Latin America and the Caribbean (LAC) Climate Week

Track 3 | Transformation Opportunities: Urban Environments

May 11, 2021 10:00 – 14:00 (GMT-4)

Organized by: United Nations Environment Programme (UNEP)

The event highlighted the challenges and opportunities that cities and urban environment will face in regard to the climate crisis ahead, focusing on shaping what the city of 2050 will look like, on the importance of policy making for market and behavioral transformation, and on the business and finance market transformations. By bringing together the experience of climate experts and transformation leaders, the event presented the fundamental role of cities and their built environment in climate action, the importance of all stakeholders’ involvement – including the private sector and civil society, and the many projects and initiatives that are already and will be taking place in the LAC region.

On 11th April, the historic all-virtual Latin America and the Caribbean Climate Week 2021 kicked off with an opening thematic day on ‘Transformation Opportunities: Urban environments’, hosted by the Dominican Republic and organized by the United Nation Environment Programme (UNEP). The virtual event gathered many regional high-level speakers, invited to elaborate on one of the three sessions of the day (Imagining 2050, Policies for market transformation, behaviour change and technology development, and Finance and business transformation), with the aim to make regional action a catalyst for global change.

The first session focused on the main challenges and opportunities for transformation towards a zero-carbon resilient and inclusive future in LAC, with the aim to inspire action, increase climate ambition, and highlight the role of cities in this region where 80% of the population live in urban areas. 90% of COVID-19 cases being concentrated in cities, the pandemic has shown what it means for municipalities to be on the front line of a devastating crisis. But pandemics are not the only challenges ahead for cities, the three planetary crisis of climate change, biodiversity loss and pollution also having calamitous impacts on urban areas. Indeed, the emergence and densification of extreme heats, floods, droughts in cities are already impacting people well-being, economies, and the built environment. There is an urgency to adopt actions to mitigate and adapt climate change.

In line with the above, it is necessary to promote integrated, multi-level and multi-sectoral urban planning that allows for horizontal and vertical integration. A planning that considers the visions...
of civil society and allows for co-creation of solutions with the private sector is key for a sustainable urban development.

Furthermore, efforts to protect and preserve the “source of human health” should also be increased, as nature is intrinsically linked to human well-being and health and should be, as such, integrated into health strategies. Integrating climate change and health into public policies agendas is indispensable - we must make peace with nature, and work with our green environments, not against them.

Fortunately, cities have a tremendous power of innovation. Numerous concepts and approaches exist today to improve current and future quality of life for urban dwellers and improve cities resilience to climate change impacts. Examples like the idea of the "15-Minute City", Nature-Based Solutions and experiences of some cities such as La Paz (Mexico) in creating multifunctional public spaces were highlighted during the session.

However, there is an urgent need to increase the ambition, funding and scope of the implementation of these initiatives. This will only be possible through the promotion of new leadership, appropriate policies and the creation of the necessary data and information to support decision-making.

Following those inspiring urban visions for 2050, the second session elaborated on the policies needed to enable technological development, market transformation, and behaviour change. The climate crisis is a cross-cutting issue and a central element of the political discussions, yet ambitions should be increased. This will require massive investments, but in many cases the resources can be drawn from within their own municipal budgets and/or that of their regions, rather than from international sources. Therefore, it is essential to strengthen the technical capacities of local governments and encouraging the generation of information and data for decision-making, and supporting the identification of resources needed for the transition.

One of the main challenges in integrating climate change into urban policy in Latin America and the Caribbean today is the adaptation of different national and international policy frameworks to the local level. These processes require effective governance processes, with the involvement of municipalities but also of citizens, the private sector and all local actors able to influence decision-making and ensure that policies take into account local needs and realities. The climate issue must be integrated in a cross-cutting manner and ensure that frameworks are regularly reviewed to increase their ambition. This also implies social communication that translates the complex language of national and international agreements and allows citizens to be not only beneficiaries of urban planning but also replicators of climate action.

The formulation of public policies also requires the availability of reliable, up-to-date and comprehensive data that can be analysed and compared at different scales and can support decision-making with reliable scientific information. Initiatives such as the Global Covenant of Mayors (GCOM) or the development of new urban policies such as the New Urban Agenda in Colombia include direct support to cities in building capacity to formulate plans and advance their climate ambitions. The development of buildings roadmaps are also initiatives that can enable local and national governments to outline targets and key actions adapted to their context and deliver on the Paris Climate Goals. For this purpose, the Global Alliance for Buildings and Construction (GlobalABC) developed the Regional Roadmap for buildings and construction in Latin America, presented by the director of the ALENER, Carlos Carrazco, as a methodology and a process that can help cities and countries in setting up a framework for the complete decarbonisation of buildings across their life cycle, with examples of policies, technologies and financing mechanisms that are present in the region.
These bottom-up processes, generated through public consultations, baseline analyses and vulnerability studies, ensure local ownership of the issues while enabling cities to meet the national ambitions listed in their NDCs.

Ultimately, local governments have a lot of power in delivering on both adaptation and mitigation commitments by taking charge of the bidding processes for building more sustainable cities. They can also develop numerous financing mechanisms from their own resources to complement nationally or internationally allocated budgets, and to support their own climate action. There is a diversity of financing mechanisms, as the following session will present, and climate actions should integrate cost-effective measures such as Nature-Based Solutions, integrating the value of city-specific ecosystem services into urban planning. The implementation of Nature-Based Solutions can also be accelerated with the incorporation of key aspects: knowledge of the problem, citizen perception, communication of the problem and solutions, and participatory governance.

The third and last session of the day on ‘Finance and business transformation’ presented the financial mechanisms that would facilitate the transformation towards green resilient cities. In particular, the International Finance Corporation estimates points out that green buildings have a great potential to activate the green economy, as the report points to a potential $24.7 trillion investment opportunity by 2030 across emerging market cities. By integrating sustainability criteria into investment portfolios, we will therefore accelerate the decarbonization in the built environment and, at the same time, work towards the establishment of resilient and low-carbon cities. Nonetheless, cities are facing difficulties in accessing international and national markets to finance their projects. There are many barriers to overcome in order to foster these funds and mechanisms that will enable the cities to move towards resilience.

Due to the pandemic, Latin American and Caribbean cities are going through a very difficult time, not only in terms of health but also financially. The crisis should be used to build back better by promoting sustainable development and identifying sources of green finance. In addition to traditional public financing, various financial and non-financial instruments have the potential to promote climate action, decarbonization and resilience. For example, in the framework of buildings and construction there are instruments such as: i) green mortgages; ii) financial and fiscal incentives that promote tax exemptions and property tax reductions; iii) non-financial incentives such as height bonuses.

There are also instruments based on land use such as real estate taxes and urban planning and development charges. Regarding the latter, there is a latent discussion to promote new philo-climatic urban charges that integrate green incentives into the urban fiscal system. The example of Santa Fe showed how the implementation of rain retarders and the revision of the land value capture system could improve municipal resources and increase citizens' awareness of climate action.

Numerous initiatives are supporting cities to address financing issues, such as the Urban Shift Programme led by UNEP with the support of C40, ICLEI and WRI, which aims to promote integrated and participatory urban planning in 10 Latin American cities in Argentina, Brazil and Costa Rica. The IFC-World Bank EDGE programme focuses on the promotion of green buildings as an important sector to foster decarbonization.

Among the main barriers to finance the transition today, the Climate Policy Institute highlights institutional financial mandates, types of resources (poorly channelled or whose source is not very relevant), jurisdictional control and delegations of authority by municipalities, and access to credit by municipalities, which in the case of the cities in the LAC region are still considered unreliable. In relation to this last point, banks have an important role to play as well, in addition to being able to elaborate incentive mechanisms for the areas of infrastructure construction and financing of individual initiatives.
Finally, taking into account the benefits and co-benefits of ecosystem services when implementing Nature-Based Solutions is also necessary to analyse the value of such measures. Many of these interventions are cost-effective and can complement grey infrastructures, by providing additional social and economic benefits, as the case of San Salvador in El Salvador shows.

To conclude, the event reiterated the importance and fundamental role of cities in climate action. Cities concentrate a large part of the population, GHG emissions as well as high levels of vulnerability to climate risks. The role they can play in contributing to mitigation commitments and adaptation goals therefore adds greatly to efforts at the national level.

Climate action is everyone's responsibility. To accelerate climate action and reach the necessary pace, it is fundamental to consider working at different scales and in the case of cities, individual action fostered through communication strategies are key. Many cities are already developing their strategies and roadmaps to define their transition to resilient, low-carbon development. We have seen concrete examples of cities in the region being accompanied and encouraged through various initiatives. At the city level, it is essential to develop mechanisms for dialogue between key stakeholders and roundtables to encourage citizen participation.

There are also already many examples of systematised and organised efforts, from the level of mitigation potential of buildings and energy, or water consumption on an individual level, to strategies for transforming the urban landscape through green and blue areas. Nevertheless, there is still a need for an increased ambition and cities play a key role in accelerating the transition towards a zero-carbon, resilient and inclusive future in LAC.