

Sustainable Urban Development

*Its implications for the
Energy and Climate Partnership of the Americas
(ECPA)*

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Current Issues



Urbanization

- Globally, this is the first time in history that the world's population is 51% urban
- By 2050, it is expected that the world population living in cities will increase to 70%
- This has affected Latin America disproportionately

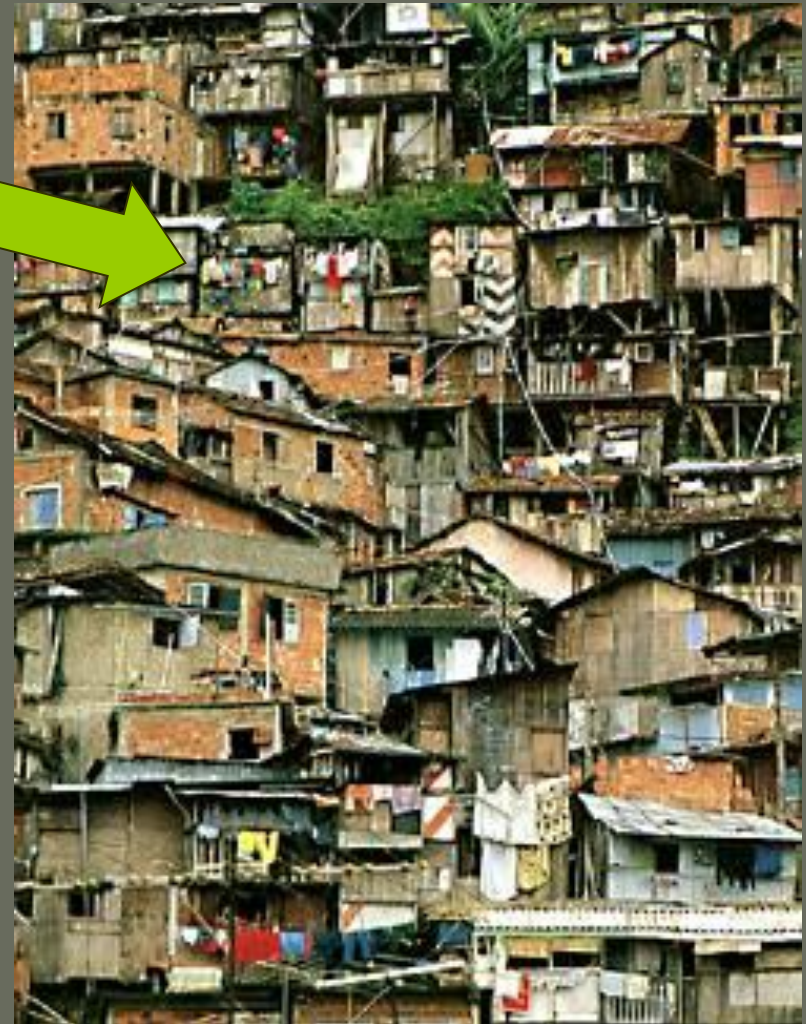
Challenge of Mega Cities

	<i>1955</i>	<i>1985</i>	<i>2015</i>
NY-Newark	13.2	15.8	19.8
Buenos Aires	5.7	9.9	13.3
Chicago	5.5	7.2	9.4
Los Angeles	5.1	10.1	13
Mexico City		14.1	21.5
Sao Paulo		13.3	20.5
Rio de Janeiro		9	12.7
Lima		5	8
Bogota			8.9
Belo Horizonte	Cities of More than 5 million people		6.3
Santiago			6.1
Miami			5.9
Toronto			5.9
Philadelphia			5.8
Dallas-Ft. Worth			5.1
Total	29.5	74.4	162.2



Source: BBC

Makes for Urban Poverty



Urban vs. Rural Poverty

LAC Region POVERTY AND INCOME DISTRIBUTION

Year	Poverty			Extreme poverty		
	Total	<i>Metro areas *</i>	<i>Rural</i>	Total	<i>Metro areas*</i>	<i>Rural</i>
1994	38.7	34.9	65.1	13.6	59.2	40.8
2000	35.9	37.5	62.5	11.7	62.2	37.8
2007	28.9	47.9	52.1	8.1	71.3	28.1

Data by ECLAC 2008 Stat. Yearbook for Latin America and the Caribbean

Measured as the Percentage of total population

*Estimates

Latin America's Rapid Urbanization

- It is estimated that 75% of the population is already urbanized, with many people living in mega-cities of over 5 million
- There are at least 16,000 sub national governments in Latin America
- Nearly 90% of the 16,000 municipalities have more than 50,000 inhabitants



So, Can Local Governments Help?

- *Does government structure matter for economic development?*
- *Are further decentralized governments the best way to equip municipalities with the appropriate level of economic policies?*
- *Can local governments help shape climate change policy?*

Decentralization...

- is the process of dispersing decision-making governance closer to the people (Alexis Tocqueville).
- The 80s & 90s decentralization reforms in Latin America have allowed all municipal authorities and local councils to be democratically elected.

Decentralization is Sequential:

1. Devolving administration responsibility (devolving authority)
2. Political framework (local elections)
3. Fiscal autonomy (local tax collection)

Yet, establishing autonomous municipalities with fiscal capacity to manage their own resources is the most difficult (Falleti 2005).

To date, there are large Fiscal Imbalances



- Chile does not allow for much local taxation—less than .6% of GNP,
- Brazil, which manages a varied hierarchical tax base structure where the sub-national governments (states) manage up to 30% of GNP in some locations.
- Argentina's main city of Buenos Aires, it raises 92.7% of its own revenues and the Province of Buenos Aires generates 56.1%, while other locations like Catamarca , La Rioja and Santiago del Estero only raise about 10-15% of their own revenue (Wiesner 2003).

Estimated Subnational Expenditures

	Subnational expenditures
Mexico	28.7%
Venezuela	27.1%
Brazil	37%
Argentina	43.9%
Guatemala	20%
Source Selee 2003	

Fiscal Decentralization

Social scientists have suggested that fiscal decentralization in Latin America is incomplete for two reasons:

1. Economists have focused on moral hazard—the likelihood that municipalities borrow more money than they can pay back forcing the national governments to bail out municipalities (Wiesner 2003).
2. Political scientists suggest it is a problem institutional power—similar to the apportionment of representatives from localities into congress—creating disincentives for politicians to stay local, be faithful to their constituencies and manage their own resources (Eaton 2004).

Research



Research Question

Can local incentives impact economic development?

If so, does the government structure matter?

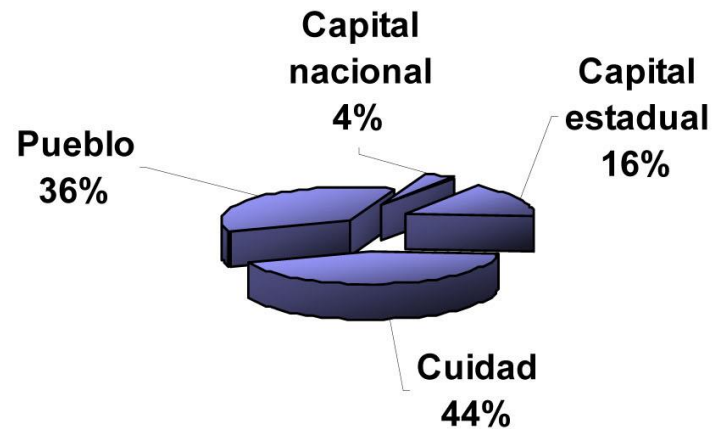
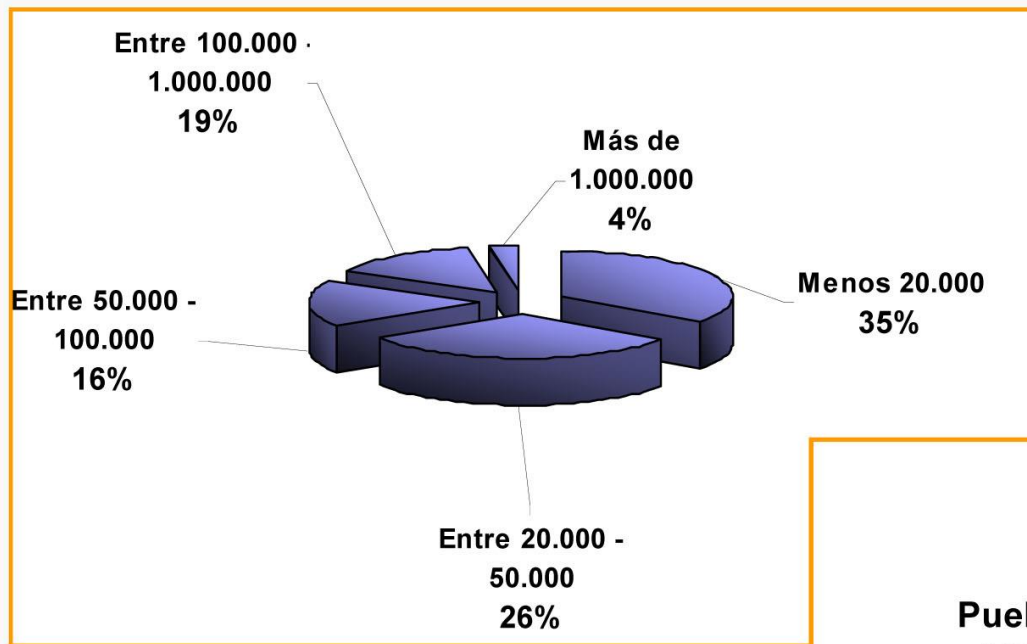
Random Sample

Mayors **50%**,
City Council
Members **37%**
Executives **13%**
from
thirteen
countries in
Latin America



Argentina 1%
Bolivia 7%
Chile 2%
Colombia 9%
Rep Dominica 8%
Ecuador 16%
Honduras 16%
Nicaragua 12%
Panama 2%
Paraguay 6%
Peru 9%
El Salvador 12%
Total 100%

Size of Local Governments



Findings



Governmental structure does matter when reporting on job creation

Strongly significant variables show the inter-relatedness of the number of business reported to political and administrative autonomy.

Once Autonomous, Cities Officials can...

Focus on locally based needs and public policies to promote:

1. Economic development,
2. Social justice,
3. Environmental friendliness
4. Security for their residence.



And encourage sustainable urban communities

Policy Implications



Energy and Climate Partnership of the Americas (ECPA)

- Launched at Summit of the Americas
- Other Countries Invited to Help Shape a Flexible Framework on
 - Renewables
 - Energy Efficiency
 - Cleaner Use of Fossil Fuels
 - Energy Infrastructure
 - Energy Poverty
- **Sec. Chu and Sec. Clinton confirmed our commitment at the ECPA Ministerial in Washington, April 15-16**





At the ECPA Ministerial, 32 countries met and discussed energy policy in their countries. Major Announcements included: two new pillars:

1. Sustainable Forestry and Land Use
 2. Adaptation
- Peace Corps work on Energy Poverty
 - Three Senior ECPA Fellows will work within the Region
 - Regional Energy Integration starting with SIEPAC (Central American Electrical Interconnection System)

Brazil Proposal: Building with Energy Efficiency and Sustainability

- Announced at June, 2009, energy symposium in Lima
- Focusing on urban poor:
 - Low cost, energy efficient housing
 - Sustainable transportation
 - Solid waste management
 - Urban planning
 - Housing finance

World Urban Forum 5

Hosted by UN HABITAT, the US and Brazilian Governments presented its work to 150 people at a side event on March 25 in Rio de Janeiro.

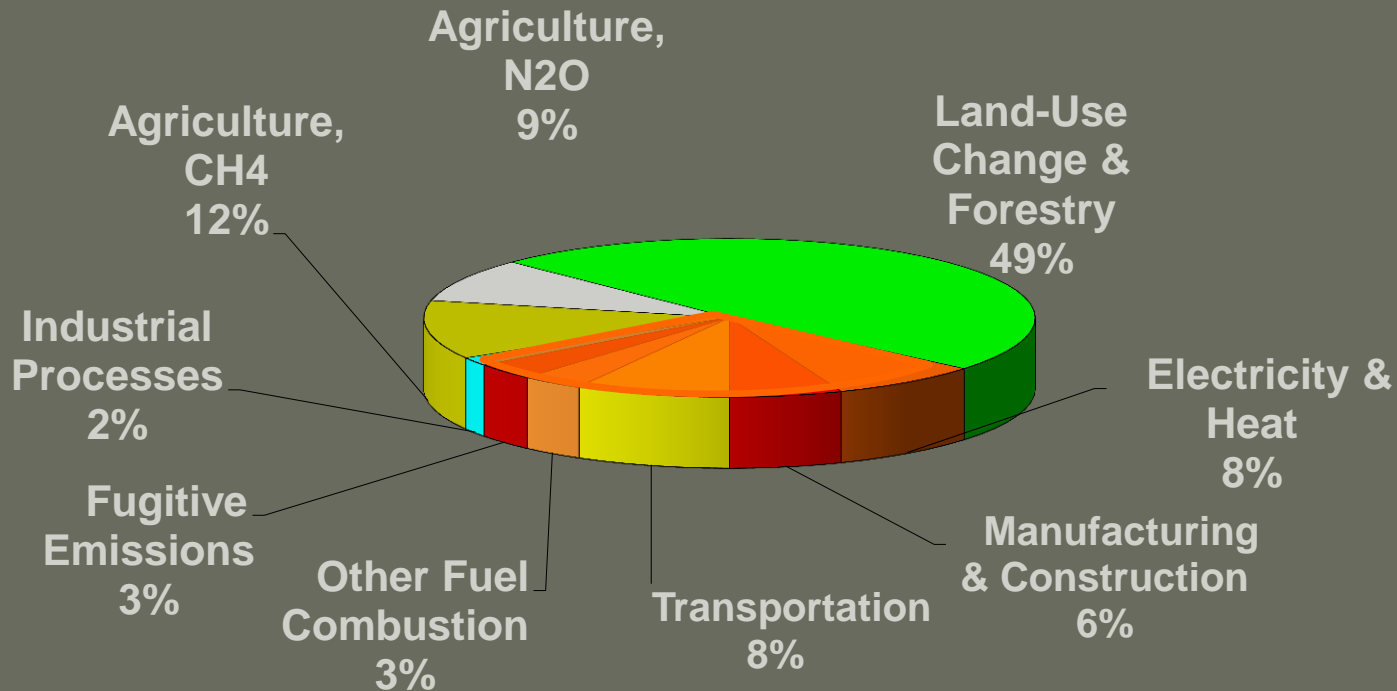


Sustainable Urban Development



- Encourage rapid bus transport/public transport
- Build sustainable housing for the poor using renewable energy
- Promote smart growth and land tender
- Provide access of water and electricity to the poor
- Deliver recycling and solid waste management plans at the local level
- Ensure available public finance for projects

Latin America & Caribbean Greenhouse Gas Sources



Source: WRI, Climate Analysis Indicator Tool (CAIT)



Sustainable Urban Development: Potential Outcomes (Latin America)

- ⊙ Potential CO₂ Savings by 2030:
 - Green buildings – 1250 million tons*
 - Bus rapid transit – 100 million tons*
 - Urban Design – 220 million tons*
- ⊙ Lower air pollution – health, other GHG's (soot)

(*preliminary in-house estimates)