SPOTLIGHT

urbanization

Atlantic Council

ADRIENNE ARSHT
LATIN AMERICA CENTER

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How can Latin American cities achieve inclusive development?

In April, a record 22,000 people attended the seventh World Urban Forum, convened by the United Nations Human Settlements Programme (UN-Habitat), in Medellín, Colombia. This nearly doubled attendance from four years ago. Growing interest in urban development highlights how cities are increasingly transcending boundaries to shape national and global policy.

At the Forum, Medellin's innovations and transformations took center stage and provided a roadmap for achieving inclusive growth. Across Latin America, Medellín is cited as an urban planning model in areas such as citizen mobility, public-private collaboration, and participatory governance. Still, Latin American cities remain the most unequal in the world. What will the future of these cities look like?

Three Trends Shaping Latin American Cities:

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Our Spotlight Series, produced by the Atlantic Council's Adrienne Arsht Latin America Center, provides a critical look ahead at issues for Latin America and beyond. For media inquiries, please contact Taleen Ananian, Atlantic Council deputy director of communications, at tananian@AtlanticCouncil.org.

How can Latin American cities achieve inclusive development? Three Trends Shaping Latin American Cities:

❶ Transportation and Mobility

Modern, multimodal, integrated transportation networks are critical for cities' long-term equity, connecting Latin America's urban poor to new economic opportunities and enhancing quality of life for the region's emerging middle class.

Cities across Latin America have redesigned public space to give priority to public transit.

Bolstering citizen mobility, especially in remote marginalized communities, helps informal sectors of society to enter the formal workforce. This is especially important in Latin America, where roughly one-third of the urban population lives in informal settlements, or slums. Mobility brings new job possibilities as well as access to financial institutions and credit, property rights, and education opportunities.

According to Gerard Martin, former director of the Colombia Program at Georgetown University's Center for Latin American Studies, Medellín's explosive growth in the late twentieth century led to 75 percent of people living in informal settlements. One of Medellín's responses was to pioneer the construction of first-class transport in shantytowns. The Metrocable aerial lifts, first opened in 2004 in the city's poorest *comunas*, transport 670,000 people every day for less than $.25 per ride. Since its implementation, commerce in the target communities has increased by 300 percent and crime reduced tenfold. Rio de Janeiro followed suit in 2011 and built a 155-cable car system through one of its largest *favelas*, Complexo do Alemão, reducing the trip across the *favela* from a two-hour walk to a sixteen-minute ride. The *favela* residents are now connected to the city's entire rail network.

Cities across Latin America have redesigned public space to give priority to public transit. Bus-rapid transit (BRT) systems, an innovation pioneered in Curitiba, Brazil, in 1974, are now being used for daily commutes in 150 cities regionally and globally. Buenos Aires' municipal government implemented its first BRT system a few years ago. Today, 60 percent of the city's population use it. Commute times on the world's widest avenue, Buenos Aires' Avenida 9 de Julio,

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were cut by more than half—from fifty-five minutes in 2011 to twenty minutes today—using the BRT.

Alongside such achievements, there have also been setbacks, and tough challenges lie ahead. Bogotá's TransMilenio BRT system, a regional model when it was built in 2000, has fallen victim to inadequate maintenance and an inability to expand with the city's rapidly changing demands. The result: congestion that is even worse today than fourteen years ago. Curitiba's BRT system once served 85 percent of the population, but rapid growth decreased the system's utility and ability to serve sprawling communities. The city has been forced to adapt and will soon build its first metro line.

Despite successes, most informal settlements in Latin America are still not connected to public transit networks or integrated into the formal economy. Urban leaders must recognize the importance of connecting people to the various emerging nodes of a city. For Latin American cities to be inclusive in the future, city leaders need to diversify and integrate different modes and hubs of transportation that reach all populations. City budgets need to take into account the needed infrastructure improvements of the future, as well as plan ahead for long-term maintenance and expansion requirements.

AUGUSTO SERNA/FLICKR

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② ····· ## Public-Private Partnerships

Latin American cities have developed creative ways to leverage public-private partnerships (PPPs) for health, education, and environmental initiatives but infrastructure projects are still the top choice for PPPs.

> **Access to financial markets is paramount to increasing the capacity and reach of city projects.**

Latin America ranks low on global indexes measuring the quality of infrastructure. According to the United Nations Economic Commission for Latin America and the Caribbean, the region faces a $170 billion annual gap between current and needed infrastructure investment. With more than 80 percent of the region's population living in cities—and a projected 85 percent by 2025—the vast majority of future infrastructure projects will take place in cities. Collaboration with the private sector brings distinct opportunities to defray public costs, incorporate new stakeholders, and promote higher levels of efficiency and long-term maintenance capability.

Rio de Janeiro's Porto Maravilha project is a key example of how PPPs can revitalize abandoned industrial areas and enhance social inclusion. Seven hundred kilometers (435 miles) of new water and sewage systems, phone networks, and drainage and gas networks are being installed. Two thousand new public housing apartments are being built, as well as two new museums. No public spending is being used for these projects; the $3.9 billion price tag is being funded by selling building rights to private companies. The port area's population is projected to grow from 22,000 in 2009 to 100,000 in 2019, green areas will increase from 2.5 percent in 2009 to 11 percent by 2016, and traffic capacity will increase 50 percent by 2016.

City governments across the region are seeing similar successes through PPPs, but results vary based on a city's size. Access to financial markets is paramount to increasing the capacity and reach of city projects, which becomes a hurdle for intermediate-size cities to attract investment. Emerging or secondary cities also struggle to prove they have the transparency needed to draw private investment.

Another challenge to effectively leverage PPPs is making mayors understand why PPPs are a priority for urban development. Municipal buy-in also must extend beyond mayoral terms. Networks that allow for sharing experiences across national boundaries facilitate this awareness. They also educate city

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leaders on how to create effective legal and financial frameworks and boost
private sector incentives.

Rosario, Argentina—a city of nearly 1 million—has completely restructured
its infrastructure hubs around the Paraná River, which was previously plagued
by rampant pollution. This year Rosario will host a delegation of mayors from
several Latin American countries to highlight how PPPs made this renewal
process possible and to teach city leaders about the terms and strategies of
private sector negotiation.

The observation process can be one of the most successful ways to generate
new PPPs, with urban leaders and planners learning how to replicate successful
frameworks in their own cities. Emerging cities facing rapid growth and
infrastructure deficits should think ahead to seek new ideas from outside of
their localities. For PPPs to extend to the next level, the sharing of best practices
should broaden from the regional to the global level.

Participatory Governance

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**Citizen participation in local decision-making
ensures that residents' priorities are understood
and addressed in the most advantageous way
possible, providing communities with a sense of
civic pride, ownership, and social inclusion.**

Participatory budgeting is one of the most radical experiments that originated in
Latin American cities and today is used by 1,500 municipal governments globally.
It incorporates citizens into the political process; allows those with a clear
understanding of a community's needs to decide budget allocation; and, with
citizens vested in projects from inception, leads to better care of infrastructure.

Medellín is the largest Latin American city to implement participatory
budgeting as part of municipal planning, allocating 5 percent of its annual
budget to civil society-driven projects. Hospitals have been built and youth
programs started, but impact is limited to the specific communities participating.
In contrast, Sucre, Venezuela—a city of nearly 700,000 residents known for
the extreme poverty in its Petare neighborhood—inaugurated a participatory
budget system in 2009 and allocates roughly 40 percent of its entire municipal
budget to these projects. Combined with new security programs, the process

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has contributed to reducing crime by 50 percent since Mayor Carlos Ocariz took office in 2008.

Many obstacles exist to making participatory governance successful in the long run. The most obvious is generating citizen interest and political will. Disseminating knowledge, however, is the most difficult and also most important pre-condition for effective participation.

Today, leaders are having to focus on the role of technology in ensuring data is accessible, searchable, and useful so that citizens can make informed decisions when participating in budget or planning discussions. Another challenge is ensuring that data is presented in readable, accessible formats. Bureaucratic confusion or ineffective record-keeping means that governments, especially in large cities, often do not know where to find the necessary data to make informed budgetary and planning decisions. The culture for open, accessible data is not yet embedded in municipal governments, and the policies and structures needed are either nonexistent or insufficient.

Despite the goals of participatory governance, shantytown residents and others most in need of inclusion are often left on the margins. Often times, this is the result of lack of government knowledge that some informal settlements even exist. One way cities have engaged with these communities is a bottom-up approach that supports data collection from within the communities themselves. Governments are learning to integrate new technologies and utilize resident knowledge to put previously invisible communities on formal city maps. They're building social media participation into local decision-making processes to reach new demographics and achieve greater inclusiveness.

The extent to which municipal leaders can expand these efforts and promote policies of transparency and data-sharing will shape the ability of civil society to participate effectively in determining their own futures. Leaders should push forward a new culture of openness in city governments, requiring tools such as an annual publication of city accounts be made available to the public. City governments also should prioritize efforts to empower and educate citizens on how to be active participants in planning for their city. The way forward for inclusive Latin American cities will be to implement multi-tiered strategies that prioritize different venues of outreach based on specific community needs.

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