

REGIONAL PLANNING FOR A SUSTAINABLE HABITAT

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By the end of the 21st century, most of the planet's urbanisation¹ process is likely to be completed. This growth will be driven by increases in the urban population, from less than 1 billion to roughly 6 billion between 1950 and 2050. Over 100 years, the share of urban dwellers will have increased from 30% to 66% of the world population. This period of rapid urbanisation will also have experienced the rise of the megacity, a metropolitan area with a total population of over 10 million people. In 1950, New York and Tokyo were the only megacities, but by 2014 their number had increased to 28 – with metropolitan areas such as Delhi, Shanghai, Mexico City and São Paulo having populations of over 20 million inhabitants each. Many OECD countries are already highly urbanised and have stable or declining populations, so the largest share of the current wave of urbanisation is taking place in developing and emerging non-OECD economies in Asia, Africa and Latin America, which have struggled to plan for and manage rapid growth (UN-Habitat, 2016).²

History has shown that no country has ever achieved economic prosperity without urbanising. Urban regions are major contributors to national economic performance and have positive spillover effects on the suburban and rural areas around them. Physical proximity accounts for a broad set of potential linkages between urban and rural areas, including access by rural areas to the agglomeration economies experienced in cities.³ Between 2000 and 2010, 270 OECD metropolitan areas⁴ of more than 500,000 inhabitants generated more than 60% of OECD countries' overall economic growth. In OECD countries, regions close to large metropolitan areas grew more than a half of a percentage point faster on average between 1995 and 2010, compared with regions farther away from such big cities – roughly equivalent to a ten-percentage point difference in cumulative growth over the period. Urbanisation processes in People's Republic of China helped pull 680 million people out of extreme poverty between 1981 and 2010, and reduced rate of extreme poverty from 84% in 1980 to 10% in 2013. However, today's urbanisation is occurring against the backdrop of a relatively weakened global economy making it tougher to pull up the remaining people on less than USD 1.25 per day.

Urbanisation in developing countries is increasingly characterised by high shares of people living in informal settlements on environmentally vulnerable or contaminated land without access to clean water, sanitation, education, employment and other urban services. People who cannot afford homes in the formal market settle informally on marginal or unsafe land without basic infrastructure and services and build shelters with precarious materials. In 2014 approximately 45% of the urban population in

¹ Urbanization refers to the process by which human settlements grow and densify.

² Africa's share of urban residents has increased from 14% in 1950 to 40% today. By the mid-2030s, 50% of Africans are expected to become urban dwellers. Africa is urbanising twice as fast as Europe did. It took Europe 110 years to move from 15% urban in 1800, to 40% in 1910. Africa achieved the same transformation between 1950 and 2010 in almost half the time: 60 years. Even more striking is the rapid growth of Africa's urban population in absolute terms. The size of Africa's urban population nearly doubled in 20 years from 237 million in 1995 to 472 million in 2015. Africa's urban population is expected to almost double again between 2015 and 2035, reaching 893 million.

³ For further information see: Veneri, P. and V. Ruiz (2013).

⁴ The OECD-EU definition of functional urban areas consists of highly densely populated urban centres ("city cores") and contiguous municipalities with high levels of commuting (travel-to-work flows) towards the core municipalities ("commuting zones"). This definition resolves previous limitations for international comparability linked to administrative boundaries. Functional urban areas are computed by combining geographic information about the administrative boundaries of municipalities and census data at the municipal level. For further information see: OECD (2012).

developing countries lived in informal settlements under inadequate housing conditions (UN Habitat 2015). The absolute number of people with low incomes and inadequate living conditions has been rising over the past 25 years, from 650 million in 1990 to nearly 1 billion today. The expected global population increase of 1.18 billion by 2030 combined with the existing housing deficit, implies that approximately 2 billion people will require housing by 2030. Fulfilling this need would require an estimated \$929 billion (UN 2017) in investments.

This pattern of spontaneous urbanisation is leading to widespread inequality thus posing another significant barrier to achieving the 2030 Agenda: along with GDP growth, equity and poverty reduction go hand-in-hand. Evidence shows that the higher the share of total wealth the wealthiest quintile of the population controls in a country, the more sluggish its economic growth. Conversely, an increase in the income share of the lowest quintile is associated with higher GDP growth (WEF 2017). Today 75% of the world's cities report higher levels of income inequality than a generation ago. In the United States, large metropolitan areas such as Atlanta, New Orleans, and New York experience levels of inequality akin to cities in developing countries such as Abidjan, Nairobi, and Buenos Aires. Economic inequality, combined with stagnant and/or declining levels of economic growth and consumption patterns – particularly in rapidly urbanising developing regions like Africa – present the most profound challenge to sustainable development. This inequality is apparent not only within municipal boundaries but also when comparing quality of life and opportunities between populations living in urban versus rural areas.⁵

Along with rapid urbanization, another challenge of the 21st century is climate change. Urban agglomerations are both offenders and victims: cities now account for between 60% and 80% of energy consumption and generate as much as 70% of the human-induced greenhouse gas (GHG) emissions, primarily through the consumption of fossil fuels for energy supply and transportation. In Latin America and the Caribbean, the housing sector alone covers more than half of urban land and is responsible for close to one quarter of GHG emissions (Rodriguez Tejerina 2015). These effects are multiplied by sprawled development patterns which increase automobile traffic and congestion, require an inefficient level of municipal expenditure in the provision of basic services at low densities, and put pressure on ecosystems, productive agricultural land, and air quality. If not planned and designed adequately, covering the global housing deficit until 2020 would mean doubling the current emissions level (UNEP, 2009), undermining all efforts for low carbon and resilient development set under the Paris Agreement. Along with measures to mitigate climate change, a sustainable habitat approach must implement measures so that the built environment can adapt to its effects. Globally, nearly 90% of cities are in coastal areas, putting them at risk of coastal flooding from rising sea levels and powerful storms.

The projected increase in urban population implies that the way the built environment is planned and managed will have huge economic and social implications and will be of crucial importance for achieving greater equity and environmental sustainability. In this sense, the current wave of urbanisation – likely to be the last great wave on this planet – is both a risk and an opportunity. Urban form lasts, hence policy decisions about transportation infrastructure, housing location, associated social services, agricultural land and environmental protection, which rapidly urbanizing countries have been, and will be, making over the next decades, will shape human development outcomes for a very long time. Given the importance of urban agglomerations to social wellbeing and global productivity, this unprecedented rate

⁵ For further discussion see: OECD (2014a, and 2016).

of urbanization demands new approaches to how we conceive and arrange our human settlements: spatially, culturally, economically, and environmentally.

A new pattern of urbanisation is needed to advance towards a sustainable habitat. It should promote an integral and comprehensive view of development, one that helps to shrink existing social inequalities at

SUSTAINABLE HABITAT IS THE SPATIAL MANIFESTATION OF URBAN, RURAL AND SUBURBAN DEVELOPMENT PROCESSES THAT CREATE A BUILT ENVIRONMENT WITH NORMS, INSTITUTIONS AND GOVERNANCE SYSTEMS WHICH ENABLE INDIVIDUALS, HOUSEHOLDS AND SOCIETIES TO MAXIMIZE THEIR POTENTIAL, OPTIMIZE A VAST RANGE OF SERVICES SO THAT HOMES, NEIGHBORHOODS, CITIES AND TOWNS ARE PLANNED, BUILT, RENEWED AND CONSOLIDATED IN WAY THAT RESTRAINS ADVERSE IMPACTS ON THE ENVIRONMENT WHILE SAFEGUARDING THE QUALITY OF LIFE, NEEDS AND LIVELIHOOD OF ITS PRESENT AND FUTURE POPULATIONS

the same time as it fosters higher economic productivity and climate resilience. It requires considering the needs of rural, urban and peri urban (suburban) areas, as well as the functional linkages among them. National and local authorities must collaborate in planning, financing and managing regional development⁶ to achieve sustainable habitat objectives through sound and enforceable legal frameworks that enable social wellbeing, economic development and local-level revenue generation. Only then can urbanization generate the economic stimulus and equitable conditions that are essential for sustainable development for all.

II. WHAT ARE THE CHALLENGES?

Cities, regions and place-based national policies have an important role in meeting the ambitious targets set by the Sustainable Development Goals (SDGs), the Paris Agreement and Habitat III's New Urban Agenda. This is because regions around the world are facing many challenges resulting from the outmoded urban model of the 20th century. Low-density housing production and consumption shaping urban growth at the periphery of urban areas has led to regions that are highly dependent on the private automobile for transport, fragmented physically and administratively, and unequal in the provision of urban services like education and employment. Further, in many countries, the housing gap has become a housing crisis. These challenges are coupled with demographic changes that are driving the growth of small- and medium-sized cities, large-scale migration, and new demands from a growing middle class and higher proportions of young people.

For regions to prosper, they must be welcoming to new inhabitants, including those fleeing conflict, and provide real opportunities for young people so that all residents equitably share the human, social, cultural and intellectual assets of urbanization. Key policies will be based on improving regional productivity, promoting integrated regional planning and developing effective multi-level governance

⁶ In this document the concept of region applies to a geographic area composed of urban, peri-urban and its rural hinterland.

arrangements. Greater involvement of regions and cities in these global agendas gives greater voice to local authorities and their constituents, while localising targets and their measurement will raise awareness, generate locally adapted solutions, and ensure that no region is left behind.

2.1. REGIONAL PRODUCTIVITY IS ESSENTIAL TO PRODUCING WEALTH AND WELL-BEING

Productivity is the most important determinant of economic success in a region and relies on a multitude of factors. Some are related to national policies, such as labour market regulations, investment in transportation and affordable housing, or tax systems. Others are due to local characteristics, such as the quality of infrastructure, the sectoral composition of the economy and the capacity of local institutions. Even though those characteristics are specific to individual regions, there are important commonalities in their impact on productivity.

Human capital levels in a region are a strong determinant of its productivity. More educated people tend to be more productive – which is reflected in higher wages. As people with higher education levels tend to live in larger cities, these cities are usually more productive. A higher share of educated people also raises the average productivity levels of less educated residents. Having good quality higher education institutions can help, as graduates often stay on after their studies if there are job opportunities. There are also likely policy complementarities, as higher education institutions are more likely to benefit the economic performance of a region if students consider it attractive to stay and can find adequate jobs.

Agglomeration economies also tend to make regions more productive. OECD estimates suggest that productivity increases by 2-5% for a doubling of population size, which is in line with comparable studies for individual countries.⁷ While this figure may not seem large, it implies that, on average, productivity increases by more than 20% when comparing urban agglomerations of 50,000 inhabitants with a metropolitan area such as Paris with 10.5 million inhabitants. Moreover, connectedness of cities and regional integration also play an important role in improving productivity. Proximity to nearby populous areas positively affects the productivity of a region, implying that cities benefit from the agglomeration economies of their neighbours. If the population within 300 kilometres (weighted by distance) doubles, the productivity of a city increases by 1-2%. This is important for European cities, which are often smaller than cities in the Americas or Asia. Poorly organised metropolitan regions, however, lose potential agglomeration benefits. Mexico City, for example, could have higher levels of productivity given the size of its population. London's productivity premium is outstanding, but more striking still is the weak performance of most other UK metropolitan areas. Few other cities -or peri urban regions- appear to benefit from agglomeration economies or possible positive spillovers from London. This suggests that there is room to improve policies, starting at the national government level, but also addressing sub-national levels.

⁷ For further information see: OECD (2015a).

2.2 INCREASING INCOME GAPS AMONG REGIONS WITHIN COUNTRIES

How regions function matters for building productive economies and inclusive societies. Studies have shown that a reduction in regional disparities is still a major concern for governments in most countries (OECD, 2016; Shankar and Shah, 2009). While gaps in GDP per capita across OECD countries have narrowed over the last two decades, within their own borders countries are witnessing increasing income gaps among urban and rural areas and within metropolitan regions. The average GDP per worker gap between the top 10% (frontier) and the bottom 75% regions across OECD countries has grown by almost 60%, from USD 15,200 to 24,000. As a result, one in four persons in the OECD lives in a region that is falling further behind the high-productivity regions in their country.

There will always be interregional gaps, but those regions lagging behind have opportunities to “catch up” in terms of social and economic development. Among rural regions, those close to cities are more dynamic and resilient as compared to remote rural regions. Rural regions close to cities are home to more than 80% of the rural population and their income and productivity growth tend to be more similar to that of urban regions. Prior to the crisis (2000-07), over two-thirds of rural regions registered both productivity and employment growth. By helping to fuel the catching-up machine, countries can reap a double dividend of both increased aggregate productivity and inclusion.

2.3 SECTORAL FRAGMENTATION INHIBITS REGIONAL DEVELOPMENT

Sectoral fragmentation between policy fields is a major hindrance to the proper functioning of regions. On a sub-national scale, this occurs frequently if different sectoral authorities are responsible for different policy fields or if responsibilities are divided between different vertical levels of government. The stronger the sectors are, the greater the need for coordination between the policy fields. Achieving sustainable regional outcomes requires planning that integrates sectoral policies and optimizes functional linkages between urban, peri-urban and rural areas. In practice, this means that complementarities between policy fields must be identified and incentives must be created to ensure synergies and avoid overlap.

In the context of urban agglomerations, land-use planning and transport planning are often the fields where the need for coordination is greatest, particularly vis a vis the relationship between urban and peri-urban areas. They are typical examples of complementary policy domains, where the effectiveness of policies in one field depends strongly on the decisions taken in the other field. However, transport and land-use planning are frequently the responsibilities of different levels of government – with much of the funding and planning for transport originating at the national level while land-use decisions correspond to local governments. Coordination between land-use planning and transport planning is important for a suitable habitat, but it matters especially for urban regions that need to expand their footprint or densify to accommodate population growth and guarantee affordability. Smart urban planning policies require careful land use regulations that allow new developments to keep the costs of housing low, but minimise negative side effects, including expanding the urban footprint at the expense of productive or rural lands.

Integrated land-use and transport planning can be more efficient for the use of resources and generate more socially inclusive outcomes as well. Urbanization is correlated with higher rates of independence

and human capital development in women than in rural areas, mainly by increasing their access to the education and employment opportunities available in cities. Nevertheless, compared to men who live in urban areas, women have serious disadvantages in accessing these opportunities. The disadvantages are more pronounced in sprawling, low density regions, since those commutes demand longer trips. Women suffer most from the burden of these journeys because they are highly dependent on public transport and walking to perform their daily tasks. For example, in Mexico City, of the women who travel daily, almost 77% use public transportation and about 23% use private transportation compared to about 64% of men who use public transportation, and around 36% of men who use private transportation (INEGI 2007). The mobility of women is related to a wide variety of activities: work, shopping, accompanying children and the elderly, among others, requiring numerous and varied daily trips (Diaz and Rojas, 2017). Regional plans that encourage diversity of land uses and compactness make it easier for women to balance paid work with domestic responsibilities (Taccoli and Satterwhite 2013). However, when cities expand without adequate planning, female-headed households are the most disadvantaged. For example, in Puebla, Mexico, more than two thirds of the households that reside in affordable housing more than 30 kilometers from the city are headed by women. These households take between two and three hours a day in daily trips, which decreases the possibilities of personal and economic development (Libertun de Duren 2017).

Another issue that is increasingly relevant to regional planning is environmental sustainability and growing environmental threats. Since 1975, the number of recorded natural disasters has multiplied by four, including tsunamis, tropical cyclones, earthquakes and floods (UN Habitat 2009). Women are the most vulnerable to climate risks and exposure to pollutants (Lilford et al 2017). The prevention and management of disasters in urban areas requires an understanding of how gender affects women and men differently as victims of disasters. Women tend to have lower rates of decision making and participation in disaster management activities, although they are the most affected (U Sussex 2011). For example, during the Indian Ocean tsunami in 2004, the mortality rate of women in Indonesia was three times higher than that of men (Oxfam 2005). An urban form that reduces vulnerability to disasters and facilitates post-disaster reconstruction tasks is also a way to improve women's inclusion and prosperity.

An integrated regional planning approach also makes it easier to apply fiscal mechanisms designed to recoup some of the costs of public infrastructure investments – so-called land-value capture tools. Public spending for infrastructure increases the price of adjacent land due to increased accessibility, for example. Often, this price increase provides a publicly-funded profit to land owners or developers. Land-value capture tools aim to retain the increase in land value in order to fund further investments in urban infrastructure. Similar fiscal tools can generate incentives to protect environmentally sensitive or agriculturally productive land from development in exchange for transferring that development potential (transfer of development rights) to densifying areas already well-served by public transit, a strategy known as Transit Oriented Development (TOD) applied in Curitiba, Brazil since the 1970s.

2.4. REGIONS ACROSS THE WORLD FACE DIFFERENT CHALLENGES IN URBAN DEVELOPMENT

According to UN-Habitat, the battle for sustainable development will be won or lost in Asia's cities. This reflects the fact that the success of the Millennium Development Goals was by and large the result of progress made in Asia over the last decades. Asia's approach to urbanisation linked urban planning with the urban economy, building cities with efficient supply chains, and therefore enhancing the production

and business environment. Today, just under half of the region's residents live in urban areas. However, Asia's economic success has come at a cost to its level of equity and the environment. The challenges facing Asian cities include stagnant slum populations, inadequate housing, and a rising environmental footprint from urbanisation.

For Africa, achieving sustainable urban development largely depends on the success of ensuring positive connectivity between urban and rural areas. While the region's rural population growth rate will continue to decline, the absolute number of people living in rural areas will keep rising to over 1 billion by 2050. Moreover, Africa is urbanising fast mainly because small and intermediate cities are growing. Between 2000 and 2010, urban agglomerations with fewer than 300 000 inhabitants accounted for 58% of Africa's urban growth. This has consequences not only for labour absorption capacity within the process of structural transformation, but also in relation to the need for a deeper understanding of rural-urban linkages and the channels that lead to positive agglomeration effects in intermediary cities. Governments also must address Africa's growing slum population, which comprises 60-70% of residents in large metropolises.

In the Arab Region some countries have been defined by intense and violent conflicts. This has resulted in large numbers of internally displaced people and refugees settling in urban areas. With 56% of its residents living in cities, most Arab countries are already challenged to steer balanced development, provide access to safe and affordable housing, basic services, and economic opportunities, let alone prepare for mass population movement. This huge unplanned growth is physically manifested in the spread of informal settlements, urban sprawl, and the decline of agricultural land, putting food security at risk. This is compounded by weak governance capacities, corruption, and the oppression and exclusion of women from the workforce and political decision making in many parts of the region.

The Latin America and Caribbean region (LAC) is already among the most urbanised in the world, with eight out of ten citizens residing in urban areas. While urban regions in LAC continue to face challenges such as spatial segregation, congestion and crime, there is an increasing consciousness about the transformative power of urbanisation and its contribution to a country's productivity. This is owed, in part, to the increased influence of mayors and cities in driving social, political and economic advancements, and evidence that poverty reduction has been associated with urbanisation and social innovation. Over the past decade, LAC saw its highest economic growth period since the 1960s. This economic boom, along with job creation and some of the world's most innovative social policies have lifted over 90 million people into an emerging middle class, representing about one-third of the region's population. Nevertheless, about 216 million Latin Americans (38% of the population) risk sliding back into poverty. This begs the question of how to protect previous development gains and leverage these successes to finance future urban development. It is a question confronting many cities around the world in developing and OECD countries alike.⁸

⁸ For an in-depth discussion on this topic see OECD (2016, and 2014).

III. THE VIEW TOWARDS THE FUTURE: REGIONAL PLANNING AS ENABLER OF A SUSTAINABLE HABITAT

When it comes to addressing concerns of sustainable habitat, no sectoral policy solution alone can lead to positive results. A sustainable habitat paradigm must simultaneously address three policy goals: economic policies to promote sustained growth, social policies to enhance social cohesion and inclusion, and environmental policies to strengthen environmental sustainability and resilience. National and regional governments need to design policies that create synergies among these three objectives as opposed to sectoral approaches. Indeed, one major difficulty in achieving a more integrated approach is that the three dimensions are often disconnected. This is reflected in the fact that people living in intermediate and rural areas often benefit from a better and less stressful environment, at the cost of less growth and income opportunities and generally lower access to publicly provided goods. Improvements in infrastructure at the regional level do not automatically lead to higher growth. Such investments need to be combined with improvements in education and innovation. This suggests that it could be productive to co-ordinate policies for building human capital, enhancing innovation and providing physical infrastructure. Regional-scale policymaking aims to address this issue.

Regional policy is based on the idea that well-crafted policies can do much to manage the trade-offs and complementarities among the three dimensions of sustainable habitat. Indeed, regional policy is not another line of policy running in parallel to sectoral policies; instead it is a set of plans and mechanisms for co-ordinating and optimising the mix of sectoral policies, as well as for addressing certain key issues that cross municipal or regional boundaries (e.g. economic development, affordable housing, transport, water provision, farmland and protection of natural areas, etc.) and are fundamental for enhancing the wellbeing of people living in those places.

A regional planning could contribute to reducing the competition for resources between cities in a region by investing in the development of small towns or rural areas and relieving the stress from higher order cities.

3.1 BUILDING PRODUCTIVE ECONOMIES, INCLUSIVE SOCIETIES AND SUSTAINABLE ENVIRONMENTS

3.1.1 PURSUING REGIONAL POLICY OBJECTIVES REQUIRES AN INTEGRATED APPROACH ...

Sustainability must be pursued in all three of its dimensions: economic, social and environmental. The economic dimension refers to those policies that aim to increase income, promote job creation, and economic growth. Social policies aim to increase access to basic public goods, such as health and education, as well as to build trust in formal institutions and provide security. Finally, the environmental dimension considers those policy actions that reduce pollution levels, secure the sustainability of natural resources, and increase overall environmental quality.

Identifying and promoting links between economic, environmental and social goals is both possible and crucial to building a sustainable habitat and urban regions that work, for example:

- i. Public transport solutions can improve the functioning of labour markets and reduce commuting time and costs for workers (productivity and well-being), reduce greenhouse gas emissions

(environmental sustainability) and increase access to jobs, education, health care and recreation (social sustainability) – all of which serve to enhance liveability. To guarantee these benefits, transport and urban development investments should be planned in an integrated manner and at a regional scale, coordinating the various jurisdictions and agencies with 21st century governance mechanisms.

- ii. Quality infrastructure can reduce business costs and speed up transactions (productivity), enhance resilience to climate threats and reduce transport-related carbon emissions (environmental sustainability), and widen access to health, education, employment and cultural opportunities (inclusion and liveability).
- iii. Enhancing a city's innovation potential (higher productivity) may require it to improve environmental quality (sustainability) and increase access to affordable housing and local amenities (inclusion and liveability) to attract and retain individuals with high levels of human capital and capture the positive spillover effects for greater regional equity.

Almost all these actions involve domestic policies relevant to both national and sub-national governments in some form. Although many policy domains were exclusively under national jurisdictions in the past, nowadays most public policy involves areas of shared responsibility across levels of government. This implies that capacity and coordination issues are pervasive. Policies affecting cities are no exception. Neither cities nor national governments alone can address competitiveness challenges. In a globalised world, the largest cities compete across international borders for trade, investment and skilled labour. Yet most labour markets are local. Responses to labour-market problems thus require significant local input, even where programmes are national in scope. Effective coordination of labour-market policies among national and urban-level governments is therefore important. Similarly, aspects of skills development and infrastructure provision that affect the economic attractiveness of cities can only be addressed via coordinated action across levels of government.

Governments often find it difficult to pursue integrated policies. In practice, many policies and levels of government work at cross-purposes, making policy coherence for regions extremely difficult. For example, property tax systems in much of the OECD still favour single-family homes over multi-occupancy dwellings or owner-occupied housing over rental accommodation. Despite the need for whole-of-government approaches, cross-cutting policy challenges are frequently addressed by fragmented, narrowly sectoral responses. For instance, transport planning has often measured success in terms of reduced travel times, confusing “accessibility” with “mobility”. Achieving real coordination across sectoral policies is a challenge for most national governments, given the number of institutions involved. In many cases, coordination is weakened by the failure to recognise the full range of national bodies that are engaged, implicitly or explicitly, in shaping urban policy.

3.1.2 ... AND THE FUNCTIONAL RECOGNITION OF ECONOMIC AREAS (URBAN AND RURAL)

How urban systems function is crucial to future economic prosperity and a better quality of life for more than three billion people and counting. There is a growing consensus about the need of public policies concerned not only with the scale of urbanisation, but also with its geographic shape. The functioning and efficiency of linkages between cities, and those between urban and rural areas, can lead to important changes in how and where economic production takes place. Large metropolitan areas have a key role in

the global economy as they have the capacity to realise the benefits of economic agglomeration, industrial clustering and innovation. Urban and rural territories are interconnected through different types of linkages that can involve demographic, labour market, public service and environmental considerations. They are not limited to city-centred local labour market flows and include bi-directional relationships. Each type of interaction encompasses a different geography or “functional region”.

The role of cities in countries’ and regions’ economic and social performance has increased policy makers’ awareness of metropolitan areas as strategic places. Currently, these areas are experiencing profound economic, environmental and social changes. As a result, attention is turning from traditional conceptions of agglomeration economies to the capacity of regions to adopt a sustainable model for their natural resources and to reduce income disparities.

National and city governments need an improved evidence base on the shape of and linkages among regions for better strategic planning. Monitoring and managing urbanisation requires new definitions based on economic function rather than administrative boundaries. Analysis of competitiveness of large metropolitan areas to guide regional development policy would benefit from a clear measure of the functional economy of these areas. The emergence of medium-sized cities as a measurable urban category offers an opportunity to compare their respective performance in achieving sustainable development, and benchmark them against larger metropolitan areas.

3.2 DYNAMIC REGIONS REQUIRE COORDINATED ACTIONS ACROSS DIFFERENT POLICY DOMAINS

3.2.1 LAND USE SHOULD BE A CENTRAL ELEMENT IN REGIONAL POLICYMAKING

Land use matters for many of the most important policy questions of our time: environmental sustainability, CO₂ emissions and biodiversity, gender equity and public health, for example. Land and buildings constitute by far the most important share of wealth in the OECD, making up 86% of total capital stock (roughly evenly split between land and property), with a corresponding value of USD 249 trillion. Thus, any changes to the value of land and property have important consequences for the distribution of wealth and for investment. Land-use policies must pay greater attention to the incentives that other public policies provide to use land. Whenever possible, policies unrelated to land use should not provide incentives that contradict spatial objectives. For example, countries that wish to restrict urban sprawl should not provide greater tax incentives for ownership of single family homes over multi-family homes. An opportunity exists for policies outside of the planning system to be used to encourage desired forms of spatial development.

In recent decades, most countries have renewed their territorial legislation to promote and protect women's rights to land, property and housing. In Latin America, inheritance laws are the most important means through which women become landowners: 54 percent of women landowners in Brazil were inherited, 84 percent in Chile, 43 percent in Ecuador, 57 percent in Honduras, 76 percent in Mexico, 47 percent in Nicaragua, and 75 percent in Peru (Deere and León 2002, Katz and Chamorro 2002). The second most important means by which women in Latin America acquire land is by marital property regimes. Civil laws mandate joint ownership of land acquired during marriage for married couples, or

couples living in cohabitation recognized by law. In case of divorce or abandonment, the law recognizes a part for women (World Bank 2005). A global study of land policy and women's rights to land concludes that increasing their control over land ownership could have a strong and immediate effect on the welfare of the next generation and on the level and pace of capitalization (World Bank 2003). For example, in Latin America, Deere and León (2001) show a strong correlation between gender and inequality in land ownership in 12 countries. This is the result of the combination of cultural prejudices, patriarchal privileges, biases in state land distribution programs, and gender inequality in the land market. Reforms in land registration systems have improved women's access to economic assets. In Peru, an urban land regulation project helped women improve their access to jobs. Further, legalization makes it easier for women to work outside the community, since they do not have to stay close to home to prevent being usurped.

Fiscal systems encourage local governments to pursue specific planning policies. Depending on the fiscal system, different forms of land use have different fiscal impacts on local governments. Local governments are likely to prefer the most fiscally advantageous land-use planning policies. For example, if local governments get a large share of their revenues from a local business tax, it makes sense to try to attract commercial development rather than other types of development. Fiscal systems can cause local governments to pursue planning policies that are rational from a local perspective but create inefficient land-use patterns overall. Potential consequences include the loss of open spaces and rising housing costs. National governments (and state governments in federal countries) should ensure that their fiscal systems provide balanced incentives for local land-use policies. National governments may also implement co-ordination mechanisms between local governments that can counteract skewed incentives.

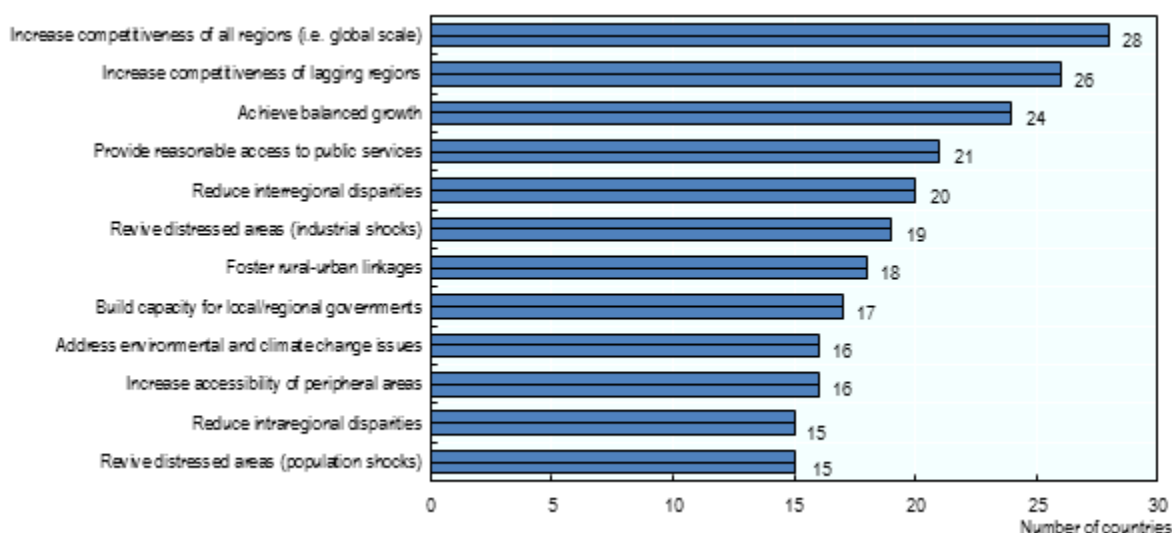
Planning should encompass the areas across which people live, work and commute. In human settlements, land use in one community affects all neighbouring communities. If local governments are left to pursue land-use policies in isolation, they may individually implement their policies, but collectively fail to achieve their regional objectives. Thus, effective mechanisms to co-ordinate spatial and land-use planning in metropolitan areas are essential to achieve good outcomes. For instance, restrictive land-use regulations can be a major cause of increases in housing costs if they prevent sufficient new housing being constructed for growing populations. To keep cities affordable for low- and middle-income families, land-use regulations should permit sufficient housing construction in different price ranges, throughout a metropolitan area, for the housing stock to grow in line with demographic trends.

Urban and land use policies should encourage gradual densification. Very little densification has taken place in most of the OECD in recent years, and land-use restrictions frequently make densification of built-up areas difficult. Neighbourhoods that were once on the outskirts of cities have become part of the urban cores due to growing populations, but still have low densities. Land-use regulations should encourage densification especially in such low-density areas close to city centres, as well as along public transport corridors. More generally, restrictions to density should allow a gradual and judicious densification of most parts of urban areas in line with infrastructure capacity and population growth.

3.2.2 REGIONAL DEVELOPMENT SHOULD FOCUS ON PRODUCTIVITY AND INCLUSION

Countries remain concerned about ensuring the contribution of all regions for national performance, with the majority of OECD countries ranking this as high/very high in importance (Figure 1). They are prioritising the competitiveness of *all* regions (on a global scale) as their top objective, followed closely by the competitiveness of *lagging* regions and balanced development.

Figure 1. Regional development policy: countries rating objectives as high priority



Note: Figures based on 33 countries reporting on the importance of each priority in their regional development policy efforts on scale of 1 (not important) to 5 (extremely important). Responses with a value of 4 or 5 are included. Source: (OECD 2015), "OECD Regional Outlook Survey", GOV/RDPC(2015)8, OECD Paris.

There is no simple policy prescription to resolve regional productivity and inclusion challenges, but several areas for public action may help boost productivity, inclusion, or both:

- Structural reforms such as for labour and product markets need to be complemented with other place-specific policies to reap the full potential benefits. Structural reforms can have different repercussions depending on the region. Tighter labour market restrictions, measured by indicators of employment protection, penalise rural regions with smaller labour markets more than cities. Improved transport options increase the effective size of a local labour market that can complement a particular labour market reform to increase its impact.
- Regional development policies should focus on productivity drivers and growth in all regions through strategic investments, not mere subsidies. However, as a share of government spending, public investment has declined over the past two decades from 9.5% to 7.7%. Boosting capacity of subnational governments, responsible for 59% of that investment, should be a higher priority. Investments that facilitate the diffusion of innovation and good practices across sectors and firms within and beyond a region are an opportunity to increase productivity. While in many country policies seek to reduce gaps across regions, they should avoid stifling growth in the highest-productivity regions.

- Urban development policies should consider how regions are linked together in a “system of cities” within a country. Several countries report recent or upcoming changes to national urban policies. While these policies typically focus on reducing the social and environmental costs in cities, they can also consider the economic role of cities, their local and interregional links in a national system, and their capacity to generate innovation that should benefit the wider economy.
- Rural development policies need an upgrade. Progress has been made to move rural development approaches beyond farm supports to also recognise the diversity of rural regions and the importance of connectivity to dynamic areas. However, rural policy today should put the focus on enhancing communities’ competitive advantages, through integrated investments and appropriate local services, and by encouraging local participation and bottom-up development.
- For place-based policies, the governance arrangements to implement them (the “how”) are critical. Reforms of subnational government are undertaken in many countries to bring policy to the relevant scale or to achieve economies of scale for investments and service provision. Countries continue to experiment with better ways to manage regional development policy and public investments at all levels of government to join up public action across policy fields so as to leverage complementarities and address trade-offs.

Innovation has been brought to the core of the regional development agenda. Some OECD countries are increasingly incorporating the regional dimension in science, technology and innovation (STI) policies (i.e. Austria, Canada, Denmark, France and the United Kingdom). Governments are recognising that, beyond economic growth, innovation should serve social goals as a new measure of progress. The concept of green growth, for example, highlights that environmental sustainability and economic growth are mutually reinforcing and interdependent strategies, not an either/or policy trade-off. Regions themselves need to better identify what constitutes their regional advantages and are well positioned to identify complementarities across policy areas. National innovation policies should give greater recognition and support of regions’ potential for innovation. At least three strategic approaches can be proposed: i) build innovation capabilities around current advantages; ii) regional innovation should support socio-economic transformation; and iii) regions need to formulate a strategy to catch up (lagging regions) and to create knowledge-based capabilities. Synergies between policy instruments need to be encouraged while avoiding policies that conflict with each other’s goals.

3.2.3 CREATING RURAL-URBAN LINKAGES/PARTNERSHIPS CAN BOOST GROWTH AND IMPROVE EQUITY

While the majority of the population in OECD countries and in Latin America live in urban areas (with trends in Africa and Asia going in this direction as well), both rural regions close to cities as well as rural remote regions can and do contribute in many ways to national prosperity. Urban and rural areas enjoy different and often complementary assets, and better integration between urban and rural areas is important for socio-economic performance. They are increasingly integrated both physically and functionally, and because of their distinct and complementary endowments, closer integration can bring benefits to both. Urban-rural interactions can have different characteristics and implications based on

the type of functional region where they occur: metropolitan regions, networks of small- and medium size cities; and sparsely populated areas with market towns.

The performance of many rural regions may benefit from more active ties to nearby cities, particularly since almost 81.7% of OECD rural residents live in regions near cities.⁹ The main problem is that policy-makers still tend to treat urban and rural spaces as distinct and separate. Greater recognition of the complementarities and connections among these spaces should receive greater attention. Experience has shown that it is necessary to encourage the integration of urban and rural policies by working towards a common national agenda to better manage integration and take advantage of complementarities. For instance, Mexico is placing an increasing emphasis on these linkages and has introduced a definition of rural-urban systems to inform policy. Estonia has increased its focus on regional centres and travel-to-work areas for its regional policy.

Creating rural-urban partnerships is a way to better manage rural-urban interactions. They can help attain economic development objectives by enhancing the production of public goods; achieving economies of scale in public service provision; coordinating decisions where cross-boundary effects are important and increasing the capacity of the partners. To create rural-urban linkages, governments should have a better understanding of socio-economic conditions in urban and rural areas and foster better integration between them. National and sub-national governments, through the production and use of data at the appropriate scale, must assess the socio-economic and environmental processes at work in urban and rural areas. Using regional planning instruments that allow urban and rural areas to jointly envision common challenges and opportunities should be encouraged. How to involve the private sector is a challenge that must be addressed, given its crucial role in regional economies and its productivity and innovation capacities.

Moreover, national governments should address territorial challenges at a scale that accounts for functional linkages between urban and rural areas. They should set up a framework to help local stakeholders cooperate outside the constraints imposed by administrative boundaries. One way is to encourage urban and rural actors to identify a development strategy or projects around functional geographies, which should be flexible and embrace different potential urban-rural interactions, and can promote inclusive governance approaches that overcome the challenges of mismatched size, resources, capacity and political power. Local authorities need flexibility in determining the most suitable form of cooperation for their particular needs and must develop trust by encouraging cooperation around “win-win” issues. Governments should keep in mind that it is essential to clarify the partnership objectives and related measures to improve learning and facilitate the participation of key urban and rural actors. Monitoring and evaluation should be based on a few clear indicators, defined and agreed upon in advance, that account for short-, medium- and long-term change.

3.2.4 BUILDING RESILIENCE FOR LONG TERM DEVELOPMENT

Resilience is defined as the ability of human settlements to withstand and to recover quickly from any plausible hazards, especially extreme events. The increase in severe weather events has become an additional reason to ensure quality infrastructure and coordinated governance arrangements. Hazard,

⁹ For further information see OECD (2016).

exposure and vulnerability are the three factors which should be analysed to build resilience, given the human and economic losses caused. Because low-income populations usually reside in precarious housing situated on hazard-prone sites (riverbanks, hillsides) with limited access to basic infrastructure, they also represent a large share of the population affected by disasters. Increase in precipitation, sea level rise and temperature will add to the threats faced by urban regions: in Latin America and the Caribbean, 60 of the 77 most-populated cities are located near the coast and most informal settlements are in vulnerable areas. A study conducted by ECLAC (2011) identified the threat of sea level rise for Mexico and Brazil as their coastal lands are within 10 m of sea level, and the vulnerability of at least 40 % of the population living in the coastal areas of Chile and Uruguay, which will be affected by an increase of 1 m in sea level. Measures to address vulnerability and increase resilience range from hard to soft interventions, including adequate building codes, the inclusion of climate scenarios in the design of infrastructure, to the horizontal and vertical integration of policies for a more efficient governance. All levels of authority are confronted by the complexity of this issue, in particular the lack of data to transition from the planning to the implementation of adaptation strategies given the particular context-dependency of the solutions to be provided. The urban and rural linkages play also a key role in increasing resiliency as peri urban landscapes can concentrate important environmental challenges such as land degradation, deforestation, soil erosion, watershed overexploitation, among other issues. To foster resilience, regions and cities could develop indicators that help identify risks and vulnerabilities and measure the resilience of cities are part of the resilience-building process. They provide the necessary information on how well-prepared a city is to cope with risk. This information will, in turn, enable a more efficient design and implementation of mitigation, response, and recovery tools and programmes.¹⁰

3.3 EFFECTIVE GOVERNANCE ARRANGEMENTS ARE KEY TO A SUSTAINABLE HABITAT

3.3.1 EFFECTIVE GOVERNANCE ARRANGEMENTS MUST FOCUS ON LOCAL NEEDS ...

Key to advancing sustainable, well-functioning regions are effective governance arrangements that respond to the needs and characteristics of their local context. Good governance structures include social participation, vertical and horizontal coordination with other sectors and jurisdictions, and must ensure that policy makers have the necessary information, the required powers and the proper incentives to make decisions that are best for a region. While good governance structures are no guarantee for good policies, it is very difficult for the national government to design and implement good policies without them.

Due to population growth, rapid urban expansion and improvements in transport technologies, nearly 40% of people worldwide live in metropolitan areas that have fragmented administrative arrangements composed of multiple local governments (Metropolis 2018). Formerly well-delimited villages have become peri urban areas or might even be fully integrated in the urban core. For several reasons, administrative borders in metropolitan areas rarely correspond to these functional relations: often, they are based on historical settlement patterns that no longer reflect human activities and no corresponding changes to administrative borders have occurred. Common reasons for the persistence of administrative

¹⁰ For further information see OECD (2017b).

borders are strong local identities and high costs of reforms, but also vested interests of politicians and residents.

Even if policy makers try to reorganise local governments according to functional relations within urban agglomerations, it is difficult to identify unambiguous boundaries between functionally integrated areas. Urban agglomerations are not defined by a single functional relation, but by many overlapping ones. In response, a wide range of metropolitan governance arrangements has emerged. While some countries have chosen to shift administrative boundaries to match the new urban form (e.g. via municipal mergers), others are creating incentives for municipalities to build partnerships and coordinate development actions, within a more or less institutionalised framework for the metropolitan governance mechanisms.

3.3.2 ... AND BETTER PUBLIC INVESTMENT PRACTICES

Confronted with the challenge of supporting growth and sustainable habitat in a tight fiscal environment and sustainable development framework, national, sub-national and local governments face the imperative of “doing better with less” when it comes to investment. Better governance, through better planning has become a priority and a pre-condition for making better use of scarcer fiscal resources. In this context, decentralized authorities, Sub-national and local governments have a critical role to play here.

The 2008 economic crisis brought to the fore multi-level governance challenges that are inherent to decentralised political systems, including: *i)* the fiscal challenge, or the difficulty of co-financing investment; *ii)* the capacity challenge, linked to inadequate resources, staffing or processes for rapid, efficient and transparent implementation of investment funding; *iii)* the policy challenge, or the difficulty of exploiting synergies across different sectors and policy fields; and *iv)* the administrative challenge, or the fragmentation of investment projects at the local level. These different types of challenges affect the implementation of investment schemes differently depending on regional circumstances and can lead to unintended consequences, ultimately potentially undermining the impact of the plans.

It is also important to underline the need to ensure quality and sustainable infrastructure as the choices made today will lock our development pathways for decades to come and determine our climate future. Quality infrastructure that considers inclusion and climate considerations will be key for advancing a sustainable habitat. Investment in quality infrastructure is an opportunity for better planning, and a prerequisite for growth and competitiveness. Investments needs in infrastructure will represent US\$90 trillion over the next 15 years. To meet this target, investments will have to require a two-fold increase, from a present estimation of US\$3.4 trillion per year to about US\$6 trillion per year. It is estimated that globally, 60% of carbon emissions arise from the construction and operation of the existing infrastructure stock and a further 35–60% of the future carbon budget will be taken up by infrastructure (Müller et al. 2013, *The New Climate Economy 2016*). Therefore, coordinated reforms and suitable financial instruments will be essential, and the participation of the private sector will be decisive. In developing and emerging economies, about 60–65% of the cost of infrastructure projects is financed by public resources, while in advanced economies this figure is around 40%. A robust enabling environment and predictable regulations can attract private investments, through instruments such as Public-Private Partnerships (PPPs). Finally, social and environmental safeguards need to be integrated in these

immense investment portfolios, in interventions such as the upgrading of informal areas and or the resettlement of environmentally vulnerable settlements.

Given these challenges, multi-level governance instruments are among the few remaining tools to implement growth policies effectively. This requires achieving more complementarity between different types of investments (e.g. infrastructure, innovation and human capital). An approach to public investment that takes little account of regional specificities or information emanating from regional actors is unlikely to be successful.

Drawing on the experience of the crisis, it is possible to identify a common set of guidelines for multi-level governance of public investment. These good practices include combining investments in physical infrastructure with the provision of soft infrastructure (e.g. skills development); improving the co-ordination and implementation of investment strategies across levels of government, using policy conditionality in transfer agreements or partnerships between levels of government to achieve common objectives; enhancing horizontal coordination within functional regions, most importantly to include transversal topics such as gender and climate; building transparent management processes; bridging information gaps across public actors; and enhancing data and performance indicator availability through robust risk management and quality design.¹¹

IV. LESSONS LEARNED AND EXAMPLES FROM LATIN AMERICA

Achieving a sustainable habitat requires innovative approaches, multi-sectoral solutions involving a range of stakeholders, and drawing lessons learned from previous experiences. Over the past decades, cities have been at the forefront of innovation and urban regions will continue to be key spaces to advance development objectives, as evidenced by the Sustainable Development Goals and the New Urban Agenda.

We have learned that compact, connected and liveable regions are more productive, resilient and socially inclusive and deliver higher social benefits. Integrated regional planning approaches present effective tools to achieve these outcomes and can contribute significantly to the prosperity of a city. For example, Transport Oriented Development strategies serve to frame a city's footprint by fostering density, mixed uses of land, adequate multimodal systems of public transportation, and strengthening social and gender inclusion.

We also know that predominantly urbanised regions rely on a network of natural ecosystems for the provision of water and food. As urban areas expand they increase their pressure on the environment and diminish their resiliency. Therefore, authorities are focused on delivering innovative ways to mainstream environmental opportunities by developing Climate Action Plans that integrate mitigation and adaptation measures through multi-sectoral activities such as: constructing green buildings that use resources more efficiently; enhancing mass transit and non-motorised transit options (cycling, pedestrian); piloting storm water capture systems; and developing crisis management protocols that include warning and evacuation systems based on updated and accurate flood mapping.

¹¹ For further information see: OECD (2014b).

Focusing on regions that envision urban, peri-urban and rural interfaces holistically not only allows for the mitigation of the environmental impacts of urbanisation but also fosters opportunities for economic and social investments. Such a process considers spillovers as an asset, where urban areas provide functions and public services that would be too costly to provide to rural areas due to their low densities, while rural areas provide ecosystem and agricultural services that are key for environmental sustainability and food security (OECD, 2013).

Access to stable housing located in neighbourhoods that offer employment, good schools and quality public services is a fundamental building block of quality of life. In many countries, housing is considered a basic human right as it provides families with a place of shelter and privacy. It is also the key platform for the consumption of the basic services for leading a healthy life, such as water and sanitation. As such, it contributes substantially to wellbeing: there is evidence that adequate housing not only generates positive health outcomes but also influences children’s opportunities for educational achievement and future employment (Solari and Mare 2012). For many families, housing is their most considerable lifetime expenditure and an important element of wealth (Andrews et al 2011). Strengthening housing policies and addressing housing affordability are core elements to preventing informal settlements and driving social inclusion.

Finally, addressing the challenges of urbanisation in a sustainable and equitable manner requires a cross-sectoral approach to urban policies and an increased level of vertical and horizontal co-ordination. Collaborative efforts among all levels of government, civil society, the private sector and other relevant stakeholders through the development of National Urban Policies are critical to make this happen. A National Urban Policy is an instrument for guiding sustainable urban development in a country which could also have important implications for development in peri-urban and rural areas. In the governance of urban regions, we find a lot of fragmentation and overlap, as well as a poor alignment of goals which is especially aggravated if overall urban strategies are missing. Lessons learned from effective regional planning and governance experiences suggests that governments should consider : i) that geo-referenced data and indicators at a regional scale should be a part of all planning, ii) that the national government must empower local leaders with the institutional, financial and capacity-building tools they need to act, iii) that the most effective way to build resilient and inclusive communities is with a regional and integrated approach, and iv) that we must connect communities with the best ideas from around the world to attract the most innovative solutions.

Based on the above-mentioned dimensions, governments in Latin America have framed different instruments to tackle these problems based on a holistic approach to deliver a sustainable habitat.

	Country	Topics	Specific Action
Integrated Regional Planning	Brazil (Curitiba) Bogotá (Colombia)	Transport Oriented Development (TOD) and environmental protection	Curitiba presents the earliest and most successful example of TOD. Beginning in the 1970s the city established zoning incentives that were integrated with transportation planning to foster high-density development along high-capacity transportation corridors served by public transit systems, such as Bus Rapid Transport (BRTs). At the same time, the land use regulations in Curitiba increased its resilience to climate by preserving natural areas throughout the region as green infrastructure as stormwater retention systems and public

			recreation areas, including on private land, by transferring the development rights of those protected areas towards the high-density transportation corridors. In Latin America, TOD strategies have been replicated in Bogota (Colombia) and Mendoza (Argentina).
	Intermediate LAC cities	Urban Footprint and Climate Vulnerability Studies	28 cities in LAC have developed climate vulnerability assessments, greenhouse gas mitigation studies, and urban growth scenarios with support from the IDB's Emerging and Sustainable City's Initiative (ESCI). Many of the climate-relevant projects proposed in the action plans are already underway in ESCI cities, including upgrading storm drainage networks, expanding bus rapid transit systems, creating green corridors for storm water retention, and creating control systems that help reduce flood risk.
Inclusive Housing Policies	Brazil	Federal social housing standards	The Brazilian social housing program Minha Casa, Minha Vida (MCMV or My House, My Life) aimed to tackle Brazil's urban housing deficit by building more than 3 million houses for low-income families since 2011. But MCMV's building boom exacerbated urban sprawl. Many projects were located far from urban centres, where land prices were lower, hindering access to jobs, education, healthcare, public transportation and safe areas for walking and cycling. With the understanding that providing essential services is costlier when creating distant communities that contribute to sprawl than when creating developments that are compact, connected and coordinated (3Cs), the Brazilian government enacted a law in 2017 that discourages gated communities, requires connection to public transport and promotes walking and cycling in its federally-subsidized housing programs. In the next two years, the new law and standards aim to guide the construction of 600,000 houses, potentially benefiting more than 1.8 million low-income people. Brazilian cities will benefit from reduced greenhouse gas emissions from transport and lower costs for urban services and infrastructure.
	Argentina	National Policy on Urban Infrastructure	The Argentine Government, through the Ministry of Interior, Public Works and Housing, develops long-term public policies with a particular focus on urban areas. The National Policy on Urban Infrastructure implements plans and programs to improve the quality of life throughout the country. It aims to promote sustainable urban development through planning and investment in basic infrastructure. The Neighbourhood Improvement Program (known as PROMEBBA by its abbreviation in Spanish), with more than 20 years of experience, inspired the state policy on urban infrastructure launched by the National Government in December 2015. It is based on the understanding that neighbourhoods can only develop when they liaise with the city, but also that the national government is also responsible for the urban development challenges.
	Mexico	Ecocasa	The national government sponsored green mortgages and subsidies to incorporate increased energy efficiency and

			renewable energy technologies in affordable housing designs at a neighbourhood scale.
Governance Mechanisms	Chile	Networked governance in urban areas CREO Antofagasta	CREO Antofagasta is an integrated, locally-led initiative to respond to the city's growth and improve its quality of life with dual objectives: attracting qualified human capital for its extractive industries and generating greater urban equity. Led by a consortium of partners from the private and public sectors, in 2014 it drafted a regional Master Plan with indicators and a monitoring horizon until 2035 to foster a sustainable development strategy that seeks to diversify the city's economic base, harmonize productive and urban functions, provide work class urban and environmental services, attract and retain population, promote social integration with equal opportunities and social mobility, and support a governance model that achieves excellence in urban management.
	Chile	Networked governance in rural areas Somos Choapa	Somos Choapa applies a similar networked governance strategy as CREO but to a rural region. It is a public-private partnership between Los Pelambres Mining and the 4 municipalities in the Choapa province that seeks to advance the sustainable development of the region and its inhabitants by establishing a participatory and transparent planning process to prioritize investments, accompanied by technical assistance from diverse fields such as social science, architecture and strategic design. The resulting projects are diverse - from schools, parks and other community facilities to environmental remediation - and seek to achieve technical excellence, to contribute to regional synergies and respond to local needs. There is a commitment to accountability with the local communities during every step of the planning and implementation process and an effort to leverage financing sources from the private and public sectors at both the national and regional levels.
	Argentina	Metropolitan Governance	The purpose of the Development Program for Metropolitan Areas is to improve the functioning of public services in metropolitan areas through an incremental process of innovative management modalities for the design and execution of projects and the rendering of services whose efficient performance requires economies of scale and the coordination of two or more territorial jurisdictions (national, provincial and / or municipal).
	Latin America	Urban regeneration and PPPs	Quito spearheaded the creation of a public-private company to redevelop its historic centre as an attractive place to live, work and visit. The company made deals with different groups, ranging from construction companies and real estate investors to social organizations and religious orders. Ecuador's capital set an example that has spread to Mexico, where the trust fund for restoring Mexico City's massive historical centre is being headed by the business tycoon Carlos Slim. Other Latin American cities that have followed in Quito's path are Montevideo, Guatemala City, Cartagena, Veracruz, Valparaíso and Cuenca. (Rojas et al 2004)

Financing mechanism	Brazil (Sao Paulo)	Land value capture instruments	Several instruments are applied in Brazilian cities to finance urban improvements and promote more sustainable development patterns – CPACs, transfer of development rights, etc. Construction rights sales are mainly used in areas marked for densification. A minimum urban utilization rate is set, and any usage above that value triggers a compensation payment. In Sao Paulo, Brazil, potential additional construction certificates –a type of rights in which compensation is paid for at a market price determined by public auction– garnered \$2.2 billion between 2004 and 2012. The proceeds were invested in infrastructure and housing projects (Sandroni 2014)
	Cuenca, Ecuador	Special Contribution for Improvements	The Special Contribution for Improvements (Contribución Especial por Mejoras) is a financing mechanism for urban development in Ecuador that promotes the co-responsibility between citizens and municipalities to finance urban development. (Aulestia and Rodriguez 2013)

V. CONCLUSION

To tackle the challenges of a sustainable habitat, policy principles should guide and foster efficient, implementable, and results driven actions to drive vigorous and visionary regional spatial development strategies. These strategies should seek to extend the benefits of urbanization to peri-urban and rural areas, guaranteeing that the benefits and services cities can offer are shared by all, regardless of income, lifestyle, place of residence and type and size of settlement.¹² The integration between levels of planning, sectors and urban and rural development is essential for the success of regional spatial strategies that generate greater regional productivity and equity. Useful tools to achieve this goal are widely available and must be disseminated more effectively, including the *International Guidelines on Urban and Territorial Planning*¹³ and digital tools for spatial analyses, better informing decision makers on critical investments for achieving greater productivity and inclusion. Finally, national governments play a key role in regional strategies and should create incentives for integrated planning by conditioning investment in urban infrastructure, housing, transport and environmental management directly to subnational territorial planning and governance instruments.

¹² Ibid

¹³ Ibid

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