

Privately financed highways and the challenge to sustainable transportation in Lima

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During the last few years, several Latin American cities have implemented sustainable transport policies, including the construction of Bus Rapid Transit systems and the promotion of bicycle use. Furthermore, some of these policies have traveled both between Latin American cities and elsewhere, often being promoted by local governments (Wood 2014; Hidalgo and Gutiérrez 2013). The trend in the expansion of sustainable transport policies, however, should be problematized. In this presentation, I will do so by looking at the contradictions found in a city that has been understudied in the transportation planning field recently. In 2010, Lima's 26km-long Bus Rapid Transit (BRT) line opened at a cost of US\$300 million. Initially, the idea was to build a network that would eventually replace a chaotic transit system, providing instead high-quality public transportation. However, just a year later, these plans were scrapped. Instead of expanding the BRT system, the municipal government decided to carry out a regulatory reform that required very little infrastructure spending. The construction of the BRT line had been funded largely using the revenue stream that came from the municipal owned toll roads. Starting in 2012, those revenues were redirected toward the improvement and expansion of the highway network. Furthermore, this expansion will be financed privately by corporations that will take control of the existing toll roads and are raising a total of US\$2bn.

From a sustainable transportation point of view, this is clearly a setback: a city that had started building a BRT system had now decided to replace it with highways. Furthermore, the local government made that decision. What made the city government change its mind? Why is the local government in Lima, a city where less than 15% of the population drive to work, directing considerably more infrastructure

funds to highways than to mass transit? Or, given that car-ownership levels are rising rapidly, why wouldn't it be expanding opportunities for using those cars?

In this presentation, I seek to problematize the trend toward sustainable transportation by looking at the details of how transportation decisions are made. Furthermore, I will situate those decisions within broader institutional and financial contexts that can work to either give more leeway to local governments, or to constrain them when negotiating with the private sector. Often, limited budgets put local governments in a power imbalance when negotiating with large corporations that have the institutional and financial infrastructures needed to deliver mega-projects that Lima cannot. Furthermore, there might be information asymmetry when financial experts negotiate the deals with local bureaucrats (Ashton, Doussard and Weber 2012). New institutional arrangements allow for the private financing of infrastructure, letting city governments deliver projects “off the balance sheet” (Froud 2003; Siemiatycki 2013). Given the opportunities for securing future revenues that rapidly increasing car-ownership use provides, the private financing of highways becomes attractive to capital funds seeking investments that can secure long-term returns (Trumper and Tomic 2009; Figueroa 2005). Meanwhile, these arrangements allow local governments to deliver expensive infrastructure projects even with insufficient public budgets. Thus, I argue that, rather than a simple decision by the municipal government to deliver highways instead of mass transit—and to do so using private finance-, automobile-oriented infrastructure is being produced partly *because* it can be delivered via private finance.

I will not, however, take a deterministic view. On the one hand, the context alone cannot explain the decisions made by local bureaucrats in allowing private investment. Thus, through interviews with decision-makers I will analyze the rationale for approving automobile-oriented projects. While the urgency to deliver services together with the availability of private capital point toward privately-financed highways, municipal governments still have some field of action to make decisions. In fact, it is often the local government that actively goes after private investors offering new projects they can invest in, a trend that has been described as entrepreneurial government (Harvey 1989). The way these decisions are rationalized can shed light on the *governmentality*

–or planning mentality- operating in Lima (Foucault 2004). Furthermore, the conflictual nature of these transportation infrastructure decisions has opened opportunities for social movements to rethink and give new meanings to issues of public space and urban mobility. Both low-income residents threatened by displacement to open space for a highway (Strauch, Takano and Hordijk 2014), and activists protesting the nature of the projects have challenged the assumptions under which these decisions are made. I will further argue that we should be paying attention to these conflicts in order to understand the back-and-forth movement of transportation planning decisions, and to find opportunities for more socially just planning outcomes.

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