



# **POLICY COHERENCE WITH HUMAN DEVELOPMENT BASED ON SOCIOECONOMIC PROCESSES**

## **INFRASTRUCTURE AND TRANSPORT, URBAN DEVELOPMENT, INDUSTRY AND TOURISM<sup>1</sup>**

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Plataforma 2015 y más

## **1. INTRODUCTION**

Socioeconomic processes that meet human needs in a sustainable manner are in turn determined by their underlying infrastructure. Likewise, this infrastructure interacts in a complex manner with its own surroundings, adapting to production requirements and to the way in which land and population are organized. This leads, for instance, to the building of transport links for people and goods, communication networks, housing, travel and population clusters (be they temporary or permanent) in any given geographic area.

This article seeks to examine the policies implemented in these processes with a view to proposing a potential evaluation as to their coherence for human development. To do so, the policies have been divided up into four main groups: infrastructure and transport; urban development; industry; and tourism. In the broad sense of the term, transport and urban development could be considered specific examples of the wider category of "infrastructure".

Industry is used here to refer to a fundamental element of productive change and large-scale production organization. Finally, tourism is dealt with as a separate group. Although often referred to as an "industry", it is in fact a major component of the services sector. The inclusion of both industry and tourism is justified by their interrelationship with infrastructure, transport, and urban organization, whether in terms of the place of residence of employees or, in the case of tourism, as a result of the reception of visitors.

<sup>1</sup> Translated by Nicola Stapleton. This article is part of the research project "Building a policy coherence for development index", conducted by Plataforma 2015 y más.



When evaluating policies in the above areas, rather than adopting a narrow perspective, where success is gauged purely in terms of the maximization of each aspect (“the more, the better”), we consider the need for a more multidimensional and *intermestic* approach (Millán, 2014: 6), to assess policy coherence human development. Consequently, in order to help build a policy coherence for development index, the indicators proposed in this vast realm will seek to cover these aspects as far as possible. The aim, then, is to measure impact, not just within one particular economy, but also on the rest. This multidimensional approach will require us to observe other dimensions that go beyond the purely economical and also cover the social, ecological, governability and gender-equality spheres.

## 2. INFRASTRUCTURE AND TRANSPORT

Infrastructure has always been regarded as crucial to achieving economic development<sup>2</sup>, although this perspective has varied in recent decades, to the extent that the concept of development itself has shifted away from a strictly economist approach, (where this is used as synonymous with economic growth) in favor of one more oriented towards human development (Sapkota, 2014: 59). From this new perspective, infrastructure (and means of transport) are presented as key in making basic services like health and education accessible to the more vulnerable segments of the population. Thus, policy coherence in infrastructure does not depend on the volume of investment, but on its ability to include the population by improving their living conditions. For the sake of this same coherence, such policies must also be compatible with environmental sustainability, as well as addressing the gender inequality that results in women having less access to such resources.

From an economic standpoint, the provision of a transport, communications and energy networks is essential to improve the well-being of the population in human development terms. This involves facilitating the transfer of goods and reducing their final price without harming the producer. It means promoting geographic mobility and interconnection, greater access to knowledge and information, and access to basic social services like health and education... Consequently, data on this provision of infrastructures for transport, communication and access to electricity will be essential<sup>3</sup>. But

<sup>2</sup> In the early years, in the context of reconstruction after the end of the Second World War, the World Bank’s strategic approach was precisely targeted infrastructure for development (Sanahuja, 2001).

<sup>3</sup> It is worth noting that even these indicators can conceal other important problems that qualify apparently favourable data. In the case of Central America, for instance, rural electrification programmes like the PER in Guatemala increased electrical coverage, while at the same time the cost of electricity to the homes that benefitted rose to such an extent it became unaffordable in many cases. Access occurred in a context of privatization of the electrical sector, with heavy dependence on fossil fuels and low levels of generation efficiency, all of which had an impact on the bill paid by the end consumer. (Paz, González and Sanabria, 2005).



on their own, such figures are insufficient. An increase in the provision of the physical transport infrastructure, for instance, might reflect prioritizing private road transport over collective transport that is cheaper and more efficient in energy and environmental terms. We therefore need to include other indicators that reflect the extent to which this infrastructure and transport provision helps improve the population's quality of life. It is therefore to be expected that, if this economic policy on infrastructures is indeed coherent with for human development, it will, among other things, enable access to drinking water in rural areas and electricity for a certain percentage of homes or access to the Internet for a certain percentage of people. By contrast, a high density of private vehicles would be indicative of a lack of policies promoting public transport, bearing in mind the adverse environmental and economic effects of excessive dependence on private vehicles.

Given the inherent nature of the infrastructure sector and the substantial investments required, public authorities generally play an active role, inviting public or private companies to tender for the work involved. The large sums of money required in many such operations and the impacts in terms of increasing real estate valuation in the area to be invested in, alongside other factors, make infrastructure a sector particularly prone to corruption and to the improper use of the State's financial resources. It is therefore important that the evaluation of policy coherence for development (PCD) should include indicators on transparency and public participation in the decision-making process on projects, as well as clarity of and access to information about their implementation<sup>4</sup>.

Finally, from a gender-equality perspective, it will be important to take account of the due impact of these policies regarding their ability to turn around the structural inequality faced by women in terms of resource use and enjoyment. Gender inequality cuts across all kinds of policies, whether by action or omission. Difficulties accessing basic resources like drinking water tend to affect women more, as they often bear responsibility for water-related tasks. Likewise, their subordinate role within the family unit hampers equal access to basic public services like education. Consequently, we consider that any PCD evaluation must take account of gender indicators that will help us gauge the effect of infrastructure policies on gender equality. Such indicators, including quality in the provision of public services and compliance with rights, will not be limited to the group of variables considered here. Instead, they are also dealt with in certain aspects of other policies, as their impact cannot be confined to one specific area. In this sense, we would emphasize that analysing this group of policies is part and parcel of what is intended to be comprehensive evaluation in our PCD index proposal.

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<sup>4</sup> On this, see Open Government Index (WJP, 2015).



With regard to the specific case in question, an infrastructure and transport policy that duly addresses the issue of gender equality will need to be reflected in indicators like mortality rates for women in childbirth or the degree of equality in access to basic education among boys and girls. Indeed, an adequate transport and communications network will enable sufficiently easy access both to birth-attendance health services and to basic education.

### 3. URBAN DEVELOPMENT

Whereas infrastructure was sidelined in the Millennium Development Goals (MDGs) (Sapkota, 2014), the same is not true for cities, which were explicitly included among the aims for 2015 (Target 7D).

According to World Bank statistics, more than half the world's population now lives in cities<sup>5</sup>. Despite the view that urban development is something inherently positive, the reality is in fact much more complex. We therefore need other elements, apart from the degree of urban concentration or its contribution to GDP, to determine urban development policies' coherence for human development (UN-Habitat, 2012).

Urban concentration is linked to other concentration processes involving production means and services, and the administrative apparatus of public authorities, all of which have a very high impact both on the environment and on the living conditions of people in the urban area. Rapid concentration can cause difficulties and shortcomings in access to decent housing, sanitation and so on. Similarly, rapid population growth in cities and large-scale migration from rural to urban areas tends to reflect severe deficiencies in rural life, which drives these major population shifts and leads to the problems they entail. In short, any given urban development process may have multiple causes that do not necessarily favour, or guarantee, progress.

Consequently, despite the unquestionable potential and advantages that an urban environment has to offer, this does not make it an asset in its own right, nor are urban development policies necessarily coherent for development. The point is not to reject urban development, but to find other multidimensional indicators that contribute more precise information on the evaluation of urban development policies and the appropriateness of their management. By way of example, we might cite intense urban development processes that have occurred in Africa and some parts of Asia which have not produced the expected results in areas such as education, basic infrastructure and good governance (UN-Habitat, 2012: 28).

<sup>5</sup> As recently as a century ago, just two out of ten people in the world lived in cities. (UN-Habitat, 2012: 25). The general trend here, however, seems to be towards levelling-off.



Such divergence between urban and human development may be linked, among other factors, to the havoc that ensued after the crisis in peripheral economies in the 1980s. The resulting austerity policies cut back spending on diverse urban services thereby increasing poverty and social problems in the process (Roberts, 1989). On a different scale, these same problems may now affect cities in more industrialized economies, in the face of austerity policies identical to those implemented in the 1980s and 90s in countries which, economically speaking, are in the South.

Policy coherence for human development must safeguard the balance between urban and rural areas, and make adequate provision for basic services in the urban setting. One way to gauge success in city management is to observe the urban poverty rate, which is linked to other factors involving the proper housing of urban populations and the fight against informal settlements, a target explicitly included in the MDGs. Likewise, the quality of dwellings, defined in habitability terms, can be gauged by the percentage of urban inhabitants who have access to sanitation, reducing the risks of certain serious diseases.

Environmental impact is especially significant in the case of cities because they stand as the greatest modified environment of all (Ramírez and Sánchez, 2009). A good indicator in this respect, both in terms of negative environmental impact and health hazards, is air pollution. It is not the only relevant impact caused by large urban concentrations (which also affect forest cover and water, as well as many other areas), but has a twofold advantage in terms of the data available worldwide and the coherence it represents with regards to the sustainability of life, which is jeopardized by high air pollution levels.

Finally, where governability is concerned, a good indicator is the level of violence in cities. Poverty and social exclusion, severe inequality and polarization, the concentration of populations in marginalized areas and so on, all provide a breeding ground for the proliferation of violence and violent death. This lack of safety places low-income social strata in particular at considerable risk and exceedingly complicates the management of urban areas. Consequently, high homicide rates are a symptom of underlying problems of poverty, exclusion and social injustice, but are also a cause of difficulties regarding urban governability, greater public insecurity and lack of access to essential public services. This is a difficulty that already affects the most disadvantaged segments of the population, such as those concentrated in marginalized neighborhoods—which find themselves even more marginalized as a result of insecurity—and also women. Women living in slums are therefore doubly penalized.

In addition to security, another governability factor, in this case related to transport quality and minimizing pollution, is the effort that goes into



building and extending urban rail transport (including metro and tram systems) as an alternative to private vehicles, which are much less efficient in environmental and urban mobility terms than these means of public transport which do not emit gases into the urban atmosphere.

## 4. INDUSTRY

Historically, the industrial sector has been linked to the concept of development and “progress”, as a good thing in itself. Today, the world’s richest countries are indeed the group known as “most industrialized countries”. Although the very history of capitalism emerged with the industrial revolution, the relevance of this sector was also the paradigm for centrally-planned economies like the Soviet Union. That industrial revolution, which began in 18th-century Britain and then spread across Europe, led to a rise in productive capacity unparalleled at any time in history. Attitudes to this position have, however, now become more critical in the face of factors such as warning signs as to the biological constraints of production, taking account of the ecological dimension of social existence (Martínez, 2007).

Consequently, from a human development perspective, because industry is both vast and homogeneous, data revealing its weight within the economy does not provide us with the right information. Manufacturing is undoubtedly necessary for human well-being, but more industry does not necessarily mean more or better development, nor is the opposite true. As a result, evaluating policy coherence for industry merely on the basis of its presence in the economy as a whole will not be useful. We consider a more appropriate alternative to be the effort (particularly in the public sector) that goes into research and development (R&D) potentially enabling more efficient resource management, greater productive diversification and added value, as opposed to the extreme vulnerability of a productive fabric overly dependent on commodities. To complement investment on R&D, we would also consider it appropriate to include as an economic variable the weight, within the export total as a whole, of the exports of goods that have undergone little or no processing. The idea here is not so much to evaluate exports *per se*, but to gauge the proportion of commodities in the total. This serves as an indicator of the degree of dependence and thus potential external vulnerability.

It will also be important to evaluate, where data allows, the quality of manufacturing jobs, which will be the necessary indicator of the appropriateness of industrial policies in terms of workers’ rights. To this we should add at least two aspects of the gender issue: the wage gap between men and women in the sector, and their respective rates of employment. We should bear in mind that, generally speaking, the mechanization process involved in much industrial activity eliminates the physical strength factor.



In principle, this should preclude any “natural” justification of divergence in the degree to which each gender is represented in industrial employment.

However, as we have already indicated, another of the most relevant aspects is environmental sustainability in all its different dimensions. One of these, linked to governability, is carbon dioxide (CO<sub>2</sub>) emissions. It is connected with governability to the extent that it also reflects commitment to the fight against climate change and the reduction of this type of greenhouse gas.

Another factor linked to the ecology and sustainability of human life is the use of drinking water, and with it the use the industrial sector makes of this scarce resource. Likewise, we will consider the percentage of imported energy as a share of the total as it penalizes those who depend more on external resources rather than making the most of alternative renewable energy sources. Dependence on external sources of energy is also highly undesirable in economic terms in view of the vulnerability it entails and the potentially negative impact on local macroeconomic stability, as experienced in the “energy crises” of 1973 and 1979.

## 5. TOURISM

The last of the policies to be considered in this group is tourism. Large-scale tourism is the result of a series of rights achieved by the working class, which include paid leisure time and vacations. This factor, together with the development of transport and the resulting reduction in its associated cost, has generated significant economic activity accounting for some countries’ principal source of foreign currency earnings.

Including tourism policy is justified for several reasons. Firstly, tourism is essential in the services sector<sup>6</sup> and is, in many instances, the main source of foreign currency earnings for some countries. Secondly, it is closely linked to all types of transport and infrastructure. Receiving tourists requires an appropriate network of accommodation, transport to enable tourists both to arrive and to travel around the country, good management of auxiliary services to be offered to tourists during their stay, and so forth. The proper provision of infrastructure and transport will also enable the sector to offer more diversified services with greater added value, thereby also improving earnings deriving from tourism without having to depend on intensification of visitor numbers.

Again, as in the case of industry, we find that *more* does not necessarily mean *better*. Indeed, *more* can sometimes be synonymous with “excessive”. In countries said to be “developing”, tourism does not always have the

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<sup>6</sup> According to World Tourism Organization data, worldwide, tourism accounts for almost a third (30%) of service exports and 6% of total exports. For many low-income countries it is the major export activity (WTO, 2015: 14).



favorable impact it is supposed to: there is a mixture of positive and adverse effects (Cordobés and Sanz, 2008).

To be able to pinpoint better the variables that will enable us to build our PCD index, we will use other indicators for analysis that go beyond success in attracting tourists and measuring the earnings they generate as an asset in its own right.

In terms of economic indicators, we will consider tourist arrivals in proportion to the resident population. This means rating negatively those cases where the percentage is excessive, which would reveal potential issues of overcrowding and/or excessive dependence on the activity. To determine any such dependence, we will also observe the comparative weight of revenue per tourist (as recorded in the balance of payments under “exports”) versus total exports of goods and services. Consequently, a high proportion of tourist revenue with respect to the export total would show a high level of dependence on this sector for foreign exchange earnings. In order to adopt a social as well as an economic stance, it will be important to consider the percentage accounted for by tourism accounts in the total employment figure. To the extent that tourism-related contracts may help explain the total number of jobs, this would also reaffirm any possible dependence. Excessive dependence tends to lead not only to external vulnerability but also to lower job quality, since these jobs are often seasonal and have a low degree of added value, where price-competition factors take priority and downward pressure is exerted on wages and working conditions. This does not mean that tourism is negative in itself, but simply that excessive concentration of employment on this sector is likely to result in lower job quality in terms of wages and working conditions.

Tourism, especially when it is intensive, can also seriously jeopardize the natural environment. Without adequate policies, the ecological value of a particular environment may be subordinated to the return expectations generated by major tourist resorts. The protection and preservation of natural areas, as well as historical heritage, both tangible and intangible, are an essential part of a tourism policy coherent for human development.

Finally, as in other productive sectors, gender equality must also be observed. As with industry, one way of broaching the issue with the available data would be to consider the number of women employed in the tourism sector in proportion to total employment, as well as the wage gap compared to men.


## 6. SOME CONCLUDING REMARKS

The set of policies considered here are closely interconnected to the extent that they are the basis of economic and productive activity, both in terms of goods (industry) and services (where tourism is the major component).





Having examined the justification for and nature of each of the policies proposed, we would offer the following remarks by way of conclusion:

- The evaluation suggested here breaks away from what we consider the excessively reductionist approach whereby data must inevitably be linked to maximizing utility in keeping with the idea “the more, the better”. On the contrary, denser urban concentration or more tourism is not necessarily better in terms of coherence for human development (and the opposite also need not necessarily apply). Indeed, tourism can become excessive.
- This approach requires additional data to enable a multidimensional analysis that is in turn included in the set of indicators that make up the PCD index proposition.
- Consequently, a single variable can rarely provide enough information on its own where coherence for human development is concerned. Such ambivalence in the indicators and the need for them to be placed in context undoubtedly hamper analysis, which is already limited by the lack of sufficiently homogeneous data worldwide. However, we believe that, to the extent that this can be achieved, the result will be more accurate than merely considering variables as good or bad in themselves. Though this type of evaluation would be more straightforward, a large number of apriorisms would be concealed, some of which are in any case of dubious empirical value.
- Finally, it is important to note that the attempt at multidimensional and *intermestic* consideration of the indicators cannot in any case take place in isolation. Quite the contrary. Both the design and the findings are an integral part of the other categories and policies that make up the set of indicators comprising the policy coherence for human development index. Such integration goes hand in hand with the comprehensiveness and interdependence of human development. 

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This publication has been produced with the financial support of the Spanish Agency of International Development Cooperation (AECID), under Contract 10-CO1-117 "Applied research, social communication and citizen participation for human development, through the promotion of public policy coherence based on Human Rights, gender equality, environmental respect and fair trade". The contents of this publication are the sole responsibility of the authors and do not necessarily reflect the opinion of AECID.

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