

Latin America's sprawling cities were once synonymous with slums and violence. Now, under dynamic local leadership, they're taking off as engines of growth



# SPACE PROGRAMMES

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By **Gavin O'Toole**

When Christopher Columbus led his conquistadors into the Aztec capital Tenochtitlán, he marvelled at the scale of what was then one of the largest cities in the world.

Now engulfed by modern Mexico City,

Tenochtitlán's grandeur provides a reminder of the role that cities have played in Latin American history and how they are signposting its future.

The region has had a formative influence over a new perspective spearheaded by the United Nations human settlements programme, UN-Habitat, which builds on a consensus that cities are now the most important tool available to states aiming to tackle inequality.

"In this perspective it is not the grandiose kind of interventions that have been really very innovative – the pyramids or Brasília – it is the infrastructure that is there for people's use on a daily basis," says Elkin Velásquez, UN-Habitat's regional director for Latin America and the Caribbean.

"You name it – whether it is Curitiba, Rio de Janeiro, Quito, Aguascalientes, Zapopan, Mérida, Bucaramanga or Rosário – these cities are synthesising this new perspective."

Latin America is the world's second most urbanised region – 81% of people live in cities, and by 2050 that will rise to 90%.

While the region is known for its mega-cities – São Paulo teems with 23 million people and Mexico City 21 million – recent growth has been concentrated in smaller urban areas.

But rapid expansion has created huge problems – infrastructure shortages, under-investment, insecurity, pollution – and poverty has become urbanised.

Historically, urbanisation has been associated with economic growth in a virtuous circle, but in Latin America it occurred later than in the developed world, creating what the Corporación Andina de Fomento bank calls "urbanisation without development". The most visible evidence of this is inequality, and while progressive governments have made impressive macro gains in reducing inequities since 2000, reductions have not been matched in cities.

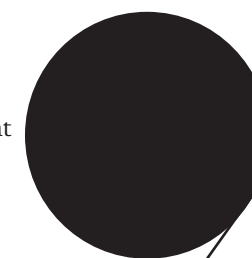
Ricardo Jordán, chief of the human settlements unit at the Economic Commission for Latin America and the Caribbean, says: "The challenge we face can be summed up in one word: inequality. We have grown a lot and are almost all middle-income countries now, but that growth has come with great inequality, and one of the main challenges will be to close the gap."

Large slums, where up to 30% of residents, often ethnic groups such as Afro-Brazilians, huddle in overcrowded informal housing are an obvious sign of inequality. Tatiana Gallego, division chief, housing and urban development, at the Inter-American Development Bank, says: "Social segregation has been a major problem in Latin America. Even though there are many efforts in different cities to try to integrate areas either through policy or by offering incentives to developers, the differences are still striking."

Large slums and poor access to public transport limit access to job opportunities, resulting in a "triple

Cities are now the most important tool available to states to tackle inequality – the infrastructure that is there for people's use on a daily basis

**Elkin Velásquez**, UN-Habitat regional director, Latin America and the Caribbean





► HOUSEHOLD CHARACTERISTICS ACCORDING TO SETTLEMENT TYPE FOR SELECTED LATIN AMERICAN CITIES\*

	Buenos Aires		Fortaleza		Bogota		Caracas	
	Formal	Informal	Formal	Informal	Formal	Informal	Formal	Informal
Percentage of total households that have amenities within a 10-minute walk radius								
Hospitals	49%	63%	63%	63%	27%	13%	35%	30%
Schools	82%	71%	78%	71%	52%	38%	60%	56%
Parks	75%	61%	65%	54%	65%	37%	44%	24%
Percentage of total households that have a means of transport within a 10-minute walk radius								
Bus (formal)	96%	89%	96%	95%	67%	54%	71%	67%
Subway	9%	8%	7%	4%	-	-	42%	20%
Train	28%	17%	8%	3%	-	-	22%	6%

\* The table reports average characteristics for households in each category, differentiating whether they live in formal or informal settlements. Statistically significant differences at 5% are highlighted

Source: Authors' elaboration using data from the 2016 Corporación Andina de Fomento survey (CAF, 2016)

informality” in housing, transport and employment.

Slums are mainly a problem of inadequate infrastructure, on which Latin American countries spend a smaller share of GDP than almost any other region. Cities also struggle to attract private finance: 70% of infrastructure expenditure still comes from public sources.

Eduardo López Moreno, director of research and capacity development at UN-Habitat, says there is no joined-up approach to regional planning and infrastructure finance. “They are not converging, and often you will see planning in areas without real funding, and funding in [other] areas which are not fully planned.”

A key obstacle to development in cities has been sprawl, which is at the heart of an unresolved policy debate about their optimal size.

Poor infrastructure has prevented cities from absorbing population influxes to expand in an orderly way, creating ungainly behemoths: Mexico City, for example, extends to 2,400km².

Sprawl is a political headache because it blurs boundaries. Since the 1970s, Latin America has experienced waves of decentralisation, and many of its 16,000 municipalities struggle with diverse responsibilities. Sprawl is also inefficient, multiplying wasteful subsidies as

population levels per hectare decline to a point where there are too few people to cover the cost of services.

Halting uncontrolled, low-density expansion will, therefore, require close attention to planning and governance – and is coalescing around an emerging vision of a ‘return of the state’.

López Moreno says: “We need to change the equation. In Latin America in the 1980s and 1990s, most of the municipalities were granted high levels of legal and financial autonomy, but abused it. It is a good moment to bring back state policies – more control, more punishments, more rewards – on the understanding that urban development is the key to national development.”

It is a controversial view, but has considerable momentum.

Jordán agrees that “the state is coming back”, and points to Latin America’s response to the New Urban Agenda, approved in 2016 by UN-Habitat in Ecuador (see box, overleaf).

ECLAC is now researching which countries have national urban policies and working with the Organisation for Economic Co-operation and Development to advance the idea.

Given its Latin American origins, the New Urban Agenda has generated enthusiasm in the region.

Research indicates that Latin American cities will drive growth, and UN-Habitat and CAF regard them as “vectors” of change by remodelling patterns of development and inclusion. The sheer size of urban economies makes their role

# \$477bn

## SÃO PAULO'S GDP

obvious: São Paulo’s GDP was \$477bn in 2017, nearly double Central America’s.

The biggest challenge will be ensuring growth that eases inequality.

López Moreno stresses that research into inequality has overwhelmingly been conducted at a national level, yet analysis by UN-Habitat demonstrates striking divergences in cities. “While countries are reducing inequality, you have cities that are increasing inequality or vice versa. This is important because through this analysis we can demonstrate that cities can play in the future a much bigger role in inequality reduction.”

It is a propitious moment to focus on inequality, as bodies such as ECLAC forge a consensus around the notion that it is no longer an ideological issue, but one of economic inefficiency.

Jordán says: “Inequality used to be addressed as a moral thing, an ethical thing, a political thing, a cultural thing – but never ‘What is the cost of being unequal?’. Our work has highlighted the

idea that it is an economic problem, and that if you don’t solve this you are never going to become a developed country. There is an enormous cost to inequality within a city.”

In practice, most city authorities are already prioritising urban infrastructure for the most vulnerable citizens, paying particular attention to social housing.

Gallego says: “Investment in either infrastructure or economic opportunities for the poorer segments of the population is critical. I think most countries now recognise this and you see that in different areas, particularly in housing, where the social contract we have in Latin America is unmatched.”

Inevitably, transforming cities also requires financial innovation and a revolution in how they manage budgets.

Multilateral organisations such as ECLAC are at the forefront of efforts to resolve the urban funding challenge. Cities work with the International Finance Corporation to de-risk

investments, and the Inter-American Development Bank, through its Emerging and Sustainable Cities Initiative.

Gallego says the IDB focuses on land-value capture policies – popular in cities such as São Paulo, which are aiming to recapture gains in land prices buoyed by public investment – and on improving local fiscal systems to mobilise resources, boost borrowing and improve financial planning.

“It is very important for cities to have an overarching financing plan for investments based on the optimal distribution of risks and capacity, then to define which parts should be done by public or private sectors and which by a public-private partnership.”

Two themes now shape thinking about Latin American urban policy: accessibility and space.

The concept of accessibility – a byword for inclusion – has emerged as a key measure of urban wellbeing, referring to the ability of households and firms

► Triple whammy: large slums and poor access to public transport limit access to job opportunities



► POWER TO CHANGE

## Mexico’s moment

Jorge Wolpert has high hopes for Mexico’s cities. “We are facing probably the biggest opportunity in recent Mexican history to enhance the urban situation in our country and properly enforce a New Urban Agenda-oriented national plan.”

The optimism of the director-general of Mexico’s National Housing Commission (CONAVI) is based on the prospect of president-elect Andrés Manuel López Obrador coming to power and pushing to transform the lives of the 8 million Mexicans lacking proper homes.

Due to take office in December, López Obrador built an unrivalled reputation as an effective city mayor. His success in Mexico City from 2000–2005 catapulted him to runner-up position in the 2004 World Mayor Prize – and earned him an 84% approval rating.

He made a significant dent in inequality, lured private investment into housing, reduced the city’s notorious congestion and launched the Metrobús transit service.

Wolpert foresees real progress in tackling homelessness. “We have an opportunity to lead a social housing revolution by making a big change in the immediate future,” he says.

His optimism is reinforced by the president-elect’s emphasis on using the power of the state to tackle social problems.

“This constitutes the biggest opportunity in a generation to establish a much more sustainable territorial strategy.”



# Action plan: the New Urban Agenda

In October 2016, the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) met in Quito, Ecuador, and adopted the New Urban Agenda, a vision of how cities should be planned and managed to promote sustainable urbanisation.

Multilateral bodies have embraced the proposals and, in 2017, the Economic Commission for Latin America and the Caribbean hosted its first Cities Conference to agree a regional action plan, implementing the agenda under the coordinating role of MINURVI, Latin America's forum for housing and urban development ministers.

The New Urban Agenda proposes action in five main areas: the development of national urban policies; the reform of urban legislation to revisit the norms and laws that hold back development; effective urban planning and design; transformation of urban economies and municipal finance; and the implementation of change at a local 'spatial' level, based on public participation.

In this way, it aims to balance the need for greater involvement by national governments – the return of the state in setting the rules of the game, within which local authorities must act – with the lowest tiers of governance, engaging communities directly in how they transform their areas.

While non-binding, the agenda provides a valuable blueprint for future policymaking.



Politicians such as Mexico's president-elect, Andrés Manuel López Obrador, are at the forefront of a new generation of dynamic and innovative leaders

Fast track to success: accessibility has emerged as a key measure of urban wellbeing, and more than 42 major Latin American cities now have mass transit systems

to access the many opportunities that a city offers.

It is a valuable notion because it sidesteps debates as to whether cities should be more or less compact: accessibility can be improved in cities of all shapes and sizes via effective policymaking on land-use regulation, housing and transport. Among other

things, this puts a spotlight on Latin America's emphasis on creating integrated public transport: more than 42 major cities now have mass transit systems.

Transport infrastructure also highlights how the concept of space informs thinking: the hurdles faced by poor residents getting to work exemplify their limited access to a city's prosperity.

Jordán says this is founded on the idea of dignifying places. "You go to poor neighbourhoods, upgrade them, make the investments in public spaces, education, security, and link this approach with the old way of approaching inequality that addresses an unfair distribution of income. So this is about redistribution of income with a process of dignifying places."

An irony of Latin America's recent experience is that it has been home to pioneering developments that are often unrecognised. Velásquez says it is a "paradox" that in UN-Habitat's global database on best practice 40% of examples come from this region.

He enthuses about the innovative leadership of a new generation of dynamic mayors such as Jaime Lerner in Curitiba and Antanas Mockus in Bogotá.

Mexico's president-elect, Andrés Manuel López Obrador (see sidebar, p37), and Brazil's Workers' Party (PT) presidential candidate Fernando Haddad are the latest former city bosses to gain global profiles.

Velásquez cites Colombia's Medellín as an example of what is possible: 20 years ago, it was the world's most violent city, yet today it is among the region's most innovative cities.

"What did it do right? The first thing was to enable this change of leadership. Second, they took action to differentiate needs from one neighbourhood to another. This has to be integrated – and this is the third point: they anchored those interventions by saying: 'Inequality first'.

"In Latin America we need to say 'Inequality first'." ●

