



# Atlantic Council

ADRIENNE ARSHT  
LATIN AMERICA CENTER

## Urbanization in Latin America

Cities are global leaders whose innovative policies are increasingly transcending boundaries to shape domestic and international trends. The relative power of cities to influence the global agenda will only increase in the coming decades. More than half of the world's population lives in urban areas; by 2050, 70 percent, or more than six billion people, will be urban dwellers.

The Atlantic Council is at the forefront of an emerging global dialogue on urbanization through its **Urban World 2030 project**, which brings together foreign and security policymakers and urban specialists to address ways to turn global urbanization into a net positive.



*Rio de Janeiro has launched an ambitious project to digitalize impoverished areas and tackle citizen connectivity challenges for low income people. The city will also host the 2014 World Cup and the 2016 Olympics.*

Latin America, the most urbanized region in the world, merits special attention in how to capture the growth of cities to create innovative policies that foster equitable economic growth, good governance, long-term housing and public space solutions, and efficient urban services. The **Atlantic Council's Adrienne Arsht Latin America Center**, which began operations in October 2013, will collaborate with the Council's **Strategic Foresight Initiative** to be a leading voice in examining innovative urban solutions in Latin America and share lessons learned within the global context.

### Latin America: The World's Urban Leader

Over the past forty years, Latin American cities have boomed. In 1950, 40 percent of the region's population was urban, but by 1990 it was up to 70 percent. Today, about 80 percent of the region's population lives in cities, making Latin America the world's most urbanized region. (In comparison, the European Union is 74 percent urbanized, the East Asia and Pacific region, 50 percent). By 2050, UN-Habitat predicts Latin America's cities will include 90 percent of the region's population.

Latin America's dramatic shift to a highly urbanized region has significant ramifications, many of which have been detailed by the McKinsey Global Institute:

- Today, **260 million people** live in the region's 198 large cities (populations of more than 200,000 people) and generate **60 percent of Latin America's GDP**. This is more than 1.5 times the contribution expected from large cities in Western Europe.
- Brazil and Mexico, the region's urban leaders, are home to 81 of the region's large cities. These two countries are projected to contribute **35 percent of Latin America's overall growth** by 2025.

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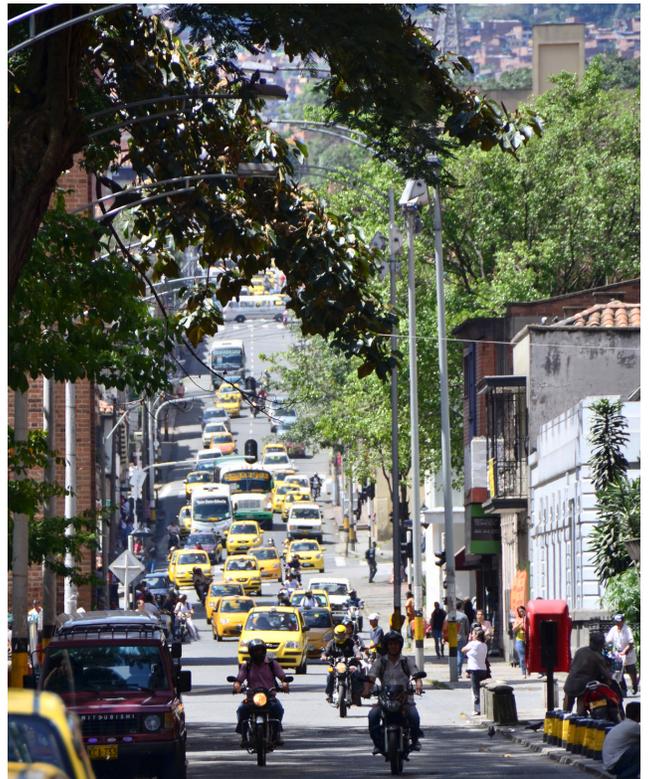
- By 2025, **315 million people** will live in Latin America's large cities where the **per-capita GDP is estimated to reach \$23,000**—more than that of Portugal in 2007.
- Latin American cities have become **hubs for technological innovation**. For example, Rio de Janeiro—a city in which 22 percent of its six million residents live in favelas—is using GPS data to digitally map previously invisible communities, connecting them to **better health care, transportation, and Internet services**.
- Infrastructure challenges related to transportation capacity, urban sprawl, and housing development need attention, but Latin America is making strong progress on communications infrastructure and citizen connectivity. The region has the **world's fastest growing Internet population**, with **147 million unique visitors online**.

Such explosive, unprecedented growth will require innovative shifts in urban planning, economic models, and global governance structures. Growing cities will have to revamp public infrastructure expenditure to increase citizens' living standards, but these transformations also offer a unique opportunity for city leaders to shape an emerging global dialogue on urban development.

### **Moving Forward: Policy Considerations**

As the world's most urbanized region, Latin America is a critical platform from which to launch a global dialogue on urban trends. For urbanization to be a net positive for Latin America—and for the world to learn from the region's experiences—policy formulation must take into account the following:

- **Economic Opportunity.** Latin America's working-age population is projected to expand until it peaks in the 2040s at around 470 million potential workers. These young, urban workers are critical for creating wealth and raising regional living standards, but policies must be in place to provide access to quality education and opportunities to enter the formal workforce through channels that maximize their know-how and ability to unleash new generators of economic development.



*A busy street in Medellín, Colombia, where more than two million people commute in the country's second largest city. Medellín has transformed itself from murder capital to the most innovative city in the world in just two decades.*

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- **Service Provision.** The cost of delivering basic services is much less expensive in cities than in rural areas. But water, housing, education, and other services must be equitably provided to minimize the growth of urban haves and have-nots as increased urban inequality foments marginalization as well as crime and violence.
- **Public-Private Collaboration.** Many examples exist of the public and private sectors working together to improve schools, build and improve public spaces, and facilitate a future pipeline of workers. In Mexico, for example, the Tecnológico de Monterrey system partners with business to leverage its research. Education is one of the most critical indicators of future success; the increased concentration of urban youth offers an opportunity for education officials to partner with business to improve curriculum but also to ensure that schools are teaching the subjects that business are looking for in their future workers.
- **Transportation and Mobility.** The growing middle class in Latin America and in many parts of the world presents a tremendous opportunity for improved social equity and for addressing the many ills inherent with poverty. But rising living standards also create new demands on infrastructure, among them transportation. Latin American cities such as Curitiba, Brazil, and Bogotá, Colombia have been at the forefront of creating new modes of transportation to reduce congestion. Still, both intra-city and intercity mobility must be improved to reduce the burden on transportation infrastructure and the environment.
- **Decentralization and Citizen Participation.** Latin America has historically been marked by highly concentrated control of political and fiscal resources. However, recent years have seen a decentralization of resources and power from national governments to state and local authorities in select countries. With that, citizens increasingly demand participation in local government decision-making, and participatory budgeting and planning has been established in municipalities in countries such as Peru and Bolivia. Citizen empowerment bodes well for democratic institutions and stability, but more attention must be focused on how to provide local authorities and cities with the technical know-how to make informed decisions.

In the coming decades, cities will increasingly shape local and national policy and decision-making. The Adrienne Arsht Latin America Center seeks to become a hub for thought leadership on Latin America's leading role in the global urban trend by examining lessons learned around the region's urbanization story and connecting Latin America's experience to that of cities across the world.

## About the Atlantic Council

The Atlantic Council is a nonpartisan institution that promotes global security and prosperity. It brings together a uniquely influential network of North American and European leaders and their allies and partners who share a common interest in addressing international challenges.

“Medellín’s strength as an innovative city is that, despite the difficulties, despite not having the budgets that other cities do, it has transformed innovation into wellbeing for its people.”

—Medellín Mayor Aníbal Gaviria, January 2013

