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It is a pleasure to be here. Puebla is a wonderful setting to have the Smart City Expo. It is also a privilege to join such a distinguished panel to open the Expo. Ms. Conesa, Secretary Joaquin Coldwell, Mayor Gali Fayad, Governor Moreno Valle, Mr. García, Sanchez and Mr. Zapatero, it is really an honor to be here with you. On behalf of the World Bank, let me extend a warm welcome to all the participants who are taking part in the Smart City Expo. I wish us all a productive and insightful 3 days to help us contribute to urban innovation towards equitable cities.

The importance of the urban agenda, under all its facets, has gained increasing importance – and rightly so – in the development community. At the World Bank, we are acutely aware that the

sustainable development of our client countries and efforts to meet our twin goals to eliminate extreme poverty and to boost share prosperity need to also be grounded at the local, city level. Progress at the country level is linked to progress at the local level and urban innovation.

From an energy perspective, we definitely see the link, the importance – and need to increasingly focus on energy in cities. This is why we thought it made perfect sense when SENER approached us to join forces, along with other partners, to hold an event with the Smart City Expo Puebla to focus on energy in cities – and in particular energy efficiency in cities. The reasons are pretty straightforward:

First, cities are where more than half the population of the world lives—and the urbanization trend is increasing. Even in Mexico, a country already very urbanized, with over 70% of its population having their homes in cities, it is projected that by 2027, 88% of Mexico's population will live in cities. Cities are engines of economic growth. We

have seen this in countries around the world. This is also the case in Mexico. You probably all know this. Urbanization is integral to development, but it also presents difficult challenges and pressures that need to be addressed and managed. I will get back to this.

Second, cities are where 70% of the world's energy is consumed. It is also where three quarters of greenhouse gas emissions are emitted. Rapid urbanization, together with rising incomes, is contributing to significant increases in demand for energy to power economic activity and expand basic infrastructure, as well as deliver municipal services. But expanding quality and affordable public services, such as energy, transport, water, and sanitation can put significant pressures and strains on municipalities' finances.

In many municipalities, the highest expenses after salaries are street lighting and water supply and waste water treatment—sectors involving significant energy consumption and energy costs, but so important for any city.

We think energy efficiency can help – a lot. Energy efficiency offers practical, cost-effective solutions to expand and improve urban services, while contributing to cities' efforts to be more competitive and address climate change. The potential savings of energy efficiency efforts in terms of lower energy expenditures can generate in budget savings enabling governments to allocate more resources to other priorities.

Investing in energy efficiency in cities can also bring other benefits. For example, replacing street lights with more efficient ones can save—in many cases—more than 50% of the street lighting energy bill. And this typically comes with improvements in the quality of the light, which has safety co-benefits for both pedestrians and vehicles.

Despite the attractiveness of energy efficiency, it is not the first thing that pops into authorities' minds as they work to address various priorities.

Puebla is the perfect place to pursue our discussions on the use of energy in cities: Puebla is the city where our collaboration with SENER started on the agenda of urban energy efficiency.

It is in Puebla, along with Leon, where the World Bank, with support from ESMAP—the Energy Sector Management Assistance Program—had the privilege of working with SENER and officials from both municipalities on the first two pilots of city energy diagnostics in Mexico using ESMAP's Tool for Rapid Assessment of City Energy or "TRACE". These city energy diagnostics were not only about deploying a tool and producing reports, they were about setting the foundation for an important dialogue within the National Government and with the governments of Puebla and Leon on the links between cities and energy and understanding better the implications and energy efficiency opportunities associated with municipal services and infrastructure.

Importantly, what SENER and the municipality of Puebla and Leon started in 2013 through the TRACE city energy diagnostics was to raise

the awareness of energy use in the city and the potential and benefits energy efficiency could bring.

The diagnostic process in these 2 municipalities was replicated in 30 more municipalities and has laid the groundwork for taking action in public lighting, municipal buildings, and water and wastewater management, and other sectors. But of course, this is not the end of the road.

This work helped identify energy efficiency priorities and actions that could be undertaken in the Mexican cities.

I should mention that the World Bank and ESMAP have supported TRACE city energy diagnostics in many cities around the world, but Mexico now holds first place in terms of number of cities in a single country. But more, importantly, we are very excited about the next steps, and again consider it a privilege to continue to partner with Mexico as they embark on the next phase of this journey to lead the way towards energy efficient and sustainable cities.

Thank you.