



# Local Economic Development in Chile



International  
Labour  
Organization

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## Cultural identity as an engine of development

In the province of San Antonio, Chile, the potential of micro and small enterprises to promote employment creation has not been sufficiently exploited. This story shows how culture—in this case, a valuable provincial cultural heritage—can be transformed into a concept that can promote the economic development of a territory, mobilizing its stakeholders around a shared identity and generating new employment opportunities for its inhabitants.

San Antonio is a province located in the central zone of Chile which possesses a long coastline with beautiful views of the South Pacific. The province has the largest port in Chile in terms of the amount of cargo handled, yet unemployment is high and for many years its inhabitants have not been able to find **viable alternatives** of employment nor substantially increase the competitiveness of the area.

The Chilean government's programme *Chile Emprende* was founded in 2003 to support San Antonio in the implementation of a strategy of local economic development designed to improve the competitiveness of micro and small enterprises, to increase the income level and quality of employment and to gradually devise a public-private strategy of development headed by local actors. The plan of local economic development was

formulated so that economic development would go hand in hand with social inclusion.

Box 1

### What is Chile Emprende?

Chile Emprende is a program that was launched by the Chilean Government in 2001 integrated by different State institutions. The program promotes alliances between public and private actors at the local level to strengthen and facilitate the development of business opportunities for micro and small enterprises. Chile Emprende aims to create "more businesses, more employment, more participation."

To put the plan of territorial economic development into action, local stakeholders were identified and convoked to form a **Public-Private Council**. This council, whose mission is to plan and organize the process of development, has a Territorial Manager who oversees the implementation of the actions identified as priorities.

### Project Facts

- Title:**  
Chile Emprende
- Duration:**  
Undefined
- Implementation:**  
Chile Emprende (Government of Chile)
- Donors:**  
Different institutions of the Government of Chile (SENCE, SERCOTEC, INDAP, FOSIS y CORFO entre otros)
- ILO Partners:**  
LED, Sub-regional office of Santiago, Chile
- Location:**  
Regions of Tarapacá, Antofagasta, Atacama, Coquimbo, Valparaíso, Libertador, Maule, Bío-Bío, Araucanía, Los Lagos, Aysén, Magallanes, Metropolitana
- Objectives:**  
To stimulate territorial economic development by promoting public-private alliances and the development of micro and small enterprises.
- Contact:**  
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The priorities for development are established by the Public- Private Council, after mapping out the opportunities and determining the territorial capital of the region, which is based on the cultural characteristics and identity of the territory, its business and labour competitiveness, its infrastructure and institutions.

Box 2

#### What is Territorial Capital?

Territorial Capital is the combination of natural, economic, human, institutional and cultural resources which gives a territory its specificity and identity, and which determines its endogenous potential for development. Like all forms of capital, territorial capital can be amplified and reproduced.

The valuable **cultural heritage** of San Antonio was identified as one of the regional characteristics that could boost local economic development. Various poets who have left a mark on Chile's literary history were born and lived in the zone. The House Museum of the Nobel Prize-winning poet Pablo Neruda, situated in the town of Isla Negra, is a symbol of this heritage to which many others can be added.

To articulate the economic development opportunity of San Antonio's historical legacy, various roundtables were formed, including one on tourism composed of 62 entrepreneurs of the zone, including restaurant's and hotel's owners, tourist operators, etc. The roundtable on tourism has focused on upgrading the quality of the offer of existing

tourism services and promoting innovation through public-private partnerships. Likewise, it aims at articulating and interconnecting other traditional economic activities of the territory such as artisanal fishing and agriculture with tourism in order to strengthen the diversification of the offer.

The name of "Coastline of the poets" (*"Litoral de los poetas"*) already circulated in the region, but it was not until the local plan of economic development that it became institutionalized as a "**territorial mark**," which both recognizes the legacy to Chile's cultural patrimony by the poets of the area and gives coherence and cohesion to the offerings of tourist services. **Poetry** thus has begun to function as a **tool for development** and a means of sustaining the development process.

Box 3

#### What is a Territorial Mark?

A "territorial mark" refers to the strengthening and consolidation of a territorial image generally used to improve local competitive capacities and the positioning of the region's products and services in the market. The concept of territorial mark has the potential of adding value and articulating various local services and products. It is also useful as a marketing tool.

A logo was created to identify the institutionality of the "Coastline of the Poets". The majority of the activities of the programme have consisted of initiatives de-

signed to foster **micro-enterprise associativity**, to design and promote tourism products by associative offers related to the “territorial mark” and to provide training to entrepreneurs on technical and managerial topics.

Many micro and small enterprises have benefited from the program and have been able to link their services to others and increase their clientele by making **touristic packages**. So, for example, if it was previously possible to go to a restaurant and enjoy a dish inspired by the poetry of Pablo Neruda, now this experience can be combined with a visit to the House Museum and a boat cruise in the bay accompanied by a historical narration of the cove.



House-Museum of Pablo Neruda in Isla Negra

But the new emphasis given to tourism has not only meant that the businesses dedicated to tourism have grown. Many artisanal fishermen who for many years have been losing employment due to the drop in volume of the fish catch have also been able to take advantage of the new initiative by tak-

ing tourists for cruises on their boats. More initiatives that connect the various **traditional occupations** of the territory with tourism are envisaged in the future.

The intermediate evaluation that Chile Emprende carried out in collaboration with the ILO about the experience in San Antonio shows that the touristic industry developed by micro and small enterprises has grown. In addition, the **level of associativity** between these enterprises has also increased.

As one example of this, the tourism group Coastline of the Poets AG was founded so that entrepreneurs who desire to develop and increase their services can meet other entrepreneurs who operate within this “territorial mark” and initiate new touristic packages.

Box 4

#### Uniting forces

The “Cooperativa de Encarnadoras” is a cooperative composed of 150 women who are heads of households and who make their living from artisanal fishing. They united their efforts to achieve more and procure better living conditions for their families. Within the development strategy of Chile Emprende, these women started a business centre with the objectives of: improving the competitiveness of artisanal fishing, making available an adequate place to leave their children during workdays and increasing their earnings through the offerings of gastronomic and tourism services. In effect, they have increased their incomes by offering food services in terminals situated beside the port, as well as on tourist boat cruises.



## Lessons learned

**Identity and culture matter.** The concept of “coastline of the poets” has mobilized productive activity by linking it with the historical, cultural and environmental patrimony of the area. Within the framework of the local economic development strategy, the number of enterprises that link their productive activity or services with culture and referents of identity pertaining to the territory has increased. Various owners of restaurants, bars and hotels, along with artisanal fishermen, have joined in on the initiative and have diversified their offer.

**The importance of long-term planning.** The strategies of local economic development are long-term. In the case of the “Coastline of the Poets”, the results that are now being observed are the fruit of a process that has been sustained by a continuous commitment and maintained over time by local actors from the public and private spheres. The combination of continuous work and consistent actions has contributed to the intensifi-

cation of collaboration and the institutional stabilization of the territorial mark.

**Constructing productive and varied territorial identities.** Four roundtables were established in the province of San Antonio: on tourism; forestry, farming and livestock production; small-scale fishing; and maritime and port services. In these roundtables, special emphasis is placed on the fact that strengthened economic-productive identities must not entail disincentives for other economic activities that are developed in parallel fashion in the same territory. Productive diversification benefits the overall process of development.

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*This story is based on the book “Tres Procesos, Tres Miradas” (“Three processes, Three Visions”) published by Chile Emprende, ILO and GTZ in 2006*

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