficit picture differs with respect to the proportion of quantitative and qualitative components. Whereas the quantitative component predominates in such countries as Chile, Cuba, El Salvador and Venezuela, in others, such as Brazil, Costa Rica, Honduras and the Dominican Republic, the qualitative deficit is the more important component (see table 9). In each case, housing strategies should combine a variety of programmes in the right proportion depending on the priority assigned to building new housing or repairing existing housing.

G. WATER AND SANITATION

In the early 1990s, 73% of dwellings had piped water. Of 18 countries, those most deficient in this respect were Paraguay (where two out of every three dwellings lacked piped water according to 1992 figures), Peru and Bolivia (in these two countries, at roughly the same period, one out of every two dwellings lacked a supply of safe water). The figures contrast with the coverage achieved in Uruguay, Panama, Venezuela, Costa Rica, Chile and Argentina, where the percentage of dwellings without access to piped water does not exceed 20%. Even so, the actual numbers of dwellings without water in these countries indicate an urgent need (see table 10). Access to sewage systems is even more limited than access to drinking water: in the region as a whole only 42% of dwellings have sewage facilities. Coverage varies from 50% or more (in Chile, Colombia, Costa Rica, Mexico and Venezuela) to under 25% of the housing stock (in Bolivia, Honduras and Paraguay).

Most Latin American countries have made some progress since the early 1980s with respect to access to sanitary facilities. However, the Pan American Health Organization reports (PAHO, 1994) that while major efforts have been made in nearly all the countries there has been no appreciable improvement in regional terms compared with 1980 indicators (particularly compared with data from the second half of the decade).

There are still major differences between urban and rural dwellings. Nearly 73% of urban dwellings have drinking water piped into the dwelling; in rural areas, only 25% have piped water and it is not necessarily inside the dwelling. A little over 67% of urban households have access to adequate systems for eliminating excreta (sewers or septic tanks). This figure drops to 10%, on average, in rural areas. In Bolivia, El Salvador, Peru and the Dominican Republic, rural coverage does not exceed 6% of dwellings (see annex, table 11).

The urbanization process promotes health by improving access to sanitary facilities. The drop of over 50% in infant mortality in the region between 1950-1955 and 1985-1990 in very different contexts may be due to greater access to basic plumbing. Moreover, the installation of a piped drinking water and sanitary facilities in rural and marginal urban settlements has motivated families to improve and expand their dwellings and surroundings.

In view of the positive effects on the population of access to basic facilities, stepped-up sanitation programmes aimed at extending coverage in both urban and rural areas could be an important factor in reducing poverty in the region.

Table 10
LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES):
FACILITIES AVAILABLE IN THE HOUSING STOCK

Country	Year	Private dwellings	With piped water ^a		With sewers ^b		With electricity	
			No.	%	No.	%	No.	%
Argentina	1991	8 515 441	7 873 880	92.47	3 287 078	38.60	...	...
Bolivia	1992	1 614 995	831 113	51.46	298 301	18.47	801 629	49.64
Brazil	1991	34 734 715	24 562 013	70.71	12 256 963	35.29	...	...
Chile	1992	3 101 356	2 734 645	88.18	2 169 264	69.95	2 733 786	88.15
Colombia	1985	5 251 273	3 699 837	70.46	3 121 859	59.45	4 048 150	77.09
Costa Rica	1984	500 030	434 345	86.86	327 748	65.55	415 463	83.09
Cuba	1981	2 290 176	1 697 904	74.14	1 113 026	48.60	1 897 867	82.87
Dominican Republic	1981	1 140 798	631 907	55.39	292 766	25.66	...	...
Ecuador	1990	2 008 665	1 259 638	62.71	793 178	39.49	1 559 786	77.65
El Salvador	1992	1 049 191	581 567	55.43	334 797	31.91 ^c	757 201	72.17
Guatemala	1989	1 591 288	1 017 310	63.93	422 010	26.52	794 052	49.90
Honduras	1988	762 117	480 576	63.06	155 841	20.45	301 827	39.60
Mexico	1990	16 035 233	12 792 987	79.78	8 362 838	52.15	14 033 451	87.52
Panama	1990	524 284	423 168	80.71	153 581	29.29	381 676	72.80
Paraguay	1992	855 547	269 443	31.49	65 817	7.69	493 898	57.73
Peru	1993	4 427 517	2 167 935	48.97	1 769 635	40.00	243 0666	54.90
Uruguay	1985	823 253	660 847	80.27	381 581	46.35	702 912	85.38
Venezuela	1990	3 517 229	2 863 702	81.42	2 220 945	63.14	3 274 236	93.09
Region			Piped water: 73.22%		Sewers: 42.28%		Electricity: 77.12%	

Source: ECLAC, prepared on the basis of national housing and population censuses. For El Salvador: Ministry of Planning and Coordination of Economic and Social Development, Encuesta de hogares, 1992-1993; for Guatemala: National Institute of Statistics, Encuesta nacional socio-demográfica, 1989.

^a Piped water: includes access to water inside the dwelling or on the site and less than 100 meters away from the dwelling.

^b Sewers: system for eliminating excreta connected to a sewer system.

In Bolivia: sanitary facility with flush

In Cuba: water-supplied sanitary facility connected to a sewer system

In Guatemala: dwellings with toilet

In Paraguay: modern bathroom with waste pipe connected to public system

In the Dominican Republic: dwellings with toilet

^c The percentage refers to households.

Box 7

**INTERRELATIONSHIPS BETWEEN HOUSING CONDITIONS,
MORTALITY AND SOCIAL RISK**

The deficiencies observed in Latin America and the Caribbean in housing and sanitation are well-known to be a cause of excessive mortality and are closely related to levels of poverty, socio-economic backwardness and territorial inequity. A series of socio-demographic studies have shown that the lack of access to safe drinking water and sanitary facilities for eliminating excreta are variables that have a direct correlation with the intensity of certain diseases common among the poorest segments of the population and the incidence of infant mortality among a given socio-economic group. CELADE analyzed the risk factors for infant survival in Costa Rica. By classifying the quality of the dwellings, using census information on the condition of the material components of the house, the supply of water, the sanitary facilities and the degree of crowding, CELADE arrived at estimates of infant mortality of 27 per mil for families living in dwellings in poor condition and 16 per mil for those occupying adequate dwellings. It concluded that apart from the mother's level of education, the degree of deterioration of the housing was the risk factor most closely correlated with child mortality. In other words, the housing factor is another substantive mechanism in the generation of adverse conditions for infant survival.

Similarly, a series of studies on the health of indigenous populations of the countries of the region provided additional evidence of the interrelationship between deficiencies in the environment, extreme poverty and excessive mortality. In Bolivia, Guatemala, Mexico and Peru, countries in which roughly 60% of the region's indigenous population is concentrated, most of that population lives in conditions of extreme poverty and suffers from identifiable patterns of disease and rates of infant mortality much higher than the national averages. Data on Guatemala (1990) show that drinking water coverage is less than 20% among the population of Petén and less than 30% in the Zona Norte (areas with a high concentration of indigenous population); less than 55% have any type of basic sanitary facility. In 1985 infant mortality was estimated at between 100 and 150 per thousand live births and life expectancy at birth was 10 to 15 years less than for the general population. In Mexico, studies cited by PAHO show repeatedly that the housing conditions of the indigenous population are much poorer than the national average. The vast majority live in dwellings with a dirt floor, and more than half (according to figures on municipalities that have over 2.8 million inhabitants from this population group) have no sewage disposal facility of any kind. While the five main causes of death among the general population of Mexico are not communicable diseases, in the case of the indigenous population the five main causes of death include three categories of infectious disease (intestinal diseases, pneumonia and influenza, and measles), transmittal of which is influenced by sanitation and housing conditions.

Source: Latin American Demographic Centre (CELADE), Costa Rica. "Los grupos sociales de riesgo para la sobrevivencia infantil 1960-1984", Serie A, No. 1049 (LC/DEM/CR/G.15), San José, 1987; Pan-American Health Organization (PAHO), *Health Conditions in the Americas, 1994 Edition*, Scientific publication, No. 549, vol. 1, Washington, D.C., 1994.

PERCENTAGE OF DWELLINGS WITH ACCESS TO PIPED WATER



The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

VI. HOUSING MANAGEMENT

To sum up the previous discussion, in the early 1990s the region was short some 18 to 20 million dwellings and had another 20 million requiring urgent repair. According to projections, just to maintain the existing stock, over a half million dwellings would have to be produced per year, and to that must be added the number needed to meet the demand of households formed during the same period. This puts construction targets at between 2.3 and 3.2 million units annually simply in order to keep the existing deficit from widening.

These figures, which stand in sharp contrast to the modest output of the sector in the past, reveal the necessity for revising housing policy in order to increase the efficacy and efficiency of housing management. One of the first areas to be addressed is how to marshal greater resources to meet housing needs, especially the needs of lower-income groups, and to design innovative financing systems that will allow for sustained growth in the sector. Another area to be addressed is how to modernize aspects of the supply of housing goods and services and to create mechanisms that maximize access and target the greatest need. It is also important to clarify and specify the direct objectives of housing programmes in light of the chief deficiencies in a given country and to achieve greater complementarity between housing policy, urban policy and social policies aimed at alleviating poverty.

A. TRENDS IN SOCIAL EXPENDITURE ON HOUSING¹¹

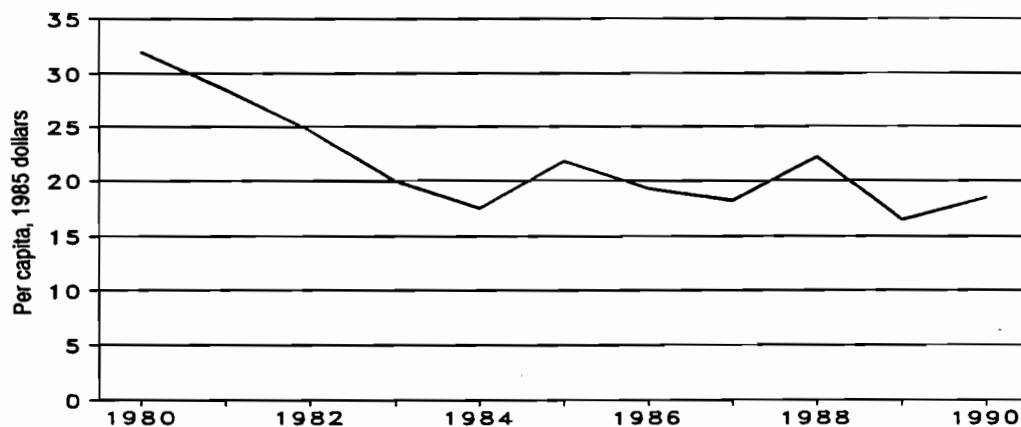
In Latin America, social expenditure on housing has traditionally been lower than other categories of social spending and was cut heavily during the 1980s. The reduction was most evident in the countries in the region with lower levels of social spending, which also tended to be those at lower levels of development and hence the greatest social lag.

Due to the crisis of the 1980s, public spending on housing declined in both real per capita terms and as a share of GDP (see figures 4 and 5). The decline resulted not only from the contraction of public expenditure in general and social expenditure in particular in the region for the sake of restoring fiscal balance, but also from a decision to preserve other social programmes, in the areas of health and social security, for example, at the expense of housing (see figure 6). In fact, the evidence indicates that during the period of fiscal adjustment in the 1980s housing was the area most vulnerable to spending cuts, persistently deeper than cuts in social spending in general, and was left behind when social spending began to return to the levels recorded in the early 1980s. Real per capita expenditure on housing in the early 1990s in most countries remained below the level in the early 1980s.

¹¹ For a thorough review of trends in social expenditure, see Cominetti and di Gropello (1994).

Figure 4

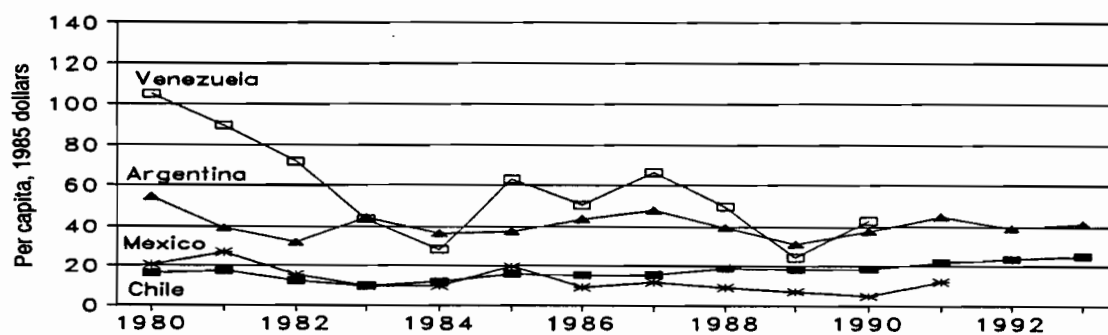
**SOCIAL EXPENDITURE ON HOUSING, PER CAPITA, IN 1985 DOLLARS.
TOTAL FOR EIGHT LATIN AMERICAN COUNTRIES, 1980-1990**



Source: ECLAC, on the basis of official data.

Figure 5

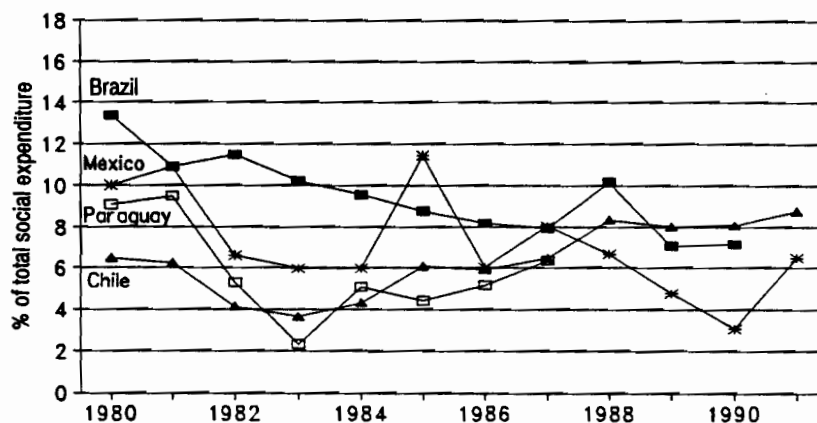
**SOCIAL EXPENDITURE ON HOUSING, PER CAPITA, IN 1985 DOLLARS.
SELECTED COUNTRIES, 1980-1993**



Source: ECLAC, on the basis of official data.

Figure 6

SHARE OF HOUSING EXPENDITURE IN SOCIAL EXPENDITURE.
SELECTED COUNTRIES, 1980-1991



Source: ECLAC, on the basis of official data.

The vulnerability of the housing sector to the adjustments necessitated by lower public revenues was due in part to the social and political interpretation applied. According to the development concept of the 1960s and 1970s, housing, like with health and education, was identified as a basic social need that public policy should address in order to correct the inequalities resulting from inequitable income distribution.

Housing programmes assumed great political and economic importance as the "visible sign" of the social commitment of governments. Because of the persistence of the technical standard of minimal acceptable housing, however, a threshold that was often beyond the real purchasing power of the poor, the production cost of public housing often severely limited coverage. Delivery that has chronically lagged behind need has led to the conviction that it would be practically impossible to satisfy all the demand for housing and has tended to shift attention to the areas of social security, health and education.

Given this situation, an increase in expenditure on housing through a redistribution of budget allocations or under the umbrella of social expenditure would seem to be out of the question. In order to justify an increase in spending on housing at the expense of allocations to sectors seen as social priorities would require a political consensus difficult to achieve in the present climate.

Achieving better coverage and quality through housing policy would seem to depend, then, on mobilizing new resources, primarily from the private sector, and on making progress in designing cross-sectoral programmes to focus available resources more effectively and to achieve levels of productivity and efficiency that will make it possible to expand and raise the quantity and quality of housing construction and the delivery of services.

The following sections address the various aspects of housing policy that must be revised in order to make up the cumulative deficit and meet the housing needs that will arise in the region over the next few years.

B. DEVELOPING ADEQUATE FINANCE SYSTEMS

The trend in social spending, which in most countries of the region has not yet returned to pre-crisis levels, makes it impossible, at least over the medium term, to proceed on the assumption that the public budget allocations will expand to make up the ground lost during the 1980s.¹² The only alternative, then, is to explore other sources of financing, particularly for public housing programmes.

Up to the 1980s, obtaining international loans for the construction of housing was the most common way of supplementing public budgets. This method of financing made possible advances in the areas of sanitation and public housing; in some cases it also strengthened private housing finance. At the same time, it was largely the cause of the heavy fluctuations in the volume of investment that impeded gradual and sustained growth in the sector in recent decades. While multilateral institutions are generally still willing to increase levels of external credit for housing programmes oriented to the poorer segments of the population in the various countries, experience has shown that the programmes must be carefully coordinated with internal efforts to strengthen national institutions and financing systems in order for their impact to be sustainable.

In the new climate that developed towards the end of the past decade, efforts to achieve prudent management of monetary policy, control inflationary pressures and liberalize financial flows opened up the possibility of channelling new investment towards the housing sector. Competition for such capital has meant that in many countries the system that managed housing funds, which used to operate separately from the rest of the financial system through banks that specialized in housing loans, has been replaced by open (universal or full-service banking) financial systems. The latter have often proven to be more efficient and transparent and have gained public confidence, most notably the confidence of potential institutional investors. In some countries the specialized banks are doing a better job meeting the specific needs of the housing sector in terms of both attracting and lending funds.

In the initial phase, the increasing participation of the private sector in the field of housing has been concentrated in the most profitable segments. A development of particular significance has been the growth of the market for long-term financial instruments, such as mortgage notes and bonds, which has

¹² Spending on housing is not likely to be supported by an increase in the tax ratio, which tended to decline over the course of the 1980s. There has been strong political resistance to raising real estate taxes, and in any case it appears to be more appropriate to channel it towards the increasing demand for urban and neighbourhood services.

substantially reduced operating costs and tapped the potential of insurance companies and pension funds as investors in such instruments. Figure 1 in the annex shows the radical changes that have come about in the flow of financial resources in Chile as the private sector has taken a greater role in the financing of housing. In 1972, the percentages of public and private investment were 72% and 18%, respectively; by 1994, these percentages were nearly reversed at 19% and 81%. On the other hand, in view of the fact that the proportion of dwellings financed with public funds is now greater than during the 1970s, one can conclude that a properly designed financing system can allow room for private capital without reducing the presence of the public sector in terms of guidance and support to the segments of the population that most need it.

Whether or not it is desirable or expedient to replace "specialized" financing in the housing sector by a different system that operates through an open financial market is an issue that has been widely debated in the region. A careful evaluation of the financing offered by the full-service banking sector in relation to the amounts, rates and terms that sectoral operations require; the existence, absence or weakness of monetary correction mechanisms; the security offered by secondary mortgage markets; the potential access of various social groups to savings and loan facilities; and the feasibility in political and institutional terms of an acceptable level of mortgage loan recovery will provide the basis for a decision about when and how to innovate, so that more modern mechanisms for financing housing do not have a negative effect on the production and supply targets that must be met in order for the housing picture to improve.

Housing policy needs to be based on a different concept, one that does not view public housing primarily as an item of expenditure but emphasizes the ways in which housing policies can contribute to coherent and stable macroeconomic management by increasing investment and savings. Strategies directed at stimulating and harnessing family saving through the incentive of home ownership and at channelling other resources from institutional investors into the sector will foster complementarity between the traditional social benefits of housing policy and other benefits of an economic nature. Properly directed housing policy can shorten the time lags or eliminate the barriers that delay or prevent the benefits of progress from reaching the neediest. In other words, this sector can contribute to the goal of development with equity.

C. ACCESS TO HOUSING

A variety of financial, regulatory and institutional instruments have been fashioned to provide real, sustained access to housing for families that need it. Subsidies of various kinds are intended to overcome the obstacles that low-income groups face in buying a dwelling. Demand-side subsidies have gradually been replacing the original approach of supply-side subsidies in the form of tax exemptions or special credits for the housing construction industry.

There appears to be general agreement that direct subsidies to families purchasing a dwelling are in general a more fair and impartial system for providing access to this good. Since they are easy to quantify, such subsidies allow for more efficient handling of the sectoral budget, and they are progressive when granted in inverse proportion to the value of the corresponding dwelling. The trend towards the elimination of indirect and hidden subsidies is also a desirable one. In practice, however, countries have found that sufficient, adequate and timely construction of public housing may require supply-side support or general subsidies, at least at some stages or in some situations. In the case of basic housing, in

particular, experience in the region has shown that abstract subsidy models often require pragmatic adjustment in view of the real priority, namely, to provide housing to those who need it. In order to provide housing in small towns or rural areas, for example, it may be necessary to provide substantial support to the supply side to extend production beyond urban centres.

A system for facilitating access to housing involves more than a set of subsidies. It requires a complex package of financial mechanisms and regulatory, institutional and communications instruments in order to make it possible for those who need a dwelling to get one. To reduce the costs and risks of entrusting financial management to public housing institutions, the savings accumulated by the applicant and the loan procured to make up the price of the housing unit are usually handled through the open banking system.

With regard to the conditions to be met to qualify for housing, the need for clear, objective and transparent rules has been emphasized in order to establish the credibility of the system for assigning housing among applicants. Apart from the selection criteria, there is a value simply in having the application and housing assignment systems remain the same over a period of time so that families can hear about them and learn how to use them despite their considerable complexity. The institutional and administrative atmosphere can be important in facilitating the access of individuals to the system and in providing them with sufficient information to make correct decisions about obtaining a dwelling.

Objectivity in the rules of the game does not mean that the Government should not give a focus to housing policy. Interesting experiments emphasizing, for example, urban renewal, high density housing, or group applications, among other things, have demonstrated that housing policies can achieve objectives considered high-priority through appropriate systems of access.

Given the urban predominance among households in the region and the challenges in terms of social and geographical mobility inherent in a scenario of changing production patterns, it would appear advisable to design integrated systems of housing access in which families can choose between different housing products according to their needs, possibilities and preferences. A modern housing market will tend to be "self-targeting" under a coordinated set of programmes whereby the public sector offers direct, differentiated support to different income segments. Moreover, a bonus for advance saving and responsible payment of debts incurred can be an important incentive leading families to internalize positive behaviour patterns that will be indispensable if there is to be a true transformation of production patterns in the region.

D. TARGETING IN HOUSING PROGRAMMES

Studies on the impact of social expenditure in some countries have pointed out that spending on housing tends to be regressive (Cominetti and di Gropello, 1994). The evidence suggests that a substantial portion of the resources allocated to conventional basic housing programmes is diverted towards less needy segments of the population. Such transfers were inherent in an approach that assumed universal provision of goods and services by the Government, an approach that needs to be revised in view of funding constraints and the priority that the problems of poverty have assumed.

Refining the focus entails clearly identifying the target population and devising mechanisms and programmes that ensure that that population will be reached. A specific effort needs to be made to determine which subsidies and programmes are filtering through to groups that do not need them.

The broad range of current shortages and deficiencies makes it inadvisable to restrict housing policies solely to inflexible targeting schemes; rather, programmes are called for that are specifically designed for different groups whose characteristics and problems are both unique. In practice, an approach that provides diversified solutions may include narrowly focused programmes and others that while not specifically directed at segments of the population in extreme poverty can nevertheless benefit low-income groups through their impact on employment, local activity or the improvement of the urban and rural environment.

In the case of programmes to alleviate extreme poverty, "self-targeting" capability is a desirable feature that can be achieved by designing solutions and programmes that will have greater potential to be useful to the poor by the very nature of the product delivered. This approach may be particularly relevant for countries with a limited capacity to reinforce housing selectivity through computerized socio-economic demand classification systems.

In the case of large-scale basic or low-cost housing programmes involving higher levels of construction activity and greater mobilization of resources, adequate selectivity requires application procedures that are stable but at the same time constantly adjusted over the course of time. In some countries, systems of social statistics allow for more accurate targeting of low-income families and also contain information useful in setting objective criteria for assigning housing benefits.¹³

It is rare that efforts in the area of housing are adequately coordinated with programmes in other areas. In this regard, territorial targeting is a useful tool for mobilizing the resources of a variety of sectors towards townships and neighbourhoods that are lagging behind in public and private investment and in their development expectations.

E. HOUSING TECHNOLOGY

The technological policies to be developed in order to raise the housing sector's productivity will have an influence on the potential of the region to increase the quantity and improve the quality of its housing production. Generally speaking, it has been established that the materials, components, machinery and tools employed in construction (value added prior to construction work) represent slightly more than one fourth of the cost to the buyer, while the design and the value added from construction account for a little less than one fourth. The other half of the cost of housing is made up of project management (less than

¹³ Chile uses the CAS survey system to determine socio-economic strata and as a guide, within the system of government subsidies, for awarding benefits under the various housing programmes directed at low-income groups and other programmes aimed at improving marginal neighbourhoods. The method allows for uniform processing and decentralized implementation at the municipal level. The FES data system used in Costa Rica to award government subsidies has similar features (ECLAC, 1995).

10%) and long- and short-term financing costs.¹⁴ This cost breakdown shows that the sector's technological development involves various categories of construction and housing management that still remain technologically less developed to a large degree.

Considering both the existing deficit and the production goals that are set on the basis of an accelerated annual increase in households, the first technological challenge appears to be the achievement of a substantial and sustained increase in the scale of housing production in most countries. To this end, it is necessary to establish an institutional and financial framework that promotes the consolidation of supply, not only in terms of the production of conventional dwellings, but, in a broad sense, in terms of the generation and distribution of a range of technological, productive, financial and administrative components geared to improving housing. In this connection, management issues take on more importance than construction issues, which have been predominant up until now.

More than 50% of the regional construction and investment deficit in urban and rural residential areas of Latin America and the Caribbean is qualitative in nature, and it will therefore be important in future to focus technological policy on improving the housing stock. The production and distribution of prefabricated modules will allow the enlargement of housing units, most of which have only two or three rooms. To replace walls, roofs and floors, there is a need to standardize materials and components and, at the same time, to seek simple financing mechanisms such as automatic credit, revolving credit, specialized credit card systems and materials and component banks.

Resources need to be employed more effectively in order to reduce housing costs and permit targeting on low-income households. Revision or simplification of administrative procedures, so as to reduce the length of time in which projects are completed, and refinement of mechanisms for awarding and monitoring project contracts would make it possible to considerably reduce direct and indirect costs and to keep the profits generated in the various production stages at reasonable and transparent levels.

Generally speaking, decentralized management can help reduce costs and increase efficiency by improving local management capabilities and making greater control of the housing supply possible. The advantages of working with production volumes that permit economies of scale must therefore be reconciled with the increasing transfer of responsibilities to the local level. Incorporating more advanced technologies, both in the materials and components industries and in the actual construction process, will influence direct, indirect and financing costs. It is interesting to note, in this connection, the economies of scale that can result from the dimensional and qualitative standardization of housing units, components and materials, both in the new housing market and in the process of improving existing dwellings.

Lastly, it must be emphasized that in the future development of housing technology more attention should be paid to such matters as a housing unit's durability and its maintenance and operating costs, and to the environmental and urban development impact of the various methods of housing production.

¹⁴ In connection with the project "Proposals for changing production patterns of housing in Latin America and the Caribbean", a case study was done on the cost structure of housing in various countries of the region.

F. HOUSING PRODUCTION

Although countries today concentrate their technological and financial housing resources on increasing their housing stock, the production volumes achieved are far below what is needed to make up the cumulative shortfall, replace dwellings that are obsolete or beyond repair, and to provide shelter for the new households formed each year.

Each country in Latin America and the Caribbean presents a different picture in terms of the severity of its housing shortage and of the rate of formation of new households. These differing scenarios should provide the basis, in each case, for approaching the task of making up the shortfall.

In countries like Paraguay and Peru, which during their most recent intercensal periods had to absorb a rapid increase in the number of households and where there is at present very limited availability of adequate housing to meet current demand, enormous construction efforts are needed to deal with the cumulative housing shortage and accommodate the considerable number of households being formed each year. In this scenario, housing production is a priority area that requires contributions from the various sectors and actors involved in construction activity.

In other countries the rate of growth in housing demand has also been high, but the most recent censuses showed that they had a more plentiful housing stock (as in the case of Mexico and Panama). Their concern today probably centres above all on ensuring an adequate housing supply for new households, which is in itself a difficult goal to achieve.

A third group is made up of those countries in which the rate of increase in households has been comparatively lower during the past decade (less than 3% per annum on average). This is the situation in countries such as Argentina, Brazil and Chile, which in comparison with other countries have a more satisfactory stock of acceptable housing (more than 130 adequate units for each 1,000 inhabitants). These countries are therefore under less pressure to build new houses, as long as they maintain sufficient production to keep pace with the increase in households.

The consolidation into predominantly urban societies in the region makes it necessary to implement housing production mechanisms that are able to diversify supply and cater to the needs of new social groups, such as young people, female heads of household and the elderly. In addition, the raised housing expectations that come with higher standards of living can also cause a considerable portion of the urban housing stock to become functionally obsolete. As a result, priority should be given to qualitative improvements, and attention should be paid to the growing demand for mobility in terms of housing that is becoming apparent.

Furthermore, the rural portion of the housing shortage needs to be addressed with programmes geared to this sector's geographical, economic and cultural situation. The costs connected with infrastructure and rural housing stock are determined by the scattered settlement pattern. Considering that poverty is more extreme in more sparsely settled areas, it might be appropriate to apply policies that promote closer spatial grouping of rural families in order to achieve economies of scale. In this case, it will be necessary to consider the effects of relocation on the rural population's way of life so as to avoid uprooting people and causing them to migrate to other areas.

G. HOUSING IMPROVEMENT AND SANITATION

An examination of the components of the regional housing shortage shows that countries clearly need to assign greater importance to the objective of improving their housing stock, which means that their policies should consider actions to raise the general level of habitability as an integral component of the quality of life; investment in improvements (renovation or rehabilitation of the housing stock) can result in very productive operations, since in general the unit costs of improvements are lower than those of new housing construction.

As migration and population growth rates in the region go down and, in some cases, social problems caused by urban segregation increase, interest in dealing with the shortfall in housing quality becomes more important.

The relative significance of the problems of housing quantity and quality varies from one country to another. In countries that show signs of an acute quantitative shortfall, combined with less severe qualitative deficiencies (such as El Salvador and Venezuela), it would seem advisable to maintain the model currently in use in the region, which gives priority to the construction of new housing units. Nevertheless, even in those countries, programmes to improve the housing stock can reduce the pressure of demand for new dwellings by keeping people in houses that can be rehabilitated, since otherwise they would press for increased construction of new housing units.

In other countries there is, simultaneously, a strong demand for new housing units (over 20% of households) and for improvements, which are needed in over 20% of the housing stock. In these countries, which include Bolivia and Peru, experience seems to indicate that such needs are more realistically approached through strategies in which rehabilitation of substandard dwellings (because they are so makeshift or are obsolete) complements the construction of new dwellings.

In countries within the regional panorama that present less critical pictures in terms of both components of the housing shortfall (Uruguay, Argentina, Cuba and Chile), and in those that have a significant number of problems relating to the material quality of their housing stock, while not being among those most affected by housing shortages (as is the case in Brazil, Paraguay and Colombia, among others), it would appear to be imperative to place greater emphasis on improvement. In such a context, it is possible to implement policies that undertake simultaneously the construction of new dwellings and correction of the critical qualitative housing shortfall of the most vulnerable population groups in rural and urban settings.

Initiatives in the areas of drinking water and sanitation also have a considerable impact on the achievement of the objectives of equity and quality of life in human settlements. It is therefore important to include in housing improvement programmes specific measures to expand the sanitation infrastructure to reach those segments of the housing stock that are without it. In view of the severe lack of sanitation in the region, infrastructure programmes should be intensified to raise the standard of housing. Even in countries in which sanitation coverage is high, sanitation projects are needed in irregular or precarious settlements.

Box 8

REHABILITATION OF THE HOUSING STOCK

According to the results of a detailed inventory of substandard zones carried out in Colombia from 1990 to 1993, at the time of the survey the qualitative shortfall (in terms of minimum living area, construction quality and services) affected a total of 1,719,183 dwellings, a number that is approximately three times the quantitative shortfall, which amounted to 524,777 dwellings. This inventory provided clear confirmation that substandard urban housing was, and certainly continues to be, a matter of the highest priority. Furthermore, this same inventory demonstrated that the cost of repairing the existing stock, with all the social problems that this entails, requires an investment that is one third of the cost of dealing with the quantitative shortfall.

It is frequently observed that the sustained urban squatting and segregation present in many of the region's cities does not have a great effect on the formulation of public policy; in turn, public policy does not promote, in accordance with the new enabling role of the State, simple measures to provide access to credit for housing improvement (such as the sale, with credit included, of standardized modules, the provision of revolving credit mechanisms for acquiring materials and components, specialized credit cards for purchasing materials and access to materials and component banks, among others), rotation (facilitated by the State) of existing stock, provision of security of tenure and the prefabrication of standardized components.

It should be noted that a person who owns property is more suitable as a credit recipient than a person who does not have this kind of backing, since an advantageous debt/collateral ratio permits the private sector to design an efficient production and financing arrangement, with a low level of risk, given the aspirations of the population of the region as regards property tenure.

If sanitation programmes are to achieve wider and more even geographical coverage, much attention needs to be paid to the financing of the future operations of the services in question.¹⁵ This in turn will depend to a great extent on whether the sanitation programmes are combined with others that secure tenure, to provide an incentive for the consolidation of the settlements and thus for contribution by households to the financing of the services. Having efficient local governments to administer and maintain the infrastructure will also help to guarantee greater reproducibility and continuity of sanitation projects.

To widen coverage by means of greater participation of the private sector in the field of water supply and sanitation, explicit financial incentives are needed to encourage companies to cater to areas in which they perceive greater risk in terms of recovering their costs and less willingness on the part of the public to pay for their services. Without such incentives for the private sector to supply low-income urban areas, residents of such neighbourhoods will need to buy drinking water at a price that is far higher than public system tariffs (PAHO, 1994).

User participation in decisions about these services and their maintenance contributes to efficiency, especially when integrated systems of sewers, septic tanks and latrines are used; this has been

¹⁵ See chapter IV.

demonstrated by the experiences of cities in Bolivia and Brazil, and of small communities in Colombia and Peru (PAHO, 1994).

Women, who are a dwelling's principal users of the sanitation infrastructure, are more aware of the benefits to be gained from the availability of such services. When women are involved in sanitation management, improved results in the area of domestic health and housing advancement can be expected, and they are encouraged to participate in other spheres of local community development (UNCHS, 1986).

Programmes that provide sanitation infrastructure have a positive impact on a wide range of economic, social and cultural aspects of poverty. They are therefore a fertile area for establishing stronger institutional links with other social sectors and for linking specific advances in housing policy to broader issues of quality of life and the expectations of the population regarding development (UNICEF, 1993).

H. HOUSING POLICIES AND CITIES

In keeping with the high level of urbanization of Latin America and the Caribbean, households and the existing housing stock are both concentrated in cities. Clearly, therefore, the quantitative and qualitative challenges with which housing management will have to grapple in years to come will arise in a predominantly urban framework.

The need for coordination in dealing with housing and urban problems is becoming increasingly clear (Bombarolo, 1995). The growing difficulty of meeting the demand for urban land and infrastructure through housing policies will be exacerbated if future attempts are made to increase production. In order to expand programme coverage and reach needier groups more effectively, it seems inevitable, in many cases, to continue to build ever farther from urban centres and to concentrate public housing on extensions of land whose cost still enables it to be used for such purposes; as a result, segregation will increase, access to services and jobs will be impeded and the efficiency of urban management will be limited.

Moreover, this same volume of demand has led many countries to realize that the shape of their cities has not, in the last analysis, been determined by their urban, but by their housing policies. Such policies, by focusing almost exclusively on large-scale production of new, low-cost housing in urban peripheries, appear to have aims that conflict with urban development goals; housing policy often accentuates service delivery problems in established working-class neighbourhoods by locating a new population mass within them which also competes for scarce existing infrastructure.

The intensive building of smaller housing projects on interstices of urban land, the granting of subsidies to increase density in priority development zones and the use of housing types adequate for a diversified demand are strategies that have been applied in an effort to replace large housing complexes which, in recent decades, have not promoted urban development.

The location of housing complexes should be a cause for growing concern as regards housing-sector programmes. A clearer link between housing zones and job opportunities, services and city centres could enhance labour productivity by cutting travel time and freeing time and energy for work or further training, if adequate thought is given to road networks and transport. At the communal and neighbourhood level, access to educational and health services will be vital to improving the quality of

life and advancement opportunities for families. Work will become more feasible for women if children can safely attend nearby schools and if neighbourhoods offer a safe environment while women are outside the home. The location of housing in cities will to a large extent determine what opportunities families have for gaining access to work and urban and infrastructure services.

Just as housing policies are now paying greater attention to the characteristics of cities in order to determine the location and design of housing, urban policies are increasingly concerned with making room within overall urban development plans for projects arising at the local level. If efficient urban management is actually possible to the extent that the inhabitants of a city feel involved in managing it, then ways of solving problems relating to their housing and neighbourhoods also become important for improving the city as a whole.

A housing policy which makes an effective contribution to improving and expanding the Latin American and Caribbean population's access to the opportunities for advancement which will arise in the next millennium must not only strive to increase its effectiveness in terms of housing production, but must also identify itself as a valid instrument for the harmonious development of human settlements.

AVAILABILITY OF ADEQUATE HOUSING PER 1,000 INHABITANTS



The boundaries shown on this map do not imply official endorsement or acceptance by the United Nations.

VII. HUMAN SETTLEMENTS AND DEVELOPMENT

Recent trends in urbanization and the growth of Latin American cities seem to indicate that, despite the serious difficulties which human settlements still face, they will soon have great importance as the scene and engine of regional economic development, if they are capable of meeting the huge challenges posed by current and future regional realities in a simultaneous and equitable way. These challenges include achieving greater competitiveness, overcoming urban poverty, improving environmental quality in settlements, consolidating governability by democratic means and increasing the efficiency of urban and housing management.

A. COMPETITIVENESS AND HUMAN SETTLEMENTS

The current importance of cities and territories for national economic development, and the influence, in turn, of such development on the formation of settlements, call for a close link between economic development policies and the management of settlements. Hence, a major aim of urban and housing policies will be to increase the productivity and competitiveness of human settlements.

The world's cities are now competing for opportunities to concentrate innovation and decision-making power, provide better and more advanced services, links and communication, and offer skilled human resources, in order to attract economic activities. Accordingly, the region's urban centres should endeavour to develop comparative advantages, so that the economies of agglomeration which they can offer are not exceeded by the diseconomies stemming from inadequate urban management. Regional and subregional bodies which promote complementarity and specialization among Latin American cities from a standpoint of productivity could enhance their competitiveness *vis-à-vis* other cities or urban systems around the world. The region and the countries should, in the short term, consider the possibility of formulating joint strategies to increase the productive potential of their cities.

There is a need for specific linkages, at the level of planning and management instruments, between a city's economic and productive roles and those of an urban and residential nature. The city will be the scene of genuine progress if its components, including the institutional and service centres, the industrial sectors and the residential areas, function at reasonable levels of complementarity, linked by efficient communication, transport and road networks. Thus, for example, the location of industrial and residential areas should facilitate a convenient link between housing and workplaces. Urban management which includes the suburbs and rural areas on the city's periphery will make it possible to create integrated productive systems in which specialization and the dissemination of technological progress are feasible.

The upgrading and modernization of urban and productive infrastructure will be a basic factor in increasing the productivity of cities. In view of the cumulative deficiencies in infrastructure and the high

levels now required to compete with other cities, it will be necessary to establish new patterns of infrastructure production and operation which combine public resources, substantial contributions from the private sector and user payment for services. In order to apply and win acceptance for such measures, political agreements, legislative changes and a substantial improvement in service coverage and quality will be required. Meanwhile, in order to upgrade, maintain and increase the existing housing stock at levels commensurate with current needs, there will be a need to attract new resources, especially from institutional investors, as well as to achieve higher saving levels and to increase recovery of mortgage loans, including in the public sector.

B. ALLEVIATING URBAN POVERTY

Human settlement policies must be decisively geared to improving the quality of life, preferably for lower-income urban dwellers. Even where increasing the productivity of a city should translate into steady improvements in this regard, urban development and housing plans can help to bring this about within shorter time spans, especially for those who are most in need.

From this standpoint, a primary task consists of substantially increasing the supply of urban services, infrastructure and housing for lower-income groups. Given a housing deficit of nearly 40 million dwellings, the countries should at least establish housing delivery goals which can prevent that figure from increasing. Achieving adequate productivity in the housing construction sector, which will bring housing production costs into line with the population's ability to pay, constitutes a major technological challenge for the various countries.¹⁶

Together with producing and providing housing for families who lack shelter at present and for those families as yet to be formed, housing policies should attach greater importance to actions specially tailored to meeting the needs of poorer segments of the population, such as programmes to improve and rehabilitate marginal housing, provide sanitation infrastructure, cope with housing emergencies resulting from natural or man-made disasters and regularize tenure. In many countries such actions are not currently part of overall human settlement strategies.

In order to increase the resources needed for resolute action in the field of housing and urban services for poor city dwellers, the incorporation of private capital and savings, as mentioned earlier, is essential. So is support from the community itself through joint financing projects, to the extent that economic growth and improvements in income make this feasible (Galilea, 1994). Government direct intervention through housing policies should, on the whole, be geared to supporting the financing and management of those programmes for which private-sector support is less readily available, such as programmes to provide housing and services to vulnerable groups (households living in extreme poverty, female-headed households, the elderly, the disabled, and so on), or to establishing priorities for urban

¹⁶ In this connection, the Joint ELAC/United Nations Centre for Human Settlements (Habitat) (UNCHS) Unit on Human Settlements is executing a project on "Proposals for changing production patterns in the housing sector of Latin America and the Caribbean", with the support of the Government of the Netherlands.

or social programmes, such as increasing population density, rehabilitating dilapidated central areas and rural housing.

Ensuring adequate complementarity between housing and urban programmes and other social policies and private-sector initiatives can increase the efficacy of poverty alleviation efforts. Given the high cost of intervention in the field of housing and urban renewal, synergies between such efforts and the array of policies aimed at achieving full employment and raising wages within a framework of growing productivity are crucial. It may also be important to establish linkages between urban and housing policies and educational policies, which will have a positive impact on school performance and drop-out rates, thus encouraging the formation of human capital. Likewise, the urbanization levels reached thus far make it necessary in the short term to extend safe drinking-water and sewage services to neighbourhoods that need them, which will have positive effects on health. The serious sanitation deficiencies existing in rural areas must also be taken into account in efforts to ameliorate their acute poverty.

Better targeting of housing policies could reverse the declining trend in the region's public housing expenditure. To achieve this, the target population must be clearly identified and mechanisms developed to give lower-income households priority access to programmes. It is important to remember that housing programmes for those living in extreme poverty must be combined with other social programmes and incorporated into a coherent urban policy, so that targeting does not entail a spatial concentration of lower-income families, which fosters segregation and the self-perpetuation of poverty.

The enabling approach emanating from Vancouver calls for creating opportunities for various sectors to make a contribution to urban and housing policies. Even where accelerated urban growth impedes, and to some extent devalues, the informal self-production of shelter by poor people, the advantages of including self-management, co-management and co-financing processes in housing policies remain valid, thus enlarging management capacity in the housing field. Participatory programmes are part of the creation of new opportunities for private initiative in the human settlement field, and should achieve levels of efficiency similar to those prevailing in other spheres of human settlement policies.

C. IMPROVING THE URBAN ENVIRONMENT

In the next few years, human settlement policies will face strong pressure to incorporate environmental considerations, through the redistribution of activities in urban space and the absorption by private agents of the environmental costs arising from productive investment.

The increase in urban productivity will make it necessary to curb pollution of air and water, especially in industrial cities, as well as wasteful energy consumption. Supplying safe drinking water to the entire urban population will continue to be a challenge for most Latin American cities and will require a growing financial, technological and environmental effort as the population increases and citizens demand higher levels of well-being and sanitation.

In order to counteract the tendency of Latin American cities to grow by irrationally exploiting natural resources, occupying valuable agricultural land or destroying fragile ecosystems, it is urgent to update the statutory and legal frameworks governing urban land ownership and markets, which were designed for a predominantly rural society. This will make it possible to transfer the social, productive

and environmental costs arising from the incorporation of new land into cities to the real-estate agents who cause this process. Housing policies, which have contributed significantly to the expansion of cities, should adopt designs which increase urban density in order to reduce environmental costs.

The prevention and management of urban environmental problems will be of special relevance in metropolitan areas. The management of large cities must urgently address the problem of traffic congestion caused by the steady increase in the number of motor vehicles, which affects both the productivity and the quality of life of city dwellers. The promotion of efficient public transport systems will be the key to this. The improvement of air quality, the treatment of wastewater, the optimization of energy use and the efficient management of industrial and urban waste¹⁷ should be incorporated into the management of large cities as a matter of priority.

Urban environmental problems must not be dealt with solely at the governmental level, but should be linked directly to the daily lives of citizens. Projects on the collection and treatment of solid household waste, the lack of green spaces and the prevention of floods and landslides are important at the local level. Housing policies should be more decisively targeted to the goal of supplying safe drinking water in acceptable quantities and adequate facilities for the disposal and treatment of sewage in accordance with current standards. Diversification of housing designs and technologies in accordance with climate and cultural conditions is part of an environmentally adequate response to shelter needs. The management of environmental programmes at the local level may require adjustments in municipal jurisdictions, whose boundaries are often determined by political and administrative reasons, so that environmentally manageable units can be formed.

The magnitude of the problems affecting metropolitan areas should not impede the prevention of problems specific to medium-sized and smaller cities and rural areas. Such problems are often similar to those of large conurbations and can be controlled at a lower cost if addressed in a timely way.

D. PARTICIPATION AND DEMOCRACY

The sizeable challenges which human settlements will face over the next few years with regard to ensuring competitiveness, social equity and sustainability will require the upgrading of local administration, especially at the urban and district government level. The city is a product of society and should be governed in such a way that its inhabitants are able to make their interests and points of view count through clear, stable and consensual channels.

A growing concern in relation to the governability of cities is the achievement of genuine social integration. Actions intended to overcome the social fragmentation of urban territory and to restore the value of urban spaces and symbols that are shared by most inhabitants can facilitate a harmonization of

¹⁷ The Joint ECLAC/United Nations Environment Programme (UNEP) Development and Environment Unit is addressing these issues at the regional level through the ECLAC/German Agency for Technical Cooperation (GTZ) project entitled "Guidelines and Consultancy Services on Controlled Environmentally Sound Waste Management".

goals and efforts at the local level. Housing policies promote integration to the extent that they create or improve opportunities for poor households to thrive in cities and facilitate their access to employment and urban services. Access to housing provides a family with an important asset which opens the door to resources and opportunities not available to those who lack shelter.

Democratic urban management emphasizes participation of inhabitants in the adoption of decisions concerning the city, the neighbourhood and housing, and respects the diversity of cultures, interests and identities characteristic of Latin American cities and neighbourhoods. This requires local governments capable of harmonizing the efforts and resources of various groups, the public sector and the private sector. The challenge in the next few decades is to provide the institutional channels, which to a large extent have been created in Latin American cities, with the powers and resources needed to meet the demands of various groups relating to their shelter and settlements over and above providing the traditional, standard formulas.

Clear, high-quality information is a basic prerequisite for increasing citizen participation and improving social integration, as it contributes to producing social initiative and democratizing entrepreneurial capacity. Information about what housing and urban policies offer and require enables families and groups to have access to them and to choose among various alternatives for solving their problems. This transfers the power to participate effectively in management processes to the population and promotes accountability in housing and urban development policies. Information and discussion about issues relevant to settlements and housing should not involve only those directly affected, but should encompass broad sectors of public opinion, so that a basis for consensus on the options for improving settlements can be built.

E. EFFICIENT MANAGEMENT OF SETTLEMENTS

Efficient management of human settlements should simultaneously take into consideration the various levels of such settlements—a territory and its urban systems, cities, neighbourhoods and housing—in order to achieve efficiency in their overall management.

Thus, for example, any alternatives which the Latin American countries may adopt in the future for consolidating urban systems in accordance with their degree of expansion and concentration will mean costs and benefits that will influence the efficiency of urban management. Meanwhile, the urban environment in which housing is located is decisive for an efficient housing policy.

As indicated above, the resources and capacities for meeting the challenges of competitiveness, social equity, sustainability and democracy in a timely and effective way through the management of settlements are no longer concentrated in the public sector in Latin America, but must also be obtained from the private sector. This requires a stable institutional and statutory framework which harmonizes the interests of both sectors. The creation of markets and competition for the production and operation of urban services and housing requires careful preparation so as to ensure an adequate transition from a model of the State as provider to one of the private sector as provider. Securing a decisive contribution from the private sector to housing investment, for example, may require replacing specialized financial systems with open systems and creating new financial instruments and a climate of confidence so that the private sector is encouraged to allocate investment and savings to housing.

In order to integrate citizens into the development and democratization processes and support economic and social change in cities, it is important to strengthen the capacity of local governments to develop participatory programmes at suitable levels of efficiency. To do this, the decentralization process must advance effectively in the region, over and above a legal definition of urban governments. It is urgent to stipulate clear and specific functions for local governments, distinguish between their powers and those of the central authority, and provide the human, financial and administrative resources which they need in order to perform these functions. This is important both for the administration of metropolitan areas, whose complexity has not been managed satisfactorily up to now by the region's local institutions, and for the governments of medium-sized cities, whose dynamic growth also warrants urgent attention.¹⁸

F. FINAL COMMENT

When the region's representatives go to Istanbul to discuss the most important issues relating to human settlements, their contribution will be based on the huge volume of knowledge and experience generated and shared by the agents involved in the urban and housing processes that have taken place in recent decades. The successive regional meetings of ministers and high-level authorities of the housing and urban development sector in Latin America and the Caribbean that have been held during the 1990s have analysed the progress achieved, the remaining challenges for public policy in the various countries and the effort made to address them jointly.¹⁹ The private sector, whose presence has increased in recent years in various areas of management and investment, also contributes a wealth of experience, especially as regards housing production, housing finance and the provision of urban infrastructure. Through forums and papers, Latin American academic centres are involved in an ongoing discussion about the progress made and the options to be chosen in the light of new challenges in the housing field. The region's local governments, as well as non-governmental organizations, have held meetings to express their points of view as regards the changes that have taken place in human settlements and those that will be needed.²⁰ Lastly, the region's community organizations and inhabitants can contribute with their experience to fully utilizing the sometimes scarce resources available for building and maintaining their settlements and shelter.

¹⁸ The project entitled "Urban Management in Selected Medium-Sized Cities of Latin America", which the Joint ECLAC/UNCHS Unit on Human Settlements is executing with the support of the Government of Italy, is aimed at strengthening the capacity of local governments to cope efficiently with the management of medium-sized cities.

¹⁹ Ministerial meetings have been held in Santiago, Chile (1992), Cartagena, Colombia (1993) and Quito, Ecuador (1994). The fourth meeting will be held in Santiago in November 1995, concurrently with the Latin American and Caribbean Regional Meeting Preparatory to the United Nations Conference on Human Settlements (Habitat II).

²⁰ The mayors of the capital cities of Latin America and the representatives of national associations of Latin American municipalities, as well as of specialized agencies, meeting in Rio de Janeiro in June 1995, issued a public statement within the framework of the preparatory process for Habitat II. Likewise, the Habitat International Coalition is preparing a position paper for non-governmental and community-based organizations, entitled "El pueblo hacia Hábitat II", whose second draft version is dated May 1995.

ECLAC believes that the great challenges for human settlements outlined in this document call for a broad coordination effort in order to achieve progress in the field of urban development and housing. By recognizing the specific features of human settlements in the various countries, as well as the particular views which various agents may have about how to approach them, it will be possible to join forces and determine the path to be taken in order to ensure that human settlements become capable of making room for a development which the inhabitants of Latin America and the Caribbean urgently need.

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ANNEX

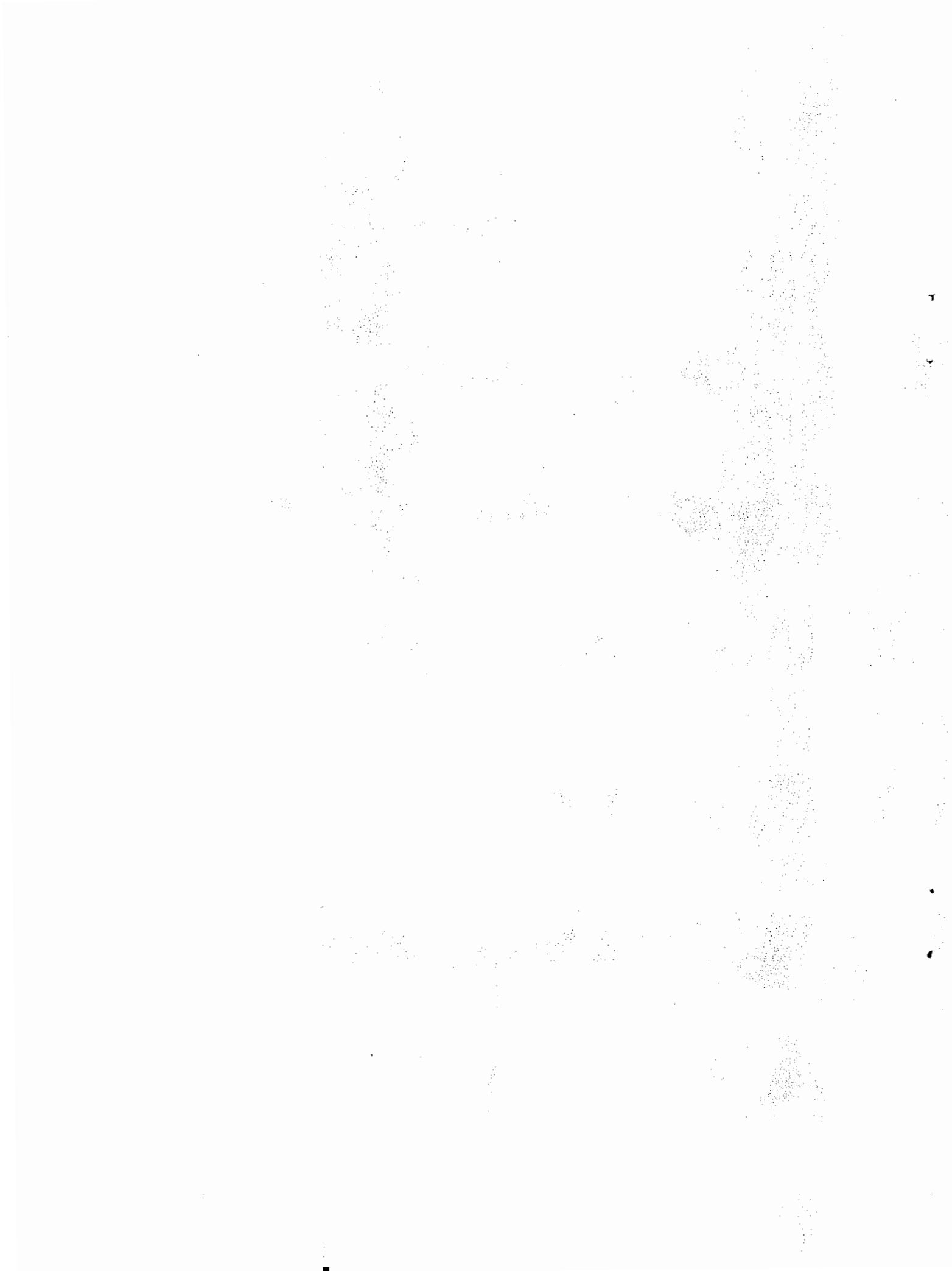


Table 1
LATIN AMERICA AND THE CARIBBEAN: URBAN AND RURAL POPULATION,
BY COUNTRY, 1970, 1980, 1990 AND 1995
(In thousands)

Country	1970		1980		1990		1995	
	Urban popula- tion	Rural popula- tion	Urban popula- tion	Rural popula- tion	Urban popula- tion	Rural popula- tion	Urban popula- tion	Rural popula- tion
Latin America and the Caribbean	162 087	121 259	233 332	125 589	310 640	127 509	351 381	127 355
Latin America	157 749	116 948	228 060	121 133	304 024	123 287	344 175	123 188
Argentina	18 797	5 165	23 330	4 783	28 273	4 273	30 557	4 030
Bolivia	1 523	2 689	2 429	2 926	3 657	2 915	4 480	2 934
Brazil	53 318	42 529	81 614	39 672	110 871	37 606	125 812	35 977
Chile	6 930	2 566	8 802	2 345	10 848	2 251	11 987	2 223
Colombia	12 318	9 042	17 085	9 440	22 435	9 865	25 179	9 922
Costa Rica	672	1 059	984	1 301	1 416	1 619	1 662	1 762
Cuba	5 122	3 398	6 605	3 105	7 927	2 671	8 560	2 481
Dominican Republic	1 737	2 686	2 853	2 844	4 170	2 940	4 824	2 999
Ecuador	2 361	3 609	3 749	4 212	5 684	4 581	6 785	4 675
El Salvador	1 400	2 189	1 992	2 532	2 557	2 614	3 011	2 757
Guatemala	1 898	3 348	2 574	4 342	3 501	5 697	4 108	6 513
Haiti	890	3 630	1 318	4 035	1 988	4 498	2 454	4 726
Honduras	751	1 841	1 248	2 321	1 989	2 889	2 510	3 144
Mexico	29 816	20 780	44 266	23 304	59 464	23 762	67 493	23 652
Nicaragua	964	1 090	1 424	1 366	1 974	1 594	2 378	1 746
Panama	717	789	970	980	1 289	1 109	1 466	1 165
Paraguay	871	1 479	1 296	1 818	2 052	2 167	2 531	2 297
Peru	7 659	5 533	11 129	6 195	14 814	6 755	16 759	6 773
Uruguay	2 303	505	2 481	433	2 748	346	2 871	315
Venezuela	7 701	3 020	11 912	3 179	16 365	3 137	18 748	3 096
Caribbean and other countries and territories in the region	4 338	4 311	5 272	4 456	6 616	4 222	206	4 167
Anguilla	-	6	7	-	7	-	8	-
Antigua and Barbuda	19	38	21	40	23	41	24	42
Aruba	-	61	-	60	-	67	-	70
Bahamas	122	48	158	52	214	42	239	37
Barbados	89	150	100	149	115	142	124	138
Belize	63	60	72	74	90	99	101	114
British Virgin Islands	-	10	-	12	-	16	-	19
Cayman Islands	10	0	17	0	26	0	31	0
Dominica	-	70	-	74	-	71	-	71
French Guiana	33	16	48	20	87	30	112	35

Table 1 (concluded)

Country	1970		1980		1990		1995	
	Urban population	Rural population	Urban population	Rural population	Urban population	Rural population	Urban population	Rural population
Grenada	-	94	-	89	-	91	-	92
Guadeloupe	241	79	289	38	385	6	425	3
Guyana	209	500	232	527	268	528	302	533
Jamaica	776	1 093	998	1 135	1 217	1 149	1 314	1 133
Martinique	199	127	260	66	326	34	353	26
Montserrat	1	10	1	11	1	10	1	10
Netherlands Antilles	108	51	118	56	130	60	138	61
Puerto Rico	1 585	1 133	1 980	1 226	2 518	1 013	2 698	976
Saint Kitts and Nevis	16	31	16	28	17	25	18	23
Saint Lucia	41	60	48	67	61	72	69	73
Saint Vincent and the Grenadines	13	74	27	71	44	63	52	60
Suriname	171	201	159	196	190	210	213	210
Trinidad and Tobago	612	359	682	400	854	382	938	368
Turks and Caicos Islands	2	4	3	4	5	7	6	8
United States Virgin Islands	28	36	43	54	45	57	48	57

Source: For Latin America: Latin American Demographic Centre (CELADE), "Latin America: Projection of the urban-rural population 1970-2025", Demographic Bulletin series, No. 56 (LC/DEM/G.155), Santiago, Chile, 1995; for the Caribbean and other countries and territories in the region: United Nations, *World Urbanization Prospects. The 1994 Revision: Estimates and Projections of Urban and Rural Populations and of Urban Agglomerations* (ST/ESA/SER.A/150), New York, 1995. United Nations publication, Sales No. E.95.XIII.12.

Table 2
LATIN AMERICA: LAND AREA AND ESTIMATES AND PROJECTIONS OF THE TOTAL
POPULATION AND POPULATION DENSITY, BY COUNTRY, 1975-2020

Country	Area (thousands of km ²)	Population (in thousands)								Density (inhabitants per km ²)							
		1975	1980	1985	1990	1995	2000	2010	2020	1975	1980	1985	1990	1995	2000	2010	2020
Latin America	19 984.2	310 848	349 194	387 845	427 312	467 363	507 284	584 003	653 870	15.6	17.5	19.4	21.4	23.4	25.4	29.2	32.7
Argentina	2 766.9	26 049	28 114	30 325	32 547	34 587	36 648	40 755	44 417	9.4	10.2	11.0	11.8	12.5	13.2	14.7	16.1
Bolivia	1 098.6	4 759	5 355	5 895	6 573	7 414	8 329	10 229	12 193	4.3	4.9	5.4	6.0	6.7	7.6	9.3	11.1
Brazil	8 512.0	108 032	121 286	135 042	148 477	161 790	174 825	199 327	220 567	12.7	14.2	15.9	17.4	19.0	20.5	23.4	25.9
Chile	756.9	10 337	11 147	12 047	13 100	14 210	15 211	17 010	18 774	13.7	14.7	15.9	17.3	18.8	20.1	22.5	24.8
Colombia	1 138.9	23 776	26 525	29 481	32 300	35 101	37 822	42 959	47 458	20.9	23.3	25.9	28.4	30.8	33.2	37.7	41.7
Costa Rica	51.1	1 968	2 284	2 642	3 035	3 424	3 798	4 534	5 263	38.5	44.7	51.7	59.4	67.0	74.3	88.7	103.0
Cuba	110.9	9 306	9 710	10 102	10 598	11 041	11 385	11 911	12 434	83.9	87.6	91.1	95.6	99.6	102.7	107.4	112.1
Dominican Republic	48.7	5 048	5 697	6 376	7 110	7 823	8 495	9 708	10 740	103.7	117.0	130.9	146.0	160.6	174.4	199.4	220.5
Ecuador	283.6	6 907	7 961	9 099	10 264	11 460	12 646	14 899	16 904	24.4	28.1	32.1	36.2	40.4	44.6	52.5	59.6
El Salvador	21.0	4 085	4 525	4 739	5 172	5 768	6 425	7 772	9 094	194.5	215.5	225.7	246.3	274.7	306.0	370.1	433.1
Guatemala	108.9	6 023	6 917	7 963	9 197	10 621	12 222	15 827	19 706	55.3	63.5	73.1	84.5	97.5	112.2	145.3	181.0
Haiti	27.8	4 920	5 353	5 865	6 486	7 180	7 959	9 770	11 926	177.0	192.5	211.0	233.3	258.3	286.3	351.4	429.0
Honduras	112.1	3 017	3 569	4 186	4 879	5 654	6 485	8 203	9 865	26.9	31.8	37.3	43.5	50.4	57.9	73.2	88.0
Mexico	1 958.2	59 099	67 570	75 465	83 226	91 145	98 881	112 891	124 976	30.2	34.5	38.5	42.5	46.5	50.5	57.7	63.8
Nicaragua	130.0	2 417	2 790	3 203	3 568	4 124	4 694	5 908	7 080	18.6	21.5	24.6	27.4	31.7	36.1	45.4	54.5
Panama	77.1	1 723	1 950	2 167	2 398	2 631	2 856	3 266	3 620	22.3	25.3	28.1	31.1	34.1	37.0	42.4	46.9
Paraguay	406.8	2 659	3 114	3 609	4 219	4 828	5 496	6 980	8 570	6.5	7.7	8.9	10.4	11.9	13.5	17.2	21.1
Peru	1 285.2	15 161	17 324	19 492	21 569	23 532	25 662	29 885	33 757	11.8	13.5	15.2	16.8	18.3	20.0	23.3	26.3
Uruguay	177.4	2 829	2 914	3 008	3 094	3 186	3 274	3 453	3 615	15.9	16.4	17.0	17.4	18.0	18.5	19.5	20.4
Venezuela	912.1	12 734	15 091	17 138	19 502	21 844	24 170	28 716	32 911	14.0	16.5	18.8	21.4	23.9	26.5	31.5	36.1

Source: Latin American Demographic Centre (CELADE), "Latin America: Projection of the urban-rural population 1970-2025", Demographic Bulletin series, No. 56 (LC/DEM/G.155), Santiago, Chile, 1995; Economic Commission for Latin America and the Caribbean/Latin American Demographic Centre (ECLAC/CELADE), *Population, Social Equity and Changing Production Patterns* (LC/G.1758/Rev.1-P; LC/DEM/G.131/Rev.1-Series E, No. 37), Santiago, Chile, United Nations publication, Sales No. E.93.II.G.8.

Table 3
TRENDS IN THE 18 CITIES WITH MORE THAN 1 MILLION INHABITANTS

City	Population (in thousands)			Growth rates (%)	
	1970	1980	1995	1970-1980	1980-1995
a) 18 cities in 1970					
1 Buenos Aires	8 417	9 899	10 990	1.6	0.7
2 Belo Horizonte	1 589	2 443	3 899	4.3	3.1
3 Fortaleza	1 030	1 492	2 660	3.7	3.9
4 Porto Alegre	1 521	2 218	3 349	3.8	2.7
5 Recife	1 781	2 125	3 168	1.8	2.7
6 Rio de Janeiro	7 040	8 789	9 988	2.2	0.9
7 Salvador	1 140	1 685	2 819	3.9	3.4
8 São Paulo	8 064	12 101	16 417	4.1	2.0
9 Santiago	2 835	3 717	5 065	2.7	2.1
10 Bogotá	2 371	3 531	5 614	4.0	3.1
11 Medellín	1 006	1 317	1 743	2.7	1.9
12 Havana	1 745	1 909	2 241	0.9	1.1
13 Guadalajara	1 513	2 275	3 165	4.1	2.2
14 Mexico City	9 067	13 888	15 643	4.3	0.8
15 Monterrey	1 229	2 012	2 806	4.9	2.2
16 Lima	2 928	4 431	7 452	4.1	3.5
17 Montevideo	1 170	1 213	1 326	0.4	0.6
18 Caracas	2 047	2 435	2 959	1.7	1.3
Total	56 493	77 480	101 304	3.2	1.8
Total population	274 696	349 194	467 363	2.4	1.9
Urban population	157 820	227 823	344 175	3.7	2.8
Urban population 500-999 (thousands)	11 386	19 249	36 886	5.3	4.3
Urban population -500 (thousands)	97 793	129 382	185 347	2.8	2.4
Percentage of total population	20.6	22.2	21.7		
Percentage of urban population	35.8	34.0	29.4		
b) 40 cities in 1995					
1 Buenos Aires	8 417	9 899	10 990	1.6	0.7
2 Córdoba	787	977	1 294	2.2	1.9
3 Rosario	809	952	1 155	1.6	1.3
4 La Paz	516	727	1 246	3.4	3.6
5 Belo Horizonte	1 589	2 443	3 899	4.3	3.1
6 Belém	651	828	1 574	2.4	4.3
7 Brasília	525	1 162	1 778	7.9	2.8
8 Campinas	483	925	1 607	6.5	3.7
9 Curitiba	814	1 315	2 270	4.8	3.6
10 Fortaleza	1 030	1 492	2 660	3.7	3.9
11 Goiânia	375	710	1 033	6.4	2.5
12 Manaus	309	626	1 189	7.1	4.3
13 Porto Alegre	1 521	2 218	3 349	3.8	2.7
14 Recife	1 781	2 125	3 168	1.8	2.7
15 Rio de Janeiro	7 040	8 789	9 988	2.2	0.9
16 Salvador	1 140	1 685	2 819	3.9	3.4
17 São Paulo	8 064	12 101	16 417	4.1	2.0
18 Santos	656	901	1 173	3.2	1.8
19 Santiago	2 835	3 717	5 065	2.7	2.1

Table 3 (concluded)

City	Population (in thousands)			Growth rates (%)	
	1970	1980	1995	1970-1980	1980-1995
20 Bogotá	2 371	3 531	5 614	4.0	3.1
21 Barranquilla	622	816	1 138	2.7	2.2
22 Cali	847	1 187	1 769	3.4	2.7
23 Medellín	1 006	1 317	1 743	2.7	1.9
24 Havana	1 745	1 909	2 241	0.9	1.1
25 Quito	501	796	1 244	4.6	3.0
26 Guayaquil	703	1 082	1 717	4.3	3.1
27 Port-au-Prince	461	701	1 266	4.2	3.9
28 Guadalajara	1 513	2 275	3 165	4.1	2.2
29 Mexico City	9 451	14 615	17 436	4.4	1.2
30 León	372	595	1 043	4.7	3.7
31 Monterrey	1 229	2 012	2 806	4.9	2.2
32 Puebla	413	775	1 220	6.3	3.0
33 Managua	378	634	1 195	5.2	4.2
34 Lima	2 928	4 431	7 452	4.1	3.5
35 Santo Domingo	838	1 398	2 580	5.1	4.1
36 Santiago de los Caballeros	253	474	1 007	6.3	5.0
37 Montevideo	1 170	1 213	1 326	0.4	0.6
38 Caracas	2 047	2 435	2 959	1.7	1.3
39 Maracaibo	697	964	1 600	3.2	3.4
40 Valencia	379	658	1 260	5.5	4.3
a) Total	69 266	95 788	134 455	3.2	2.3
b) Total 5 million and more	32 972	45 404	72 962	3.2	3.2
c) Total 1 million and more	56 877	84 351	134 455	3.9	3.1
d) Total population	274 696	349 194	467 363	2.4	1.9
e) Urban population	157 820	227 823	344 175	3.7	2.8
Percentage of total population (a / d)	25.2	27.4	28.8		
Percentage of urban population (a / e)	43.9	42.0	39.1		
Percentage 5 million and more of total (b / d)	12.0	13.0	15.6		
Percentage 5 million and more of urban population (b / e)	20.9	19.9	21.2		
Percentage 1 million and more of total population (c / d)	20.7	24.2	28.8		
Percentage 1 million and more of urban population (c / e)	36.0	37.0	39.1		

Source: United Nations, *World Urbanization Prospects. The 1994 Revision: Estimates and Projections of Urban and Rural Populations and of Urban Agglomerations* (ST/ESA/SER.A/150), New York, 1995. United Nations publication, Sales No. E.95.XIII.12.

Table 4
**PERCENTAGE OF THE ECONOMICALLY ACTIVE POPULATION EMPLOYED
 IN LOW-PRODUCTIVITY ACTIVITIES, LATIN AMERICA, 1992**

Country/area	Type of activity				Total
	Micro-entrepreneur	Wage-earner in a micro-enterprise	Home worker	Unskilled self-employed	
Argentina					
Greater Buenos Aires	3.9	15.0	4.5	21.6	45.0
Bolivia					
Total urban	3.8	11.8	3.6	37.4	56.5
Metropolitan area	2.7	11.6	3.5	39.3	57.1
Other urban	4.5	12.0	3.6	36.1	56.1
Brazil (1990)					
Total urban	-	21.5	6.1	21.5	49.0
Rio de Janeiro metropolitan area	-	19.3	5.9	18.8	44.0
São Paulo metropolitan area	-	15.9	4.0	15.7	35.6
Other urban	-	23.0	6.6	23.1	52.7
Chile					
Total urban	2.7	14.6	6.7	19.4	43.4
Greater Santiago	2.6	13.1	7.5	18.5	41.6
Other urban	2.7	16.0	5.9	20.4	45.0
Colombia					
Total urban	-	-	5.1	25.9	31.0
Bogotá	-	-	3.9	25.4	29.4
Eight main cities	-	-	6.0	26.2	32.2
Costa Rica					
Total urban	3.3	10.7	3.4	16.5	33.8
Metropolitan area	3.1	9.9	3.0	15.1	31.2
Other urban	3.6	11.6	3.8	18.1	37.1
Guatemala (1989)					
Total urban	2.1	14.8	7.0	30.9	54.7
Central urban area	2.5	12.3	9.8	18.1	42.7
Honduras					
Total urban	0.8	10.5	6.6	30.8	48.7
Central district	0.7	9.8	7.3	26.8	44.6
San Pedro Sula	1.4	11.6	6.1	23.3	42.4
Other urban	0.6	10.7	6.3	36.4	53.9
Mexico					
Total urban	3.7	19.9	3.3	17.4	44.3
Panama (1991)					
Total urban	2.6	5.8	7.0	22.5	37.8
Metropolitan area	2.9	5.3	7.5	19.6	35.3
Other urban	1.6	7.5	4.9	33.2	47.3
Paraguay					
Asunción metropolitan area	4.9	12.5	10.8	22.1	50.3
Uruguay					
Total urban	2.6	9.9	7.0	20.2	39.7
Montevideo	2.6	9.5	5.9	17.7	35.7
Urban interior	2.7	10.4	8.1	22.9	44.0
Venezuela					
Total urban	5.1	6.6	5.0	21.4	38.1
Caracas metropolitan area	3.4	3.5	4.9	15.5	27.3
Other urban	5.6	7.5	5.0	23.1	41.2

Source: ECLAC, on the basis of special tabulations of household surveys.

Notes: Definitions according to the Social Panorama of Latin America, 1994 edition (LC/G.1844).

The hyphen (-) indicates that the information cannot be calculated for these categories.

Table 5
LATIN AMERICA: LAND REQUIREMENTS (IN HECTARES)
(OVER THE PERIOD 1995-2000)

Country	Urban population increase to 2000	Low-density land requirements 50 inhab./ha ^a	High-density land requirements 200 inhab./ha ^b
Region	39 830	796 595	199 149
Argentina	2 269	45 386	11 346
Bolivia	903	18 066	4 517
Brazil	14 438	288 756	72 189
Chile	1 047	20 939	5 235
Colombia	2 750	55 004	13 751
Costa Rica	253	5 060	1 265
Cuba	529	10 573	2 643
Dominican Republic	607	12 136	3 034
Ecuador	1 145	22 897	5 724
El Salvador	517	10 337	2 584
Guatemala	709	14 178	3 545
Haiti	558	11 165	2 791
Honduras	616	12 326	3 082
Mexico	8 028	160 566	40 142
Nicaragua	435	8 691	2 173
Panama	180	3 597	899
Paraguay	554	11 089	2 772
Peru	1 797	35 931	8 983
Uruguay	115	2 291	573
Venezuela	2 380	47 606	11 902

Source: CELADE, current population estimates and projections.

^a Calculation on the basis of 50 inhabitants per hectare.

^b Calculation on the basis of 200 inhabitants per hectare.

Table 6
**LATIN AMERICA AND THE CARIBBEAN (18 COUNTRIES):
 GROWTH OF POPULATION AND HOUSEHOLDS**

Country	Period	Mean annual growth rate (percentage)		
		Population	Households	Difference
Argentina	1980-1991	1.6	2.2	0.6
Bolivia	1976-1992	2.1	2.1	0.0
Brazil	1980-1991	1.9	2.9	1.0
Chile	1982-1992	1.6	2.8	1.2
Colombia	1973-1985	1.9	4.2	2.3
Costa Rica	1973-1984	2.3	3.7	1.5
Cuba	1970-1981	1.2	1.9	0.7
Dominican Republic	1970-1981	2.7	3.4	0.7
Ecuador	1982-1990	2.3	3.0	0.7
El Salvador	1971-1992	1.8	2.4	0.6
Guatemala	1973-1981	2.0	1.8	-0.2
Honduras	1974-1988	3.6	3.5	-0.1
Mexico	1980-1990	2.0	3.0	1.0
Panama	1980-1990	2.3	3.6	1.3
Paraguay	1982-1992	3.1	3.9	0.8
Peru	1981-1993	2.0	3.2	1.1
Uruguay	1975-1985	0.6	4.6	4.0
Venezuela	1981-1990	2.5	3.6	1.1

Source: ECLAC, on the basis of national censuses. For El Salvador: Ministry of Planning and Co-ordination of Economic and Social Development, Encuesta de hogares, 1992-1993.

Table 7
**LATIN AMERICA AND THE CARIBBEAN (20 COUNTRIES):
 NUMBER OF HOUSEHOLDS (1995-2025)**

Country		1995	2000	2005	2010	2015	2020	2025
Argentina	Households assumption 1	9 466 807	10 030 973	10 600 831	11 155 188	11 676 725	12 157 525	12 627 138
	Households assumption 2	9 670 294	10 529 499	11 443 642	12 393 992	13 363 999	14 346 150	15 377 598
Bolivia	Households assumption 1	1 668 272	1 874 137	2 087 067	2 301 836	2 524 422	2 743 736	2 954 814
	Households assumption 2	1 701 123	1 975 889	2 277 668	2 603 497	2 963 122	3 346 994	3 751 785
Brazil	Households assumption 1	38 274 826	41 358 516	44 335 665	47 155 128	49 779 371	52 179 767	54 470 631
	Households assumption 2	39 670 685	44 914 330	50 562 513	56 617 916	63 101 069	70 049 311	76 750 076
Chile	Households assumption 1	3 491 094	3 736 982	3 964 185	4 178 939	4 400 381	4 612 252	4 802 371
	Households assumption 2	3 576 603	3 991 454	4 422 343	4 878 787	5 387 958	5 937 042	6 515 985
Colombia	Households assumption 1	7 120 674	7 672 714	8 206 156	8 714 820	9 191 699	9 627 655	10 013 235
	Households assumption 2	7 893 017	8 992 626	10 202 890	11 537 131	13 011 187	14 642 373	16 453 051
Costa Rica	Households assumption 1	713 067	790 949	867 368	944 366	1 021 151	1 096 188	1 168 051
	Households assumption 2	792 880	926 623	1 073 704	1 239 209	1 425 559	1 634 732	1 869 462
Cuba	Households assumption 1	2 668 702	2 751 811	2 816 745	2 878 909	2 943 916	3 005 312	3 059 513
	Households assumption 2	2 937 905	3 134 803	3 324 448	3 524 884	3 744 511	3 977 114	4 219 389
Dominican Republic	Households assumption 1	1 594 285	1 731 242	1 859 098	1 978 438	2 089 048	2 188 713	2 275 123
	Households assumption 2	1 819 251	2 080 375	2 359 220	2 659 726	2 985 691	3 338 882	3 721 419
Ecuador	Households assumption 1	2 385 880	2 632 789	2 872 630	3 101 728	3 317 717	3 519 154	3 704 090
	Households assumption 2	2 482 091	2 854 047	3 250 635	3 670 896	4 115 309	4 585 655	5 083 397
El Salvador	Households assumption 1	1 212 881	1 351 158	1 493 319	1 634 417	1 774 141	1 912 355	2 047 009
	Households assumption 2	1 242 706	1 443 547	1 666 655	1 909 374	2 174 204	2 464 392	2 781 286
Guatemala	Households assumption 1	1 972 678	2 269 935	2 594 908	2 939 544	3 297 078	3 659 954	4 024 455
	Households assumption 2	2 057 381	2 501 671	3 031 772	3 654 140	4 378 709	5 217 200	6 190 952
Haiti	Households assumption 1	1 387 317	1 537 765	1 704 458	1 887 585	2 087 617	2 304 315	2 536 403
	Households assumption 2	1 620 495	1 861 410	2 140 871	2 463 650	2 835 680	3 262 892	3 750 738
Honduras	Households assumption 1	969 605	1 112 286	1 259 961	1 406 795	1 551 144	1 691 826	1 827 569
	Households assumption 2	1 048 931	1 277 967	1 543 431	1 845 413	2 189 949	2 585 770	3 044 605
Mexico	Households assumption 1	17 988 214	19 514 975	20 948 991	22 279 822	23 520 756	24 665 011	25 705 152
	Households assumption 2	19 101 351	22 089 524	25 387 361	29 051 844	33 192 182	37 925 863	43 415 531
Nicaragua	Households assumption 1	703 648	801 071	903 644	1 008 135	1 109 511	1 208 195	1 303 556
	Households assumption 2	857 062	1 022 155	1 210 643	1 421 661	1 651 468	1 904 044	2 182 597
Panama	Households assumption 1	594 640	645 422	693 287	738 192	780 058	818 066	851 289
	Households assumption 2	623 309	710 810	804 263	904 625	1 013 029	1 129 877	1 255 522
Paraguay	Households assumption 1	1 004 616	1 143 595	1 293 294	1 452 330	1 617 274	1 783 146	1 946 453
	Households assumption 2	1 030 067	1 224 259	1 448 368	1 705 109	1 995 225	2 317 604	2 672 921
Peru	Households assumption 1	4 950 488	5 398 585	5 849 263	6 287 137	6 705 877	7 101 574	7 472 158
	Households assumption 2	5 067 313	5 872 439	6 788 269	7 819 475	8 984 306	10 310 630	11 839 411
Uruguay	Households assumption 1	930 267	956 180	982 704	1 008 179	1 032 372	1 055 609	1 077 750
	Households assumption 2	960 020	1 002 798	1 047 641	1 092 853	1 138 197	1 184 044	1 230 263
Venezuela	Households assumption 1	4 525 611	5 007 342	5 483 447	5 949 185	6 396 994	6 818 259	7 204 507
	Households assumption 2	4 784 290	5 293 556	5 796 874	6 289 233	6 762 638	7 207 983	7 591 717
Total assumption 1		103 623 574	112 318 429	120 817 021	129 000 673	136 817 251	144 148 613	151 071 266
Total assumption 2		108 936 774	123 699 781	139 783 210	157 283 415	176 413 992	197 368 555	223 697 704

Assumption 1: persons per household remain constant

Assumption 2: accelerated nuclearization

Source: ECLAC, on the basis of official data.

Table 8
**LATIN AMERICA AND THE CARIBBEAN (18 COUNTRIES):
 SIZE OF HOUSEHOLDS**

Country	1970s	1980s	1990s
Argentina	3.6	3.9	3.7
Bolivia	4.4	...	4.4
Brazil	5.0	4.7	4.2
Chile	5.2	4.6	4.1
Colombia	6.5	4.9	...
Costa Rica	5.7	4.8	...
Cuba	4.5	4.1	...
Dominican Republic	5.4	4.9	...
Ecuador	5.5	5.1	4.8
El Salvador	5.4	...	4.8
Guatemala	5.2	5.3	5.4
Honduras	5.7	...	5.8
Mexico	5.8	5.6	5.1
Panama	5.2	4.9	4.4
Paraguay	5.5	5.2	4.8
Peru	4.9	5.5	4.8
Uruguay	5.1	3.4	...
Venezuela	5.9	5.4	4.8

Source: ECLAC, on the basis of national censuses. For El Salvador: Ministry of Planning and Co-ordination of Economic and Social Development, Encuesta de hogares, 1992-1993.

Table 9
CRITERIA USED TO CLASSIFY THE HOUSING STOCK

Country	Variables used	Beyond repair	Repairable
Argentina	Type of dwelling	Shacks or huts	Type-B house (either lacking water supply or sewerage system or with a dirt floor)
Bolivia	Census classification of dwelling according to main component materials	Light materials used for floor and roof, and dirt floor; medium material used for walls, light roof and dirt floor	Medium wall, light resistant roof and good floor; light wall, light roof and good floor; strong or medium wall, light resistant roof and dirt floor
Brazil	Sewage disposal system	Dwellings without any sort of sewage disposal system	Dwellings with basic septic pit and superficial drainage ("vala")
Chile	Type of dwelling, component materials of walls and floors	Semi-permanent and mobile, permanent with wall made of rushes and mud, adobe dwellings with dirt floor	Other adobe dwellings and wooden dwellings with dirt floor; brick or raw unfinished cement floor, wooden with roof of other material, and brick with dirt or brick floor.
Costa Rica	Census classification of the quality of housing	"Dwelling whose main component material needs replacing"	"Dwelling whose main component material requires major repair"
Cuba	Type of dwelling, component material of walls and floors	Makeshift housing, shacks, ("bohíos") houses with walls of adobe/scrap materials	Room in rooming-house ("cuartería"), houses with walls made of wooden boards or royal palm, houses with wooden walls and dirt floor
Dominican Republic	Component material of walls, year of construction	Dwellings with walls made of palm-leaves, corrugated tin sheet and other materials	Dwellings with wooden walls built prior to 1979
Ecuador	Component material of walls and floors	Dwellings with walls of uncovered reeds, mud or wood with a dirt floor	Dwellings with adobe or mud walls, dwellings with brick walls but dirt floor
El Salvador	Type of dwelling, water supply	Makeshift dwellings, shacks, houses without access to water supply, rooms in a rooming-house ("meson") without access to water	Rooms in houses and a rooming-house ("meson") with water; houses whose water supply is not obtained from pipes
Guatemala	Type of dwelling, sanitary facilities	Shacks, makeshift houses and other	Other dwellings (conventional house) without a toilet or with a latrine
Honduras	Component material of walls and roofs	Dwellings with walls of wood, reeds and scrap materials; dwellings with mud walls ("bahareque") and a roof of thatch or scrap material	Dwellings with walls of brick, stone, adobe, blocks and wood, but with roof of thatch or scrap material; other dwellings with mud walls ("bahareque")
Mexico	Component material of walls, roofs and floors	Dwellings with walls of cardboard, reeds, bamboo and palms; with mud walls ("bahareque") and dirt floor; with dirt floor and roof beyond repair	Dwellings with dirt floor, walls of wood, asbestos, adobe, a type of brick and with a proper roof
Panama	Type of dwelling, component material of floor	Semi-permanent dwellings, makeshift dwellings	Inner-city rooming-houses, ("vecindad") permanent dwellings with a dirt floor
Paraguay	Type of dwelling, component material of floor	Makeshift dwellings, shacks	Houses with dirt floor, rooms in a rooming-house
Peru	Component material of walls and floors	Dwellings with walls made of rushes and mud, wook, stones and mud, matting or other material	Other dwellings with dirt floor
Venezuela	Type of dwelling, sanitation facilities	Shacks, peasant shacks, houses without sewage disposal	Inner-city rooming-houses, ("vecindad") houses with pit toilet, urban houses with cesspool

Source: For Colombia: estimates by the Instituto Nacional de Reforma Urbana y Habitacional (INURBE), United Nations Centre for Human Settlements (Habitat) (UNCHS) and National Planning Department; for Nicaragua: data provided in 1994 by the Nicaraguan Institute for Municipal Development (INIFOM) and the Swedish International Development Agency (SIDA); for Uruguay: data provided by the Ministry of Housing, Land Management and Environment.

Table 10
**LATIN AMERICA AND THE CARIBBEAN, 1980-1993 (19 COUNTRIES):
 HOUSING SITUATION OF HOUSEHOLDS**

Country	Year	Percentage of households that require new housing	Total percentage of households with housing problems	Adequate dwellings per 1,000 inhabitants
Argentina	1991	15.48	30.92	198.69
Bolivia	1992	25.20	45.50	137.08
Brazil	1991	16.56	45.12	133.81
Chile	1992	18.10	28.84	181.00
Colombia	1985	18.86	43.29	115.04
Costa Rica	1984	13.48	35.55	141.33
Cuba	1981	16.83	27.72	174.69
Dominican Republic	1981	11.07	40.67	122.84
Ecuador	1990	19.88	35.64	142.54
El Salvador	1992	36.86	53.39	98.01
Guatemala	1989	18.80	45.74	100.89
Honduras	1988	16.93	40.41	108.39
Mexico	1990	19.11	34.66	139.88
Nicaragua	1991	...	...	33.76
Panama	1990	19.14	32.50	156.98
Paraguay	1992	18.45	40.76	124.64
Peru	1993	25.35	53.15	98.57
Uruguay	1985	12.39	23.98	232.11
Venezuela	1990	22.11	36.35	131.87
Average indicator		19.33	38.68	135.29

Percentage of the population of Latin America and the Caribbean surveyed in 1990: 96.15%

Source: ECLAC, prepared on the basis of national censuses, and projections by CELADE. For El Salvador: Ministry of Planning and Co-ordination of Economic and Social Development, Encuesta de hogares, 1992-1993; for Guatemala: National Institute of Statistics, Encuesta nacional socio-demográfica, 1989; for Nicaragua: data provided in 1994 by the Nicaraguan Institute for Municipal Development (INIFOM) and the Swedish International Development Agency (SIDA).

Table 11
LATIN AMERICA AND THE CARIBBEAN, 1980-1993 (15 COUNTRIES):
LEVELS OF SANITATION BY AREA
(Percentages of occupied dwellings according to availability of basic services)

Country	Year	Urban areas (percentage of housing stock)				Rural areas (percentage of housing stock)		
		Number of private dwellings	Water supplied within the dwelling	Water supplied outside the dwelling	With sewerage system or septic tank	Number of private dwellings	With access to piped water	With sewerage system or septic tank
Bolivia	1992	845 589	42.10	38.21	34.57	769 406	19.75	0.77
Brazil	1991	27 157 268	81.23	6.58	62.89	7 577 447	9.44	9.53
Chile	1992	2 594 359	84.75	12.38	80.91	506 997	42.38	13.91
Cuba	1981	1 609 699	69.61	20.67	...	680 477	35.96	...
Dominican Republic	1981	587 332	43.72	34.89	44.71	527 076	32.29	5.72
Ecuador	1990	1 148 342	56.49	23.14	62.38	860 313	40.13	8.93
El Salvador	1992	548 303	63.59	16.70	63.93	500 888	28.12	2.94
Guatemala	1989	597 807	58.22	29.00	59.20	993 481	49.64	8.44
Honduras	1988	318 070	45.27	39.54	51.92	444 047	47.47	8.08
Mexico	1990	12 026 425	62.61	27.22	76.65	4 008 808	49.61	13.64
Panama	1990	295 105	72.05	25.37	69.27	229 179	59.20	11.88
Paraguay	1992	443 691	49.35	8.56	65.48	411 856	3.04	14.11
Peru	1993	3 017 681	63.30	5.20	58.71	1 409 836	7.12	0.00
Uruguay	1985	728 860	80.10	9.40	65.11	94 633	9.00	34.80
Venezuela	1990	2 972 561	...	...	86.36	544 668	48.72	39.91
Region			73.24	13.76	67.50		25.34	10.28

Source: ECLAC, prepared on the basis of national censuses. For El Salvador: Ministry of Planning and Co-ordination of Economic and Social Development, Encuesta de hogares, 1992-1993.

Sewage disposal: percentage covered, taking account of both sewerage system and a septic pit or tank

For Bolivia: percentage with flush toilets.

For the Dominican Republic: dwellings with a flush toilet.

For Ecuador: includes only that percentage connected to sewerage network (the census category "pit latrine" does not distinguish between "septic pit" and "cesspit").

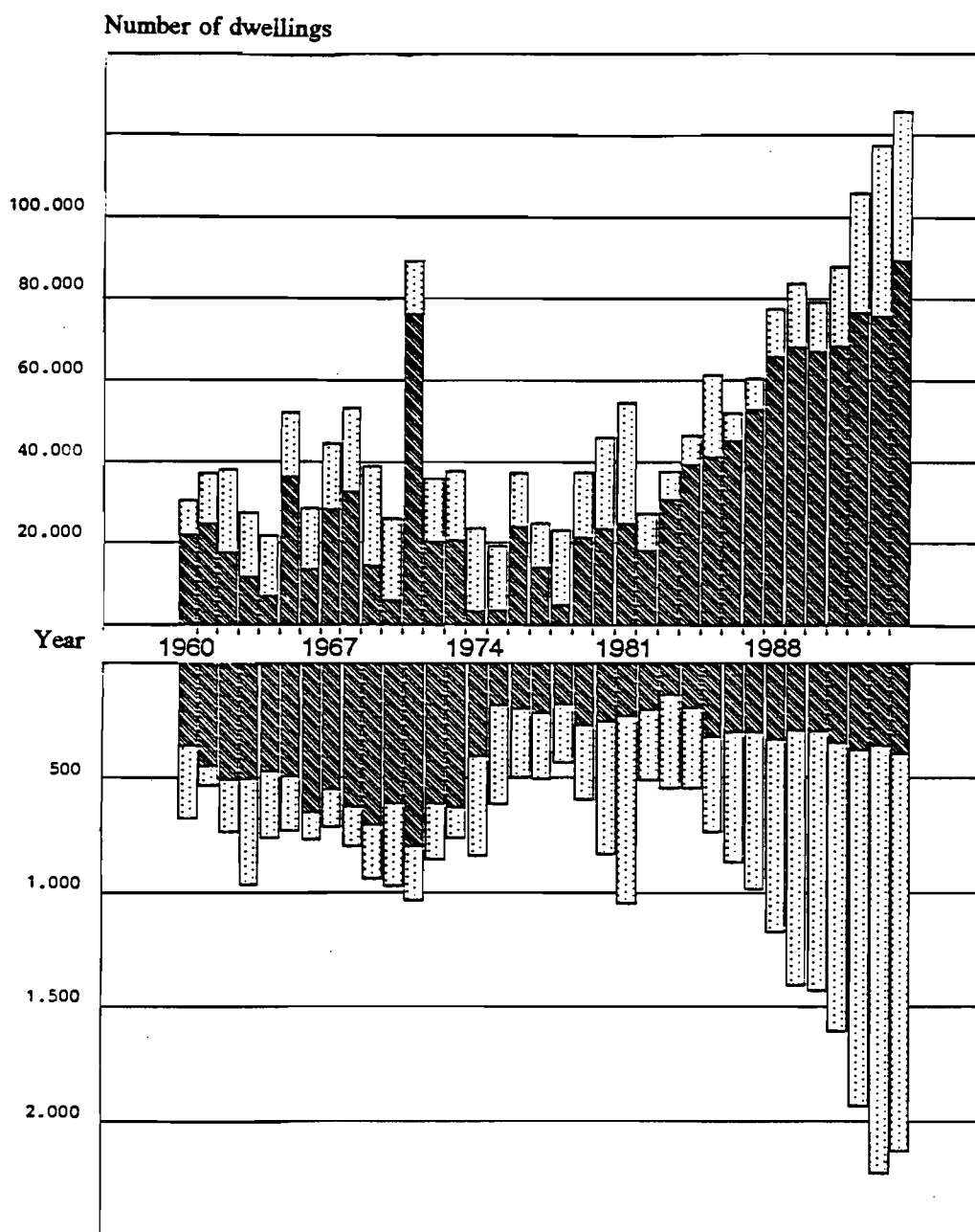
For Guatemala: percentage of households with own or shared flushed toilet, or toilet that can be rinsed out.

For Paraguay: includes modern toilet with pit latrine and connected to the public network, and municipal latrine.

For Peru: toilet facilities connected to the network within or outside the dwelling.

For Uruguay: percentage of households with flush toilets.

Figure 1

CHILE: HOUSING CONSTRUCTION AND INVESTMENT IN HOUSING (1960-1994)

Source: Chilean Chamber of Construction.

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