

# Sustainable and equal cities in Latin America and the Caribbean

Six key messages

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# Six key messages

## 1

**A new urban agenda for sustainable development in Latin America and the Caribbean is fundamental for the national development of its countries and for the sustainable future of the region**

The Latin American and Caribbean region is now in a **consolidated phase of urbanization**, with 79.5% of its population living in urban areas. The central challenge of urban management is no longer the need to address the problems associated with rapid rural-urban transition, but is rather about improving the quality of life in cities, closing the gaps generated by inequality and achieving sustainable outcomes. The **substantial economic and demographic importance of cities**,

associated with consolidated urbanization, has two fundamental implications: (i) urbanization and urban development are positively correlated with economic development and improvements to living conditions and are thus **central issues on countries' national development agendas**; and (ii) urban development and urban policies strengthen the benefits of urbanization and are **decisive for the sustainable future of the region**.

## 2

**The Latin American and Caribbean region is marked by a double urban-demographic transition**

Today a double transition characterizes the region: **urban transition** (a significant decrease in the rate of rural-urban migration) and **demographic transition** (decreasing rates of population growth and the process of population ageing). There is also a **high concentration of economic, demographic and administrative activities in a small number of large metropolitan areas**. Additionally, **intermediate cities** are gaining **demographic and economic significance**, showing signs of a deconcentration process that distinguishes Latin America and the Caribbean from other developing regions. This situation has two effects: (i) diminishing **positive externalities** associated with concentration and agglomeration

and increasing **negative externalities (mainly environmental) in large urban centres**, which affects economic growth, productivity and quality of life; and (ii) a new institutional and legal architecture that encompasses **city systems and the interaction between cities of various sizes**, especially in economic terms and with regard to inter-urban migration, in order to strengthen the region's development.

**The growth of urban areas of Latin America and the Caribbean has followed a medium-density pattern**, resulting in environmental and economic challenges, in addition to the rising cost of managing and providing inclusive access to urban services and goods. At the

regional level, land consumption per capita dropped between 1990 and 2015. However, in many large cities land consumption per capita and urban sprawl continue to increase. Mexico City, for example, now covers 214,867 hectares and Buenos Aires, 196,446 hectares. The growing territorial and population growth of urban peripheries is associated in many cases with **population loss in central areas** of cities. However, there are exceptions to this pattern, with processes of repopulation, regeneration and densification in the urban core. The **island States of the Caribbean** present a particular pattern of low-density development, characterized by **urban areas continuously interspersed with rural areas**.

## 3

**New patterns of production, distribution and consumption in urban economies, combined with old structural challenges, hinder economic inclusion and universal access to the benefits of urban development**

In Latin America and the Caribbean, where GDP is generated chiefly by activities associated with the extraction and export of primary materials (and tourism, in the case of the Caribbean), **cities make a significant contribution to regional GDP**. This is characterized by a **larger contribution of the services and commerce sector**, which employs up to 70% of the urban population in some metropolitan areas. The State of São Paulo, the State and City of Mexico, and the Province and City of Buenos Aires contributed almost 25% of regional GDP in 2010. Nonetheless, the negative externalities associated with an urban growth that is guided by **weak planning**, in addition to the **traditional structural challenges of the region**

(low productivity, informality, lack of investment in infrastructure and knowledge economies), **limit the benefits that cities can offer for promoting development** (economies of agglomeration and scale, the proximity of the factors of production, the exchange of ideas and innovation), producing gaps that are particularly significant with regard to quality employment for the young population and for women.

Some of the region's countries and cities have devised instruments to capture and distribute the value generated by changes in urban land use; however, the region still exhibits a **highly unequal distribution of the value created by urbanization**.

# 4

**Important achievements have been made in poverty reduction and housing access, but inequality, socio-spatial segregation and security remain central issues of the regional agenda**

Despite considerable efforts and partial achievements by governments in reducing poverty and, to a lesser extent, inequality, the countries and **cities of Latin America and the Caribbean remain among the most unequal in the world**. Inequality is **manifested in diverse forms** including, among other factors, the socio-demographic shifts experienced in the twenty-first century: (i) the process of **population ageing**; (ii) the vulnerability of **young people**; (iii) persistent challenges with regard to **gender equality**; (iv) **intra-regional migration** and a growing recognition of the intersection of **ethnic diversity and inequality**.

The countries of the region have made **important advances in reducing the quantitative housing**

**deficit and urban informal settlements**. The percentage of the population living in slums dropped from 25.5% in 2005 to 21.1% in 2014. However, the policy focus on homeownership has **not always connected** the provision of housing with infrastructure and urban services. **Socioeconomic residential segregation** and unequal access to **housing and urban land** persist as spatial expressions of inequality. This is associated with high rates of urban violence. The homicide rate in Latin America and the Caribbean rose by 11% between 2000 and 2010, while stabilizing or even falling in other regions in the world. Increasing and improving inclusion in urban areas is one of the main challenges facing Latin America and the Caribbean.

# 5

**Vulnerability to the effects of climate change is on the rise with unequal socio-territorial impacts and urban ecological footprints that are increasingly driven by the pressures of consumption patterns**

Urban growth in Latin America and the Caribbean has created **environmental pressures on cities and their ecological surroundings**, generating **vulnerabilities that are unequally distributed** in urban areas. The **surge in private consumption** has intensified levels of pollution and increased inefficiencies, owing to the growth in private vehicle ownership, among other reasons. For example, between 2003 and 2010 the number of automobiles in Mexico rose from 203 to 275 per 1,000 inhabitants and from 164 to 209 per 1,000 inhabitants in Brazil. Far from being incompatible with environmental sustainability, well-managed urban development **represents**

**a key opportunity to resolve environmental challenges in the region**.

The region is **highly vulnerable to the effects of climate change**, in particular, **Central America and the small island developing States (SIDS) of the Caribbean**, where half the population lives within 1.5 km of the coast. Extreme climate events in the region, in addition to threatening human lives and well-being, have direct effects on economies, infrastructure and social development, intensifying the urgent need for policies and **measures for climate change adaptation, disaster risk management and urban climate financing at different levels**: international, national and local.

# 6

**Significant progress has been made in recognizing the city as a macro-level public good, but institutional weaknesses persist with regard to managing sustainable urban development and fulfilling the right to the city**

The rapid expansion of large urban areas has resulted in a **complex governance situation, where the urban fabric and public services do not always coincide with administrative demarcations**, and in many cases involve several levels of government. This gives rise to **challenges of coordination and assignation of responsibilities**. Moreover, there are considerable **asymmetries in management and data collection** capacities between cities of different sizes, with smaller cities having fewer economic and human resources at their disposal. One of the **most important contributions of Latin America and the Caribbean to the global debate on inclusive urban development is the promotion of the right to the city**, a collective right based on democratic control over processes of urban development. This has materialized in the region as: (i) **citizen participation**, with important

implications for promoting **transparency and accountability**; and (ii) **urban legislation and jurisprudence that enable the application of inclusive urban development instruments**.

The strengthening of **urban financing is crucial for enabling sustainable urban development** and is fundamental for the region to tackle the **structural challenges of low tax revenues and scarce investment in infrastructure**. Urban financing has two main sources: (i) **self-financing**: increasing fiscal authority and instruments that allow capture of the value generated by urban development; and (ii) **external sources**: public-private partnerships, regulatory asset base models, private investment, international cooperation and, increasingly, diverse sources for climate finance.

The sustainable future of Latin America and the Caribbean is closely linked to sustainable urbanization. Therefore, in order to make cities sustainable, the region must take an institutional and political path based on a new urban agenda and a regional action plan that addresses the challenges of a new phase of urbanization.