

# LATIN AMERICA & THE CARIBBEAN

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## ABOUT THE HABITAT COMMITMENT INDEX

The Habitat Commitment Index is a composite score of the performance of 15 indicators at the country level that are essential to urban well-being, weighted by per capita GDP. It seeks to measure the fulfillment of commitments made by countries in the Habitat Agenda adopted at the Habitat II conference in 1996.

## METHODOLOGY

The HCI takes into account all available historical data over the past 25 years to predict, at any income level, the maximum level of achievement a country may be expected to meet using a scale of 0 to 100, with 100 indicating not necessarily 100% fulfillment of an indicator, but 100% of the predicted maximum potential for a given per capita GDP.

The Habitat Commitment Index is based on the SERF methodology as described in *Fulfilling Social and Economic Rights* by Sakiko Fukuda-Parr, Terra Lawson-Remer, and Susan Randolph, published by Oxford University Press in 2015.

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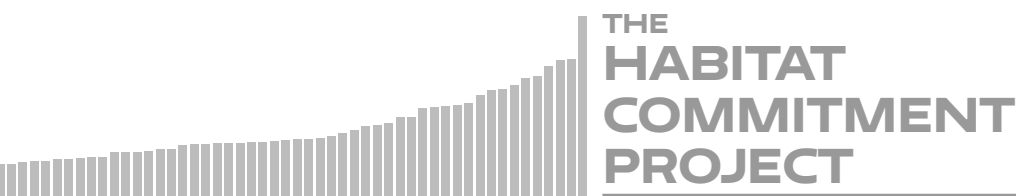
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## 1. Key Findings

Latin America and the Caribbean had a moderate performance in the HCI score. The average HCI score for the region fell very slightly, by -0.11, from 71.97 in 1996 to 71.86 in 2014. From a total of 41 countries that make up the region, 29 were included in the HCI. Many of the Caribbean island nations lacked sufficient data, while the countries included had outstanding quality and quantity data.

There was a notable divergence among countries' performance according to the HCI. Of the 29 countries included, 13 had a negative change in their HCI score, while 12 had a positive change. From a regional perspective, the moderate gains of many countries were offset by a very sharp decline in the scores of Venezuela and the Dominican Republic.

Latin America and the Caribbean is a region characterized by high urbanization rates. In 2014, 79.6% of the total population was living in urban areas and between Habitat II (1996) and Habitat III (2016) urban population grew at an average annual rate of 1.2%. Urbanization was accompanied by positive economic performance, thanks to an average GDP growth of 3.1% between 1996 and 2014.

Positive economic performance and social policies with a strong focus on poverty alleviation, account for the region's best average performance, which was in the Poverty dimension, due to an outstanding performance in the *Urban Poverty Headcount* indicator. The region's second best HCI performance was in the Gender dimension, as a result of a great improvement in the score in the *Female Tertiary Enrollment* indicator.

Challenges in areas such as *Employment and Institutional Capacity*, two of the worst performing dimensions according to the region's HCI scores, are still present in the region and are strategic areas that need to be addressed in order to achieve comprehensive results related to better urban policy and urban well being. A qualitative assessment for six Latin American countries: Argentina, Brazil, Chile, Colombia, Ecuador and Mexico; showed how further analysis of quantitative results can contribute to a better understanding of the pitfalls of Urban Policy, and can contribute to a better formulation of the New Urban Agenda that can be accomplished through better urban practice.

## 2. HCI findings by country, dimensions, and indicators

Latin America and the Caribbean had an average HCI score of 71.97 in 1996 and of 71.86 in 2014. The average score for the region fell slightly, by -0.11, as a result of a high variation in the performance between individual countries. Overall, Uruguay was the best performer in the region with a change of 6.64 points in its score between the starting year and the final year, followed by El Salvador and Argentina, with increases of 5.75 and 5.57, respectively. Among the low performers, Belize, Venezuela, and the Dominican Republic had a negative change in their scores of -5.75, -6.64, and -11.25 respectively.

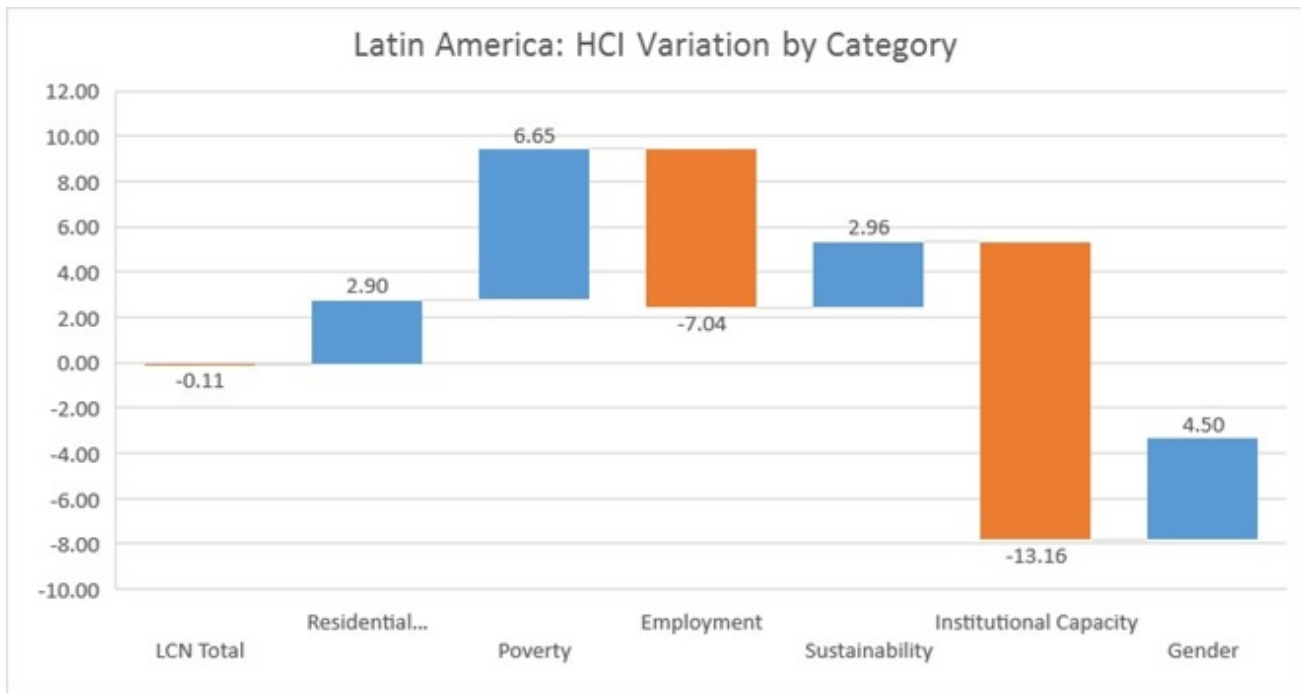


Figure 1. Latin America: HCI Variation by Category

The region's best performance was in the *Poverty* dimension with an average increase of 6.65 points between Habitat II and Habitat III. Among the two indicators that make up this dimension, an outstanding performance in the Urban Poverty Headcount indicator contributed to the overall result. This indicator had an average change of 24.41 points between 1996 and 2014, reflecting a strong effort to reduce poverty and improve quality of life in urban areas in the region. According to UNDP (2016), between the years 2000 and 2014 more than 56 million people have been lifted out of poverty in Latin America and the Caribbean. The Under-five mortality indicator also had a positive change for the region, by 3.62 points between the base and final year, indicating improved living conditions for children. Argentina had the best performance in the Poverty dimension, an HCI increase of 31.43 points, while the Dominican Republic had the lowest performance with a change of -9.67 points. The second best performance for the Latin America and the Caribbean region was in the *Gender* dimension with an average increase of 4.5 points, attributable to an exceptional increase in the Female Tertiary Enrollment indicator of 24.19 points for the period between 1996 and 2014.

An improvement in the Maternal Safety indicator of 2.06 points can also be highlighted; however, there was a poor performance in the Female Non-Agricultural Employment score, which declined by -3.82 points. The best performer in the Gender dimension was Barbados, with a change in HCI score of 22.19 points, while the lowest performer was Bolivia with a change of -12.84 points.

The performance in both the *Residential Infrastructure* and the *Sustainability* dimensions which showed a positive change in the average HCI score for the region, 2.9 and 2.96 points between Habitat II and Habitat III; are proof of an ongoing effort to provide more equitable access to infrastructure and increased awareness on the environmental impact of urbanization.

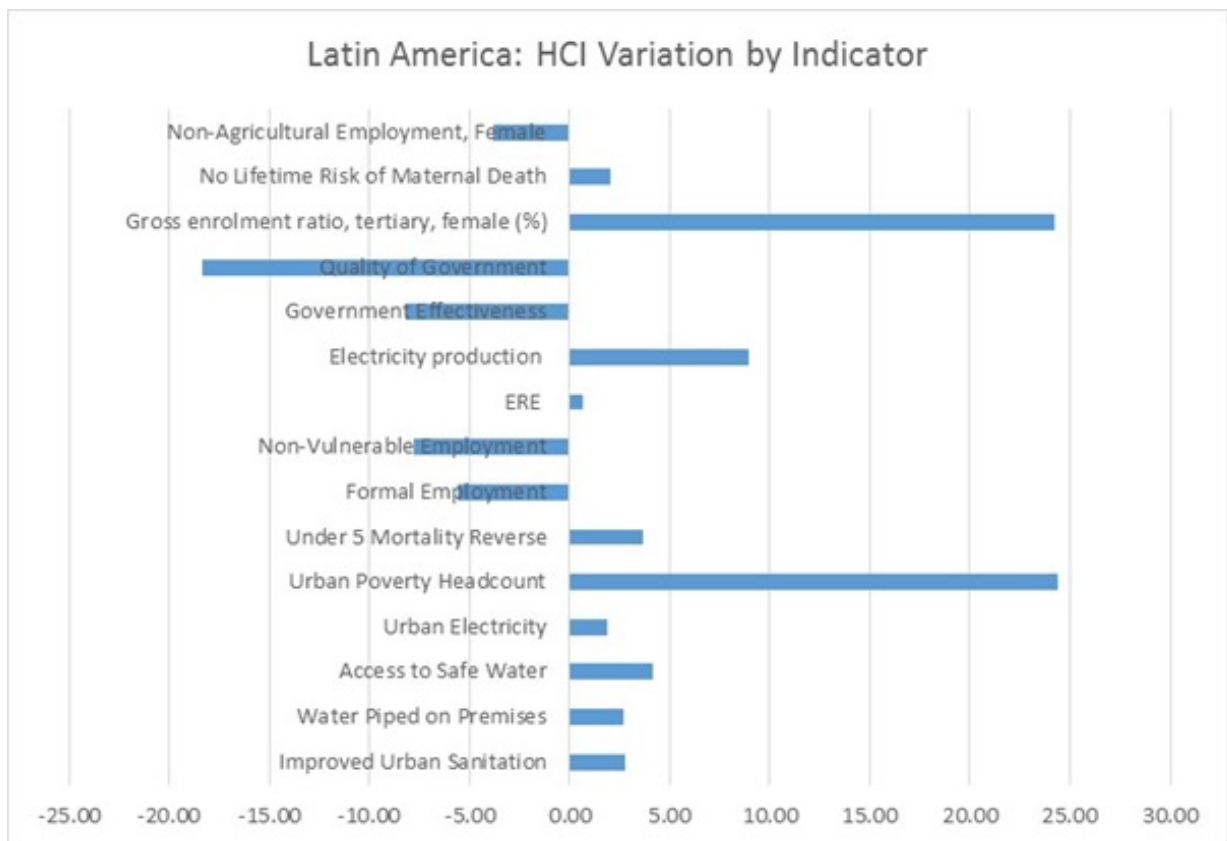


Figure 2. Latin America: HCI Variation by Indicator

The performance in both dimensions is a result of moderate improvements in indicators such as *Improved Urban Sanitation* (2.81 average HCI change), *Water Piped on Premises* (2.7), *Access to Safe Water* (4.16), and *Urban access to electricity* (1.91) on the one hand, and *Environmental Risk Exposure* (0.63) and *Electricity Production with Renewable Resources* (8.99) on the other.

The region's lowest performance was in the *Institutional Capacity* dimension, with an average change of -13.16 points between the base and the final year. This was the dimension with the highest variation in scores between countries and among indicators. The quality of Government indicator had a change in HCI score of -18.31 points, the lowest performance among the 15 indicators for the region. This result was highly determined by an outstanding negative performance of Venezuela, with a change in score of -50.76 points between 1996 and 2014. The highest performer in the quality of Government indicator was Panama, with a change of 5.8 points.

The *Employment* dimension had a negative change of -7.04, with a baseline score of 66.29 in 1996 and a final score of 59.25 points in the average HCI for the region. While being the region with the best available data for both the *Formal Employment* indicator and the *Non-Vulnerable Employment* indicator, Latin American and the Caribbean had a low performance in both indicators with a negative change of -5.62 and -7.8 respectively. The results in these two indicators demonstrate the constant tension between policies targeting the quantity and quality of obs, and the effects of the economic cycle. As the economy of the region started to slow down, self-employment started to grow as a source of employment, especially after 2012 (ILO, 2015), leading to a lower performance in both indicators and signaling the need for adequate social protection policies than guarantee further endurance of the recent achievements in relation to poverty.

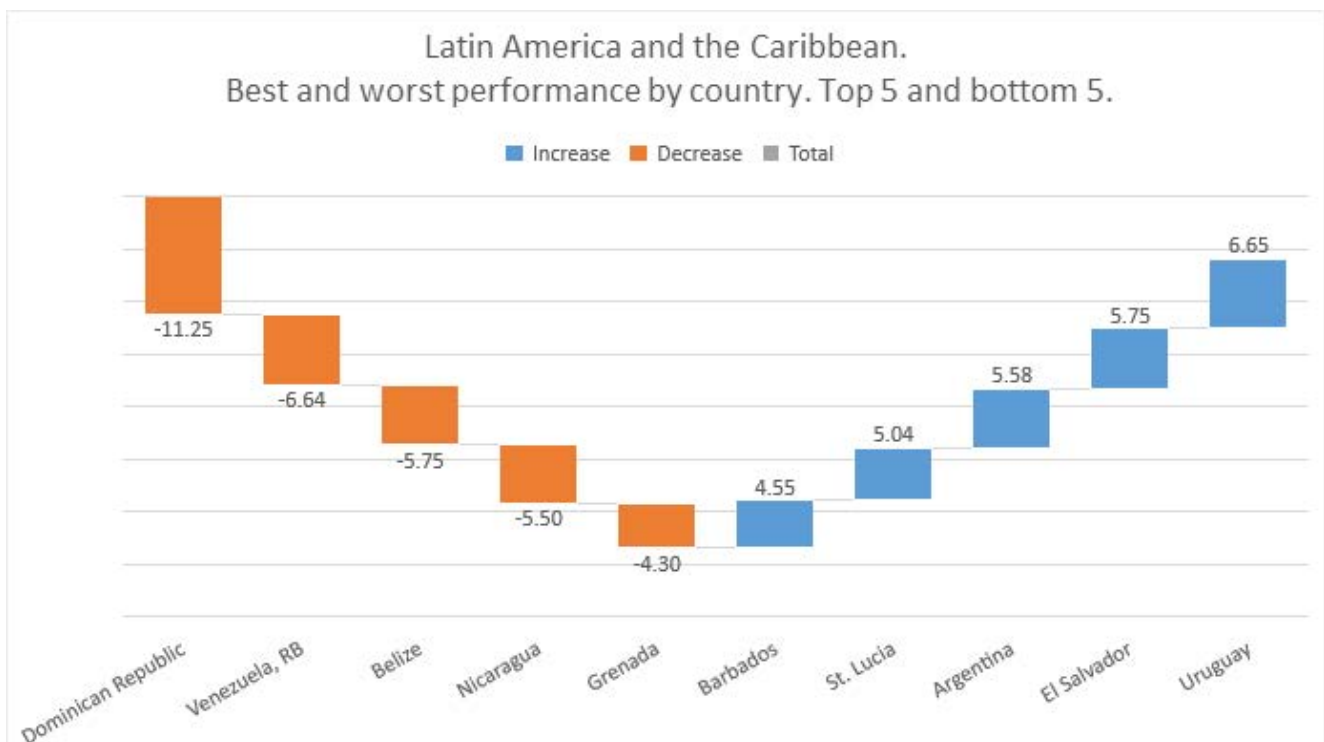


Figure 3. Best and Worst Performers in Latin America and the Caribbean

### 3. A qualitative assessment of the HCI findings

The Habitat Commitment Project included a qualitative assessment based on the impact of the Urban Agenda on national Urban Policy in the 20 years' period between Habitat II and Habitat III, for six countries in the Latin America and the Caribbean region. The qualitative assessment consisted of a detailed analysis of the Istanbul Declaration on Human Settlements' impact on the national urban policies of Argentina, Brazil, Chile, Colombia, Ecuador and Mexico. Such analysis allowed for a set of transversal findings that prove the importance of identifying appropriate instruments for assessment and adequate measures of policy impact. The effects can be summarized in four major findings:

*First*, the impact of the Habitat Agenda on national urban policy was weak and did not contribute to stronger urban institutions capable of guiding housing policy or establishing a dialogue with national economic policy.

Throughout the period, most urban policy was driven by housing policy defined at the national level, which had a direct impact on urbanization patterns shaped by market conditions and leading to inefficient investments determined by uninhabited housing units due to a lack of coordination between supply and the needs of newly defined household demand (different family sizes, rental options, transportations and employment needs).

*Second*, there has been an artificial decentralization in the region which has undermined local institutional capacity. Although decentralization has been part of a large set of reforms, it has yet to contribute to fiscal autonomy, local democracy, and the effective implementation of social policies at the local level.

*Third*, there was national an effort to develop legal structures that would contribute to stronger urban policies. Implementation was fragile and in some cases success in policy reform was weak and short-lived. For example, Brazil and Colombia are role models for constitutional reforms that successfully incorporated the “right to housing”, a “social and ecological function of land”, and compulsory “territorial planning”. Nevertheless, the lack of appropriate instruments for policy implementation lead to little or no impact on urban policy.

*Fourth*, there is a strong disconnection between urban theory and urban practice. Current practices reproduce sector isolation and hinder inter-governmental collaboration. The Habitat Agenda has played a weak role as guiding principle about what should be done, but has little or no connection on how it should be done.

#### **4. Policy recommendations.**

Despite an average GDP growth of 3.1% between Habitat II and Habitat III, Latin America and the Caribbean did not perform as expected according to the HCI. Going forward from Habitat III, countries should increase the pace of service provision beyond that of economic growth. Since Habitat II, service provision has kept pace with economic growth, but this growth does not reduce backlogs. More should and can be done. The HCI analysis shows that the current pace of provision is insufficient to meet long-term goals.

Improved quality of life in urban areas in Latin America and the Caribbean is a result of improved social policy and infrastructure provision in a period of steady economic growth. Nevertheless, the biggest challenge for the region will be to maintain past achievements in times of slower economic growth, through improved social programs and better urban practice that accounts for local impacts of the economic cycle.

A lack of coordination between national governments and local authorities reflects one of the biggest challenges of the New Urban Agenda. There is a strong need to improve local governance and the capacity of local institutions in order to guarantee a better implementation of urban policy and improvements in urban well-being.

Studying high performing countries and underperforming countries at various levels of economic development informs learning processes and contribute to better outcomes. Non-economic factors, including specific policies and urban practices of high HCI performers could serve as models for improving outcomes.