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**REGIONAL SITUATION AND PRIORITY ISSUES
TO BE ADDRESSED IN POLICIES FOR THE SUSTAINABLE DEVELOPMENT
OF HUMAN SETTLEMENTS IN LATIN AMERICA AND THE CARIBBEAN,
IN THE LIGHT OF THE JOHANNESBURG SUMMIT**

This document was prepared by the Sustainable Development and Human Settlements Division of the Economic Commission for Latin America and the Caribbean (ECLAC) with the support of the Regional Office for Latin America and the Caribbean (ROLAC) of the United Nations Human Settlements Programme (UN HABITAT). This document has been reproduced without formal editing.

INDEX

INTRODUCTION	1
I. OVERVIEW OF THE SITUATION IN THE LATIN AMERICA AND CARIBBEAN REGION	3
II. CHALLENGES AND OPPORTUNITIES.....	13

INTRODUCTION

This report presents the main elements of the regional document to be submitted as part of the preparatory process for the twelfth session of the United Nations Commission on Sustainable Development, to be held in May 2004, at which the Commission will review the progress made towards the targets and commitments derived from implementation plans and programmes for the main agreements of the Johannesburg Summit and Agenda 21 in the thematic clusters of water, sanitation and human settlements. It is hoped that this analysis of the principal social, economic and environmental issues, as well as the challenges and opportunities for sustainable development in the region, reflects the regional priorities of the ministers and high-level authorities of the housing and urban development sector, so that the regional preparatory process for the twelfth session of the Commission on Sustainable Development may enjoy the support of these authorities.

I. OVERVIEW OF THE SITUATION IN THE LATIN AMERICA AND CARIBBEAN REGION

Latin America and the Caribbean is the most urbanized region in the developing world, with an urbanization level rivalling that of many industrialized countries. The region's urbanization level rose from 71% in 1990 to 75% in 2000,¹ at which time its urban population amounted to 380 million, as against 127 million rural inhabitants. However, region-wide figures mask wide differences across countries – and within them as well, at the sub-national level – in terms of both the degree of urbanization and the current speed of the process. Moreover, a large proportion of the urban population in Latin America and the Caribbean lives in large cities. The region accounts for only 8.4% of the world's population, yet it accounts for some 15% of the population living in settlements of more than a million inhabitants.

The most common type of population movement in the region is migration between cities. Rural-to-urban migration, which has declined in absolute terms, is taking on new forms, particularly involving more educated young adults of working age and in situations of widespread civil conflict. The region is also starting to become a source of outward migration to other countries, primarily the United States, and to a much lesser degree Canada, Europe and Oceania.²

The economic assistance provided by emigrants to relatives in their countries of origin has become a crucial macroeconomic variable for many areas, and even countries, of the region, especially Mexico (which receives some US\$ 7 billion a year) and Central America and the Caribbean (where these flows represent between 8% and 14% of GDP in small countries such as El Salvador, the Dominican Republic, Ecuador and Jamaica).

Serious housing problems persist in the region, especially among the poorer sectors of the population: 45% of these problems consist of quantitative shortages, while the rest consist of needed improvements. ECLAC has estimated new housing needs at approximately 38 million units. It is expected that annual new housing needs will continue to grow, despite the slowdown in the region's population growth, owing to the diversification of housing demand: the nuclear family model that predominated in earlier decades is now being supplemented by trends towards the formation of smaller households consisting of older persons and towards more households headed by women. There is also a significant demand for replacement of the housing stock in the region, especially of the low-income housing built from the 1950s onward, due to the historical

¹ Over the past three decades the region's urban population has grown by 240%, while its rural population has grown by a mere 6.5%. In the 1990s, however, the trend towards a slowdown in the growth of the region's urban population became more pronounced.

² In Central America there are signs that the networks formed between those who leave and those who stay are binding urban areas together and that emigration to the United States is significantly affecting demographic and socio-cultural patterns in all the Central American cities. In the Caribbean, international migration is often the most significant component of population dynamics, the social and demographic structure and the spatial distribution of the population.

lack of application of appropriate technical specifications and of maintenance measures and programmes, which has shortened the useful life of many housing complexes.

By mid 2001, the region had approximately 128 million people living in urban slums, 32% of the urban population. Slums, comprising a wide-range of low income settlements, from deteriorated inner city dwellings to informal settlements with inadequate housing, infrastructure and services, overcrowding, in risk areas and with a variety of tenure arrangements, are in many cities the only option available for the urban poor. As such, it is envisaged that the number of slum dwellers will continue to increase if preventive and regularization actions, complemented by policies affording orderly access to urban land, are not taken in the region. National approaches to slums have generally shifted from negative policies (evictions, involuntary resettlement, benign neglect) to more positive policies, such as in situ upgrading, mobilising local resources for improvements and rights based policies.

Among poor households, the most widespread problem observed is lack of access to sanitation, followed by lack of access to secure tenure and to drinking water networks. Next in importance is the problem of poorly constructed housing. Lastly, overcrowding continues to be a predominant feature of poor urban households. In urban areas, precariousness³ characterizes not only poor households, but also, albeit to a lesser degree, households whose income places them above the poverty line.

In the 1990s households headed by women were at a considerable disadvantage in terms of the physical aspects of housing, though this began to change around 2000. In terms of services, these households were in a better situation than poor households overall at the beginning of the decade, but towards the end of this period the expansion of service coverage did not significantly improve the situation of this group. Considering that this segment also lost its advantage in terms of security of tenure, it may be concluded that the housing situation of households headed by women, particularly indigent households, has become more precarious.

Currently, one extremely negative feature of the region's cities is segregation. Socio-spatial segregation in cities has increased, insofar as State housing initiatives have had the effect of relegating low-income groups to the outskirts of cities, owing to the lower cost of the land, while the demands of high-income groups for residential exclusivity have led to the expulsion of poor groups from more upscale urban areas. The emergence of slums in larger cities has exacerbated the processes of urban and social exclusion, has stimulated conflicts in land use within urban development plans, and has hampered upgrading processes. Exclusion is often not limited to the access to benefits the city can offer, but also to the participation in the shaping of the decisions that affect the city.

Socio-spatial segregation and inequity is also present at the national level and settlement system. Several countries in the region show pattern of concentration of up to

³ Defined as the proportion of households without full coverage of housing needs, such as properly constructed housing, access to services (water, sanitation) and secure tenure.

50% of the national GDP in one city or region. The last decades have experienced a decline in the attention to sub-national, regional, development issues, settlements systems and metropolitan management. The emergence of Latin American and the Caribbean as a region that can compete in the world markets will require a review of present policies and demands in this regard.

Although population growth is slowing down in the region's cities, pressure on the land is still strong, given the expansion of demand for housing, services, facilities, recreational spaces, industrial parks and road networks.⁴ Cities are expanding their boundaries at the expense of rural land. Affluent and low-income sectors are affected differently by the available means of access to land. For the former, the market offers a supply of suitable land for transfer by secure, legal means. Low- and very low-income families, on the other hand, must devise survival strategies that involve resorting to an informal land market or occupying high-risk land.

The supply of public and private housing did not expand substantially in the 1990s and even stayed below the level required to meet needs related to the formation of new households. Macroeconomic circumstances have not allowed most countries in the region to maintain housing policies based on conventional production. The new policy approaches have included more realistic standards with regard to technical housing specifications, under programmes aimed at the holistic, progressive and participatory consolidation of human settlements. In addition, types of financing have been diversified to give low-income households access to housing under schemes based on a combination of State subsidies, prior savings and mortgage loans. The next step is to incorporate other alternatives such as the improvement or expansion of existing dwellings and housing mobility.

The most significant feature of economic development in Latin America and the Caribbean over the past decade has been the recovery of positive growth rates, in a context of increased concern about national macroeconomic balances. However, the region has experienced a stalling in its economic growth in 2001 and 2002, which, added to a slump in the world economy, raises concerns about the future. Some countries have suffered from more pronounced economic instability, which has worsened the already adverse conditions in their labour markets. Average growth in most countries of the region, however, has been insufficient to overcome problems of poverty. Low growth rates have had negative effects on employment and the creation of new jobs. The region has still to realize its full capacity for participation in the global economy. With 8.4% of the world population, it shares just over 5% of global trade.

⁴ The shortage of urban land for the expansion of human settlements is particularly acute in the Caribbean, owing to the diminutive size of the smallest islands and to topographical limitations. The amount of available land is further reduced by other factors, such as the absence or weakness of mechanisms for rational land distribution among competing uses, the scarcity of built-up land in non-vulnerable areas (particularly for low- and middle-income families) and patterns of land ownership and use, especially in the case of foreign owners or large properties, or ineffective systems for giving title to land.

The sharp decline in the labour absorption capacity of manufacturing and the public sector, in a context of rapid technology absorption and fiscal adjustment, has had at least three effects: (i) the destruction of low-skill jobs, with a consequent rise in unemployment and informal employment; (ii) a widening of the wage gap between skilled and unskilled workers; and (iii) a downturn in the proportion of secure, stable jobs, particularly low-skill jobs, and greater disparity between skilled and unskilled workers in terms of rights at work.

Increased market stability and openness have enhanced the economic role of many cities, drawing attention to the importance of urban functionality from the standpoint of globalisation. The growth of cities has translated into voluminous investments in real estate and infrastructure, though these investments have been subject to business cycles within countries. The further development of information technologies and the growth of a diverse and complex service sector have helped to set up a new dynamic between cities and the territories they influence. Nonetheless, land-use and urban management policies have not fully seized the opportunity to lead or keep pace with the growth, liberalization and changes in production taking place in the region.

According to ECLAC estimates, by the end of the 1990s the region's urban poor amounted to over 134 million people, of whom 43 million were indigent. While poverty is proportionally lower in cities than in rural areas,⁵ the region's high level of urbanization has concentrated most of the population in urban centres, with the result that two out of every three poor people in the region are city dwellers. Urban poverty takes the form of low earnings related to precarious employment and a shortage of educational capital, and shows inequities based on gender. Households headed by women, apart from being over represented among poor households, tend to be more economically and socially vulnerable because of the lower number of workers per household, which makes them more likely to fall below the poverty line at times of crisis.

While economic growth and increased social spending in all the countries have enabled them to make progress in reducing the percentage of people living in poverty, national inequality indices have remained high or deteriorated outright. ECLAC analyses show that wealth factors affect inequity as well as poverty.

In the course of the decade, the workforce and the economically active population (EAP) became further urbanized, the number of people of working age continued to increase and women's economic activity rates continued to climb. Despite the massive increase in women's incorporation into the labour market, labour participation rates still show a bias in favour of men. According to all the relevant economic indicators, such as employment, unemployment, income (50% of men's income), business ownership and managerial jobs, women are at a disadvantage in relation to men.

⁵ The region-wide poverty rate is 37.1% in urban areas and 63.7% in rural areas. The high levels and slow reduction of rural poverty entail a risk of further urban impoverishment in countries experiencing a delayed rural-to-urban transition owing to new flows of rural-to-urban migration.

Job creation has continued to shift from goods production to services: 9.6 out of every 10 new jobs created since 1990 have been in the service sector. Employment has become more precarious owing to the increased frequency of short-term (temporary, seasonal or part-time) hiring, the expansion of the list of permissible reasons for dismissal, the reduction of severance pay, restrictions on the right to strike and limited access to social security services.

Today, 17 million of the region's urban workers are unemployed. The current urban unemployment rate of 9.2% is the highest in Latin America and the Caribbean in the past 22 years. Its impact is widespread, affecting both older and younger workers (with the latter group posting nearly twice the average national unemployment rate) and both women and men.

All of the increase in employment recorded in the region was in the informal sector. Out of every 10 jobs created since 1990, 7 have been in the informal sector. By the end of the decade, a higher percentage of workers were engaged in informal-sector subsistence jobs (own-account and domestic employment) than in informal-sector micro-enterprises. This shows that the higher-productivity, higher-income segment of the informal sector still represents a relatively small share of total employment in this sector. Nonetheless, in the 1990s one third of the increase in urban informal employment was accounted for by micro-enterprises, which have gained ground as a proportion of urban employment since the 1980s. Informal employment is more common among members of poor and indigent households than among members of non-poor households, although 57% of the latter work in this sector. The share of informal employment is higher among women in all the countries.

Short-term initiatives to address the problem of insufficient earned income as a basic determinant of urban poverty have included the design of job training programmes, provision of credit to the informal sector and combined temporary employment and training programmes for vulnerable groups (women, young people, older adults, ethnic groups). These social investment programmes have generally been designed and implemented by social funds. Their impact is usually temporary, since they have tended to focus on the creation of temporary jobs and have neglected to promote production and the generation of permanent jobs. Programmes carried out through social funds are nonetheless of significant value as pilot experiences that will facilitate the design of larger-scale initiatives and improve the administrative and project management capacity of municipalities.

Over the past decade the resources and responsibility for carrying out employment programmes have been shifted to municipalities or other small jurisdictions. The countries of the region lack national policies for promoting small-scale production from the standpoint of local economic development. Municipal experiences in this regard have had little success. Although municipalities are beginning to take action with respect to labour demand (municipal productive development), their finances and investment capacity are severely constrained. Actions targeting the labour supply (to bolster the

resources and job skills of poor individuals and households) have been more sporadic and unrelated to efforts in the area of demand.

The vast majority of the region's countries have national programmes to provide credit, training and technical support to small production units. However, these programmes do not have a clear direction and are marked by a strong social emphasis that does not take into account the tremendous diversity that characterizes this sector; instead, these initiatives seek to reduce poverty and marginalization in large segments of the EAP, particularly operators of subsistence micro-enterprises. This approach strengthens micro-enterprises as buffers for softening the impact of adjustments and crises on labour and production, but does not necessarily help them become successful participants and competitors in the formal economy.

Poverty, lack of employment opportunities and exclusion have translated into the growth of violence and criminality in the cities of the region, particularly among the youth, that show the highest levels of unemployment. Recent years have witnessed an increasing number of local authorities and national and sub-national governments developing programmes that integrate the social, urban and judicial aspects of preventing urban violence.

After natural resource depletion, urban environmental degradation is the most serious problem facing the region in this area of development. Generally speaking, the causes of the increase in air, soil and water pollution are associated with unplanned urbanization processes, agriculture (use of unsustainable techniques and agrochemicals) and poor environmental management. The uncontrolled growth of cities has exposed a large proportion of the population to deteriorating air and water quality, solid and hazardous waste contamination and coastal degradation. Overcrowding, lack of infrastructure and urban sprawl heighten exposure to pollutants, with the result that the poorest sectors are usually the primary victims of pollution.

The region's societies do not currently demonstrate a proactive awareness of environmental problems. In contrast to the 1990s, when the region saw an upsurge in citizen involvement on environmental issues (particularly in relation to industrial polluters), there is now widespread apathy on this subject. It should be pointed out that today, especially in metropolitan areas, the primary polluters are mobile sources (private and public transport), so that the polluters themselves (drivers) are the victims of their own actions.

The operation of urban transport consumes 3.5% of Latin America's GDP; the cost of travel time is equivalent to another 3%. Since the early 1990s rising demand for transport and road use has led to increases in congestion, delays, accidents and environmental problems in the region's cities. Motor vehicle use is the main cause of pollution in cities. Public transport is still the urban population's primary means of getting around, although the spread of the use of private motor vehicles by middle- and high-income sectors has affected the quality of public transport services by sharply increasing congestion. The measures taken to reduce congestion have been aimed at both

transport supply (separate lanes, higher-quality buses) and demand (limitation of parking spaces). Urban sprawl is also posing challenges for road and transport systems, particularly with respect to their economic viability and their regressive effects (in terms of time, cost and access) on poor urban sectors.

Per capita energy consumption in Latin America and the Caribbean has risen steadily in the past 20 years as a result of the region's economic growth and the adoption of more energy-intensive development models. According to ECLAC studies, the region shows inefficiencies in the transformation and use of energy as a result of: (i) insufficient absorption of energy-efficient technologies, (ii) an obsolescent industrial base and (iii) high and inefficient fuel consumption by motor vehicles. Economic, financial and political barriers have severely limited the absorption of energy-efficiency and renewable energy technologies in the region. Few of the region's energy policies take these issues into account.

There is no shortage of water resources in the region, except in some Caribbean islands. However, water pollution is a major problem because of municipal, industrial and mining related liquid waste dumping and the diffuse pollution caused by agrochemicals. It is generally agreed in the region that the fragmented sectoral approaches applied to water resource management in the past have exacerbated conflicts and the inefficient use and deterioration of this resource.

In 2000, 90% of the region's urban households had secure access to drinking water and 86%, to basic sanitation.⁶ Wastewater treatment is far less widespread: less than 15% of the region's municipal wastewater is treated. As water consumption rises and wastewater collection increases only somewhat, the insufficient installed capacity for treating is overwhelmed and the rivers, lakes, beaches, coastal areas and seas in which effluents are dumped become polluted.⁷ These figures mask the tremendous diversity of situations across countries, cities and parts of cities, as well as serious deficiencies in the quality and level of supply. The demand for these services, especially in the 1990s, has increased much faster than the response capacity of water management systems (in terms of pricing and financing, demand assessment and management, planning, regulation, organization, and the managerial instruments and capacities of local authorities and service companies). The new models of urban water management have been marked primarily by the privatisation (partial or full) and decentralization of services. These modernized water management systems are experiencing serious difficulty in equitably meeting the needs of low-income sectors (problems of access, quality and cost) and in financing investments in modernization (treatment plants).

Over the past 30 years the generation of solid waste in the region has doubled. The composition of this waste has changed, with less organic waste and more waste that lasts longer in the environment (plastic, aluminium, paper and paperboard), and a significant amount of toxic waste (hospital waste, expired drugs, chemicals, batteries and

⁶ In rural areas, access levels are 42% and 57%, respectively.

⁷ Deficiencies in waste water treatment have increased the vulnerability of the Caribbean countries in particular, because of their impact on marine and coastal resources and on groundwater contamination.

contaminated sludge). Most of the countries do not have the infrastructure (particularly for the final disposal of solid waste) or managerial capacity to address this situation.⁸ Refuse collection is generally the responsibility of municipalities, which pay for it out of their finances. There are few large-scale recycling programmes in the region. While some countries have legal frameworks for the control of hazardous waste, they do not have sufficient infrastructure to treat, recycle or dispose of it, nor do they have the resources to enforce the law. As a result, many hazardous wastes end up in places where they pose serious health and environmental risks.

The Latin American and Caribbean region is subject to extreme climatic events and natural phenomena that take place in frequently recurring cycles; these events and phenomena (earthquakes, tropical storms, hurricanes, floods, droughts, volcanic eruptions) are not duly taken into account in urban planning and management. The region is highly vulnerable to these increasingly intense and frequent natural phenomena, which affect its ever more fragile ecological and social systems.⁹ The region's cities are extremely vulnerable to disasters of both natural and technological origin (the risks inherent in hazardous activities), with negative microeconomic and macroeconomic consequences at the local, regional and national levels. Moreover, urbanization patterns, especially among poor sectors (occupation of high-risk land, use of unsound materials), further heighten urban vulnerability. Few efforts have been made to adopt policies for preventing and/or mitigating the negative effects of disasters in the region.

In the 1990s many of the region's large cities founded or strengthened public agencies to address the most serious environmental problems, and environmental authorities were established at the national level. Regulatory frameworks for the environment also made headway during that time, particularly with respect to land-use management, impact assessment, economic instruments, the definition of new offences and penalties and legal actions to protect the environment.

There is a steady progress in the consolidation of democratic processes in the region despite occasional governance crises triggered by political conflict and economic issues. However, these gains still need to be translated into effective mechanisms for the promotion of local governance, management capacity and decentralization. The region has a core of qualified human resources and institutions, however, consolidation of changes and the transition toward sustainable development require further developments on administrative and financial reform.

The close to 15,000 Municipal/local authorities in the region have experienced in recent years a steady growth in their competencies and responsibilities for the planning and management of local development processes. The degree to which this has been accompanied by a corresponding increase in their resources and institutional capacity to perform their new tasks has in general been uneven, and in a large proportion of local

⁸ In the Caribbean countries, problems can be found at all stages of the flow of waste (collection, disposal and treatment). There has been a sharp rise in the production of solid waste owing to the large number of tourists and the impact of cruise-ship arrivals.

⁹ Within the region, the Caribbean is the sub-region most affected by natural disasters.

authorities low. Although several large cities presently have with modern and efficient management systems, many medium-sized and smaller municipalities still need to make substantive improvements in this regard.

II. CHALLENGES AND OPPORTUNITIES

The region's social, economic and environmental situation presents a series of challenges and opportunities for sustainable development in Latin America and the Caribbean.

In terms of *urban poverty and precariousness*, it is necessary to implement comprehensive programs (secure tenure, basic services and housing, facilities, employment promotion) aimed at the spatial and social integration of urban areas and coordinated with other social and employment programs at the local level. Housing shortages should be addressed through increases in the number and diversity of new housing solutions, in combination with policies for enhancing housing mobility and improving the use of the existing housing stock (maintenance, improvement and densification programs).

The amount of resources available for *financing urban housing and services* (construction, improvement or expansion) should be increased through a combination of public and private investments and investments by communities themselves, under a system that promotes saving, co-financing (including subsidies for poor households) and access to credit. The creation of markets for the production and operation of urban services and housing should be fostered with a view to achieving appropriate and effective coordination between the public and private sectors in this regard, while strengthening the State's regulatory function and the private sector's contribution to housing and urban investment through transparent, efficient financial systems.

Urban segregation should be addressed under explicit inclusiveness policies (land-use management, neighbourhood improvement, social integration) targeting both poor sectors and more affluent ones. These policies should introduce greater flexibility into the design and location of housing complexes, while respecting the specific needs of a demand base, which is highly diversified in terms of gender, age group, ethnicity, etc.

Slum upgrading and regularization programmes should be improved, scaled up and replicated, incorporating innovative strategies and integrating urban, social and economic issues for poverty alleviation and community development, and introducing appropriate monitoring indicators and mechanisms. Full participation should be promoted of the urban poor and those traditionally responsible for investment on housing development. Slum upgrading activities should aim at achieving security of tenure and social and urban inclusion, in a context of strengthened urban planning and governance, and mobilizing investments on city-wide infrastructure.

Steps should be taken to guarantee the *availability of land* at prices that are consistent with the maximum costs of low-income housing. The new programmes that a number of countries have implemented for the improvement and densification of settlements are intended to meet housing needs without having to purchase additional land. Housing mobility is another alternative in this regard. However, in most countries in the region, secondary markets for low-income housing still lack appropriate instruments.

The *strengthening of governance structures and processes* is a key element in the achievement of sustainable development in the region which requires further improvements in national policies and strategies, as well as the introduction of good governance practices, particularly for the decentralized sub-national and local authorities. It is necessary to give emphasis to aspects as, management capacities, mechanisms for citizens' participation and consultation; transparency; efficiency; and accountability. There is a need to develop mechanisms for making better use of the capacities available with academic and research institutions, civil society organizations and the private sector.

With respect to *cities as productive spaces*, it is necessary to undertake much needed upgrades of the relevant infrastructure, institutional frameworks and production bases and to redress sharp inequalities in the distribution of goods and services among city dwellers. It is also important to foster innovative, adaptable production processes that are consistent with urban management and are aimed at modernizing cities and producing multiplier effects on formal employment.

Opportunities for *job creation* should be actively sought. Currently, growth in the region is closely linked to the performance of activities related to natural resources. To amplify the impact of growth on employment, the links between these activities and those of other production sectors (intermediate demand for goods, services and labour) should be strengthened. Moreover, economic and productive development policies should support the informal sector and help to reverse the growing precariousness of employment in the region's countries. The countries should adopt national policies on local economic development that recognize the crucial role of the labour market as a source of assets – physical capital (income, credit), human capital (knowledge, skills) and social capital – for the poor.

Local authorities and national governments need to take proactive measures for the development of strategies for *the prevention and reduction of urban violence*, as part of integrated strategies for local development.

The countries have yet to adopt inter-agency measures for *comprehensive water resource management*, from the use and maintenance of watersheds and springs to the final treatment of wastewater. In addition, they must guarantee that the entire population has access to high-quality drinking water and waste management services. Urban water supply and sanitation provision should be expanded by introducing improvements in areas as pricing and financing, demand assessment and management, and the development of managerial instruments and capacities of local authorities and service companies

The legal and regulatory framework governing *property and the urban land market* should be modified to correct the tendency of cities to grow in ways that preclude the rational use of natural resources and to occupy valuable agricultural land. The social, productive and environmental costs of adding new land to cities should be transferred to

real estate developers. Urban land should be used carefully to increase density in both previously occupied areas and areas of expansion.

The problem of *traffic congestion* must be tackled as a matter of urgency, with emphasis on promoting efficient public transport systems and optimizing the relationship between the population's residential areas, services and workplaces, under road management policies that are integrated with land-use management.

The countries should adopt and apply appropriate designs and technologies for the collection, treatment and final disposal of *solid waste*, through systems that are open to the participation of private or public-private firms.

Environmental education policies should be carried out to raise *environmental awareness among the general public* through the mass media and formal and non-formal educational systems.

At the technical, regulatory and institutional level, measures to prevent and mitigate the impact of *natural disasters* should be incorporated into local and sectoral policies.

Wide-ranging *cross-sectoral coordination* for environmental management in cities and territories should be promoted. Public policies should be coordinated with private sector and community actions in a holistic, efficient approach to environmental protection. Coordination should also be improved between the different levels of government in relation to urban and territorial development and environmental management. Efforts should be made to harmonize the responsibilities of the different levels of government in this regard and the resources and capacities needed to fulfil them.

Local and regional incentives should be introduced to broaden the *entrepreneurial and technological base* for the provision of low-income housing with standards and costs that make it affordable for low-income sectors, and also for the provision of better urban environmental services (energy, transport, water, sanitation, etc.).

Mechanisms for *financing investment by local entities* should be strengthened. They should include credit and tax mechanisms and should be aimed at maximizing the mobilization of private-sector resources.

Full advantage should be taken of the wide-ranging and diverse (in terms of actors, instruments and scale) *regional experience* in managing the social, economic and environmental dimensions of sustainable development. It is also important to tap the potential of *networks of specialists and practitioners* (urban planners, local development agents, social leaders and environmental technicians, among others), both formal and informal, in all areas. Available sources of systematized *information* (statistics and information related to experiences, programs and policies), though deficient, should also be used to the fullest extent possible. These regional resources are valuable assets to

Latin America and the Caribbean and provide opportunities for information exchange, learning and debate among different countries and cities.

Likewise, the countries should recognize the potential of a *civil society* that has accumulated experience in project management and participation in community and social initiatives for the social construction of human settlements. Further emphasis should be placed on experiences involving the co-management of municipal budgets in accordance with priorities that are shared among different actors at the municipal level.