

RECUPERA CH↑LE

RECUPERACIÓN EN COMUNIDAD

Economic Recovery and Development
Cobquecura, Chile

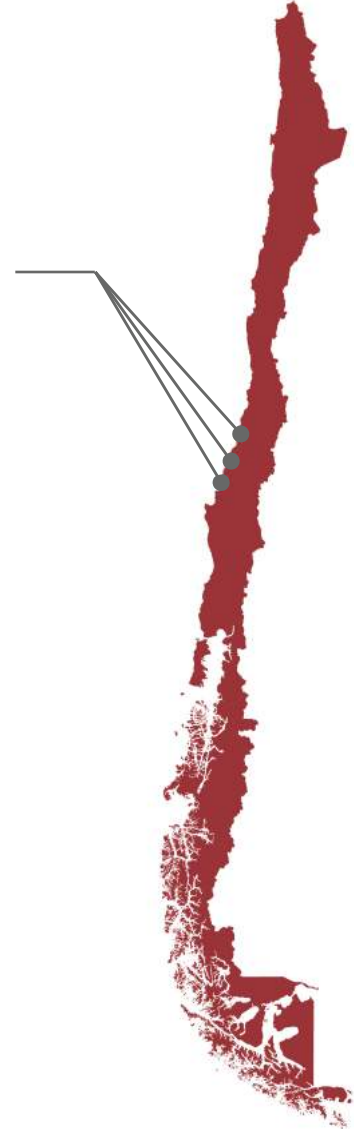
5 december 2012



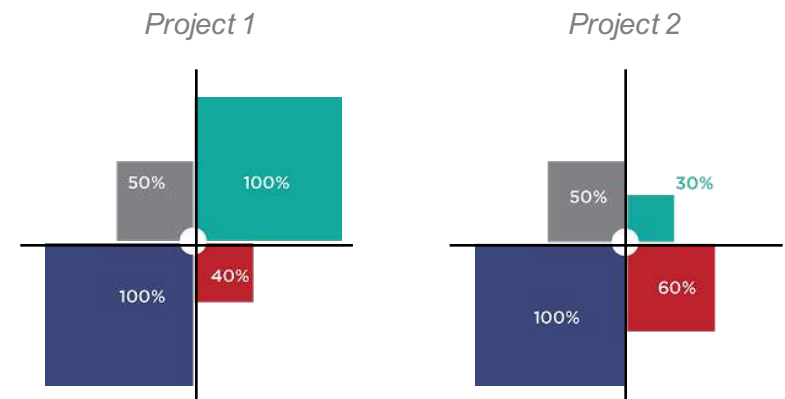
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→ Recupera Chile

Recupera Chile is a coalition of partners who have come together to provide a range of services for recovery to the Chilean communities of Cobquecura, Dichato and Perales that were badly damaged during the 2010 earthquake and tsunami. Recupera Chile works with these communities in order to improve their quality of life through livelihood-restoration oriented projects in the short-run and through economic-development oriented projects in the long-run. Recupera Chile recognizes the community as the main driver of the recovery/development process and aims to serve as a model for community based recovery in Chile and around the world.



- Recupera Chile follows a community-based approach where an economic recovery/development plan is designed in partnership with the community. The economic recovery/development strategy is composed of a series of individual projects that follow a bottom-up approach. These projects are determined by the community and then supported by Recupera Chile. The result is a recovery that reflects the needs and priorities of the community.
- Recupera Chile seeks to improve welfare in the communities by working on different areas that have a direct or indirect impact on the conditions of life. The focus is on the physical (built & natural environment), economic, cultural/heritage, and social dimensions of recovery. We recognize the need to work in all of these areas simultaneously, as they are all interdependent. Recupera Chile looks for projects that have impacts in more than one of these dimensions (the “win-win” projects).



Examples of Measuring the Impact of Recupera Chile Projects Along the Four Dimensions of Recovery

The map shows the geographical context of Concepción within Chile. Key features include the Ruta 5 Sur (Carretera Austral) running through the southern part of the country, and the location of Concepción marked with a red dot. The map also shows the proximity to the Argentine border and the Pacific Ocean.

Cobquecura's Economy



DIAGNOSTIC

PLANNING

IMPLEMENTATION

FOLLOW-UP

Economic Activity Breakdown *(2012 Relative Size Estimate)*



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INFRASTRUCTURE

- General infrastructure is restored (roads, sanitary services, electricity, etc.)
- Housing deficit set at 780 houses, but reconstruction is under way
- Internet and telephone access are scarce, unreliable, and/or expensive
- Isolated location (no navigable river, no major highways, no air or sea port)

SERVICES

- There are no banks in Cobquecura, closest are in Quirihue and Chillán.
- Only one ATM in town with unreliable and limited service in the summer
- Lack of complementary services for business (accounting, information technology, goods, transport, etc.)

BUSSINESS

- Presence of entrepreneurs, but lack of innovation and new business startups
- Very informal local economy
- Lack of knowledge of basic business practices (finance, accounting, mgt.)
- Lack of understanding of procedures for applying for permits/funds
- Lack of access to capital



COMMUNITY/ CULTURE

- Young labor force is moving out due to lack of opportunities in Cobquecura and expectations of a better life in bigger cities
- Lack of coordination/collaboration among stakeholders and individuals to resolve problems
- Unskilled/untrained labor force

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Strengths

- Wild and unspoiled coastline
- Natural attractions / World renowned surfing
- Geographic isolation (tourist getaway)
- Quality/Variety of agricultural products
- Historic heritage downtown
- Highly resilient / Hard working community
- Agriculture & sea provide a subsistence “floor”

Weaknesses

- Geographic isolation (high transportation costs)
- Inadequate infrastructure in the coastline
 - Lack of cooperation/connectivity
 - Absence of services
 - Lack of access to capital
 - Unskilled work force
 - No significant exports
 - Inefficiency in many industries

Opportunities

- Coastal highway will bring more connectivity
- “Undiscovered gem” status
- Visibility as the earthquake epicenter
- Potential for growth in the tourism-related economy
- Room for increasing productivity through training and coordination

Threats

- Other towns with similar characteristics and better locations
- Aging population / Out-migration of the youth
- Agriculture under pressure from forestry
- Demolition of heritage buildings
- Tourism dependent economy is seasonal and subject to recessionary cycles elsewhere



ECONOMIC DEVELOPMENT STRATEGY

Tourism is the economic activity in Cobquecura with the most growth potential and the widest impact on number of families that will benefit. The goal is to increase the supply of tourism services and offerings, improve the existing amenities, enhance service levels through training, coordinate the tourism-sector actors, develop the production and sales of indigenous crafts, and focus on the promotion of Cobquecura to new tourism markets.

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FOLLOW-UP

Inadequate
Infrastructure

Insufficient
Marketing

Businesses not fully rebuilt

No tourism marketing plan

Poor Internet access for businesses

Poor website

Lacking beach infrastructure

No tourism promotion

Some services are missing or of poor quality

Unknown services

Lack of access to banking or capital

Hard to find / disaggregated

Lack of trained service workers

Pricing strategy problem

Inadequate
Business Services

Poor Tourism Offer

Tourism
under-potential

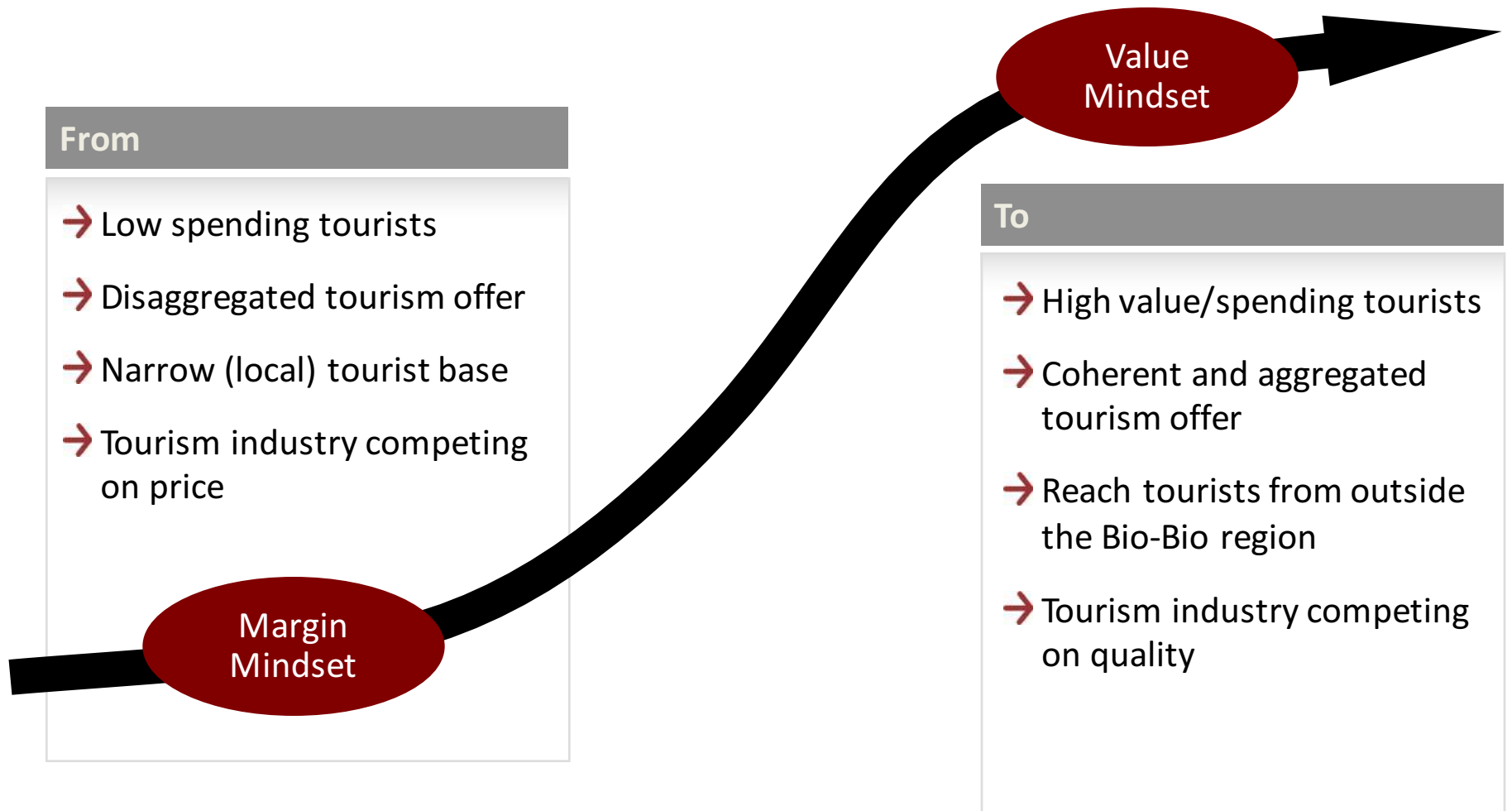
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Cobquecura Tourism Activity



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Inadequate Infrastructure

SITUATION

- Restaurants, lodging, and services in general have not rebuilt their infrastructure completely after the earthquake
- Opportunity to upgrade it and make some innovative changes to improve the offer

PROPOSED

- To work with local entrepreneurs to help them apply for government/private loans and improve the business infrastructure and service quality.
- To help to re-structure their business plan by adding innovative features that will provide a better service for tourist
- Business plan (innovation) competition and capital fund
- Create IT infrastructure & services

IMPACT

- To improve the quality of the tourism offer in Cobquecura in order to attract tourists with higher purchasing power

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FOLLOW-UP

Inadequate Services Problem

SITUATION

- Poor overall business environment due to lack of capacities and skills in the community
- Lack of innovation
- Hard to access capital for informal low-income entrepreneurs
- Chicken and egg problem between market and services

PROPOSED

- Provide advice and assistance to business through a “one-stop” center or a consultant to address existing deficits and build capacity
- Advise entrepreneurs on formalization, how to obtain accounting services, permits, and how to apply for funding
- Loss leading investment in missing services to attract aggregate demand

IMPACT

- Reduce business informality allowing entrepreneurs to access different markets for goods, services and capital while delivering a better service to costumers

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FOLLOW-UP

Poor Tourism Offer Problem

SITUATION

- Lack of comprehensive tourism messaging and promotion
- Unknown services
- Hard to find / disaggregated
- Pricing strategy problem

PROPOSED

- Create a local, non-governmental tourism promotion entity to identify common challenges for tourism businesses and carry out coordinated strategies
- Support innovation and upgrading of Cobquecura businesses by exposing owners to good practices elsewhere.
- Create a tourism map/guide to coordinate and aggregate tourism offers/services

IMPACT

- To coordinate and aggregate the tourism offer in Cobquecura around a coherent plan with an improved quality of service

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Tourism Marketing Problem

SITUATION

- Low promotion, only by word of mouth
- Lack of tourism promotion
- No tourism marketing or promotion plan
- Poor website

PROPOSED

- Develop a multi-lingual tourism website to aggregate Cobquecura's tourism offer and have contacts and booking capability
- Create a marketing plan
- Promote Cobquecura nationally and internationally
- Hire (pro-bono) a PR firm and/or marketing/advertising agency

IMPACT

- Support previous point by helping aggregate the offer under one website.
- Provide marketing for Cobquecura's attractions outside the current tourist market area

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Tourism Strategy

Add activities for new markets:

- Surf school and camp
- Horse back riding
- Tours and trekking of the coastal hills
- Eco-tourism, family oriented
- Voluntourism (heritage zone oriented)

Add and improve services and amenities:

- Cabins
- Boutique Hotels
- Restaurants
- Pools, bike paths, beach facilities
- Internet access

Agency for tourism promotion:

- Private agency to complement municipality
- International promotion with website, media, PR, and events
- Support local operators who want to improve their service and skills

Local food and art crafts:

- Brand local products
- Papaya/crab cultivation and processing
- Feature local products in restaurants
- Promote local wool & weaving crafts
- Develop artisans (Skills, Designs, Sales)

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Positive and negative potential effects of the recommendations

- Improve revenues from Tourism activity which in turn will increase household incomes
- Spillover effects on the local economy due to more tourism and higher household incomes.
- Reinvestment of earnings into tourism will create a virtuous cycle around the industry

- To have a boom of low-spending tourists who will undermine the concept of a quiet and unspoiled place for high-spending tourists.
- To enter into a vicious cycle: low-spending tourists lead to low price services which lead to low quality services which further deter the participation of high-spending tourists.

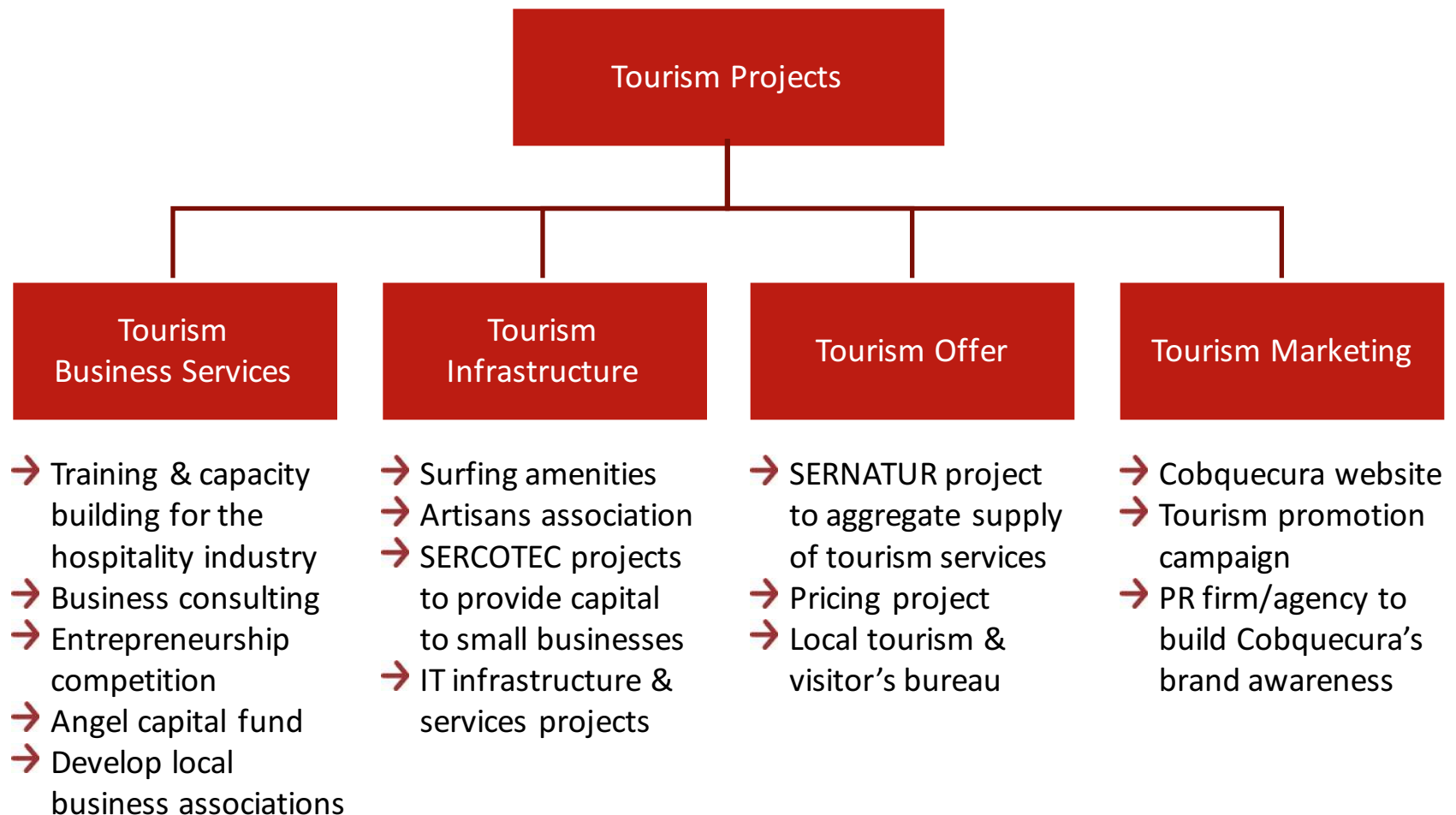
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Recupera Chile tourism related projects in Cobquecura



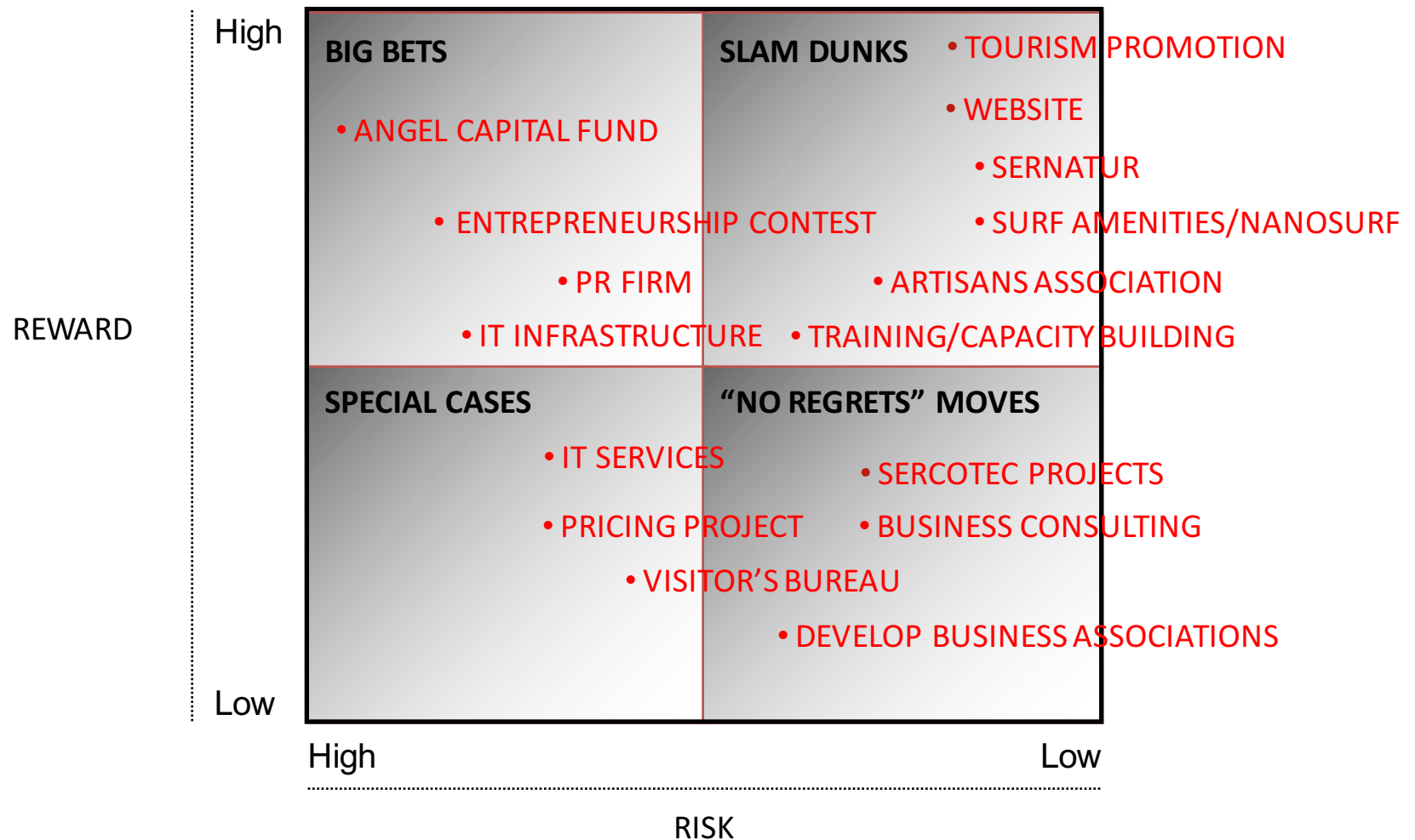
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Risk vs. Reward Matrix





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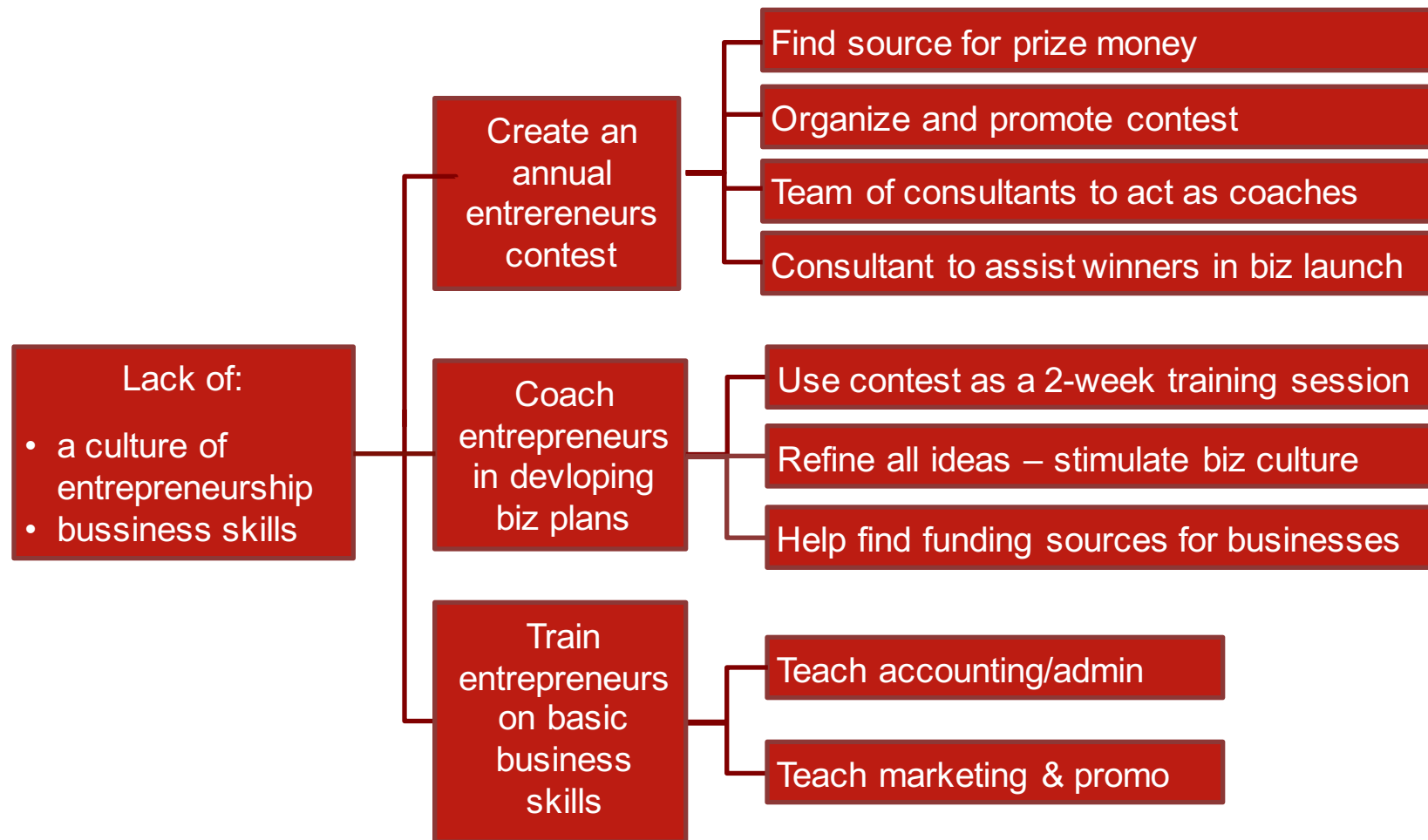
IMPLEMENTATION

FOLLOW-UP

Entrepreneurship Contest Project Summary

- 1** **There is an opportunity for economic growth in the tourism sector.** Cobquecura is blessed with natural beauty, good beaches, world-class surf, and historic character – all of which have great appeal to tourists. Cobquecura already has an influx of tourists during the summer months, but has potential of increasing the number of tourists during season and during the shoulder-seasons.
- 2** **The current tourist visits are underserved by local entrepreneurs (Gap Analysis).** The tourists who come to Cobquecura do not spend as much money as they could/should because there are not enough businesses providing services and amenities specifically designed for the tourists. There is a gap between the opportunity and the services.
- 3** **The gap is due to a lack of business knowledge and a lack of a culture of entrepreneurship in Cobquecura.** Basic business skills and knowledge are missing, and there is little experience with the concept of entrepreneurship.
- 4** **Objective is to build business capacity and skills and stimulate a culture of entrepreneurship.** An annual entrepreneurship contest will be used to generate excitement for new business formation and as a means to teach business plan and business skills development. The contest prizes will include helping launch new businesses.

Entrepreneurship Contest Project – Issue Tree





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IT Infrastructure Project Summary

- 1** **There is a lack of access to Wi-Fi and the Internet in Cobquecura.** Most businesses lack access to high-speed and reliable Internet service. Many businesses lack connectivity, email, websites, and the ability to accept reservations, inquiries, or to process credit card transactions. Potential tourists/customers can not access information, prices, availability, make inquiries, and plan/book a trip or purchase. Visitors of local businesses do not have access to Wi-Fi to connect their computers or hand-held devices.
- 2** **IT Infrastructure Audit (Gap Analysis).** Recupera Chile will perform a network services audit of the IT infrastructure in Cobquecura and perform a gap analysis showing where IT should be versus where it currently is. The goal is to identify productivity constraints.
- 3** **Find telecom partners to help create an affordable and reliable Wi-Fi network to give local businesses access to the Internet.** A reliable Internet infrastructure is critical for the growth of a competitive economy, especially one based on a high level of tourism. Recupera Chile is working toward locating a telecom partner who might be able to help.
- 4** **Objective is to build an IT infrastructure that will allow local businesses to have competitive parity with other more-connected communities.**

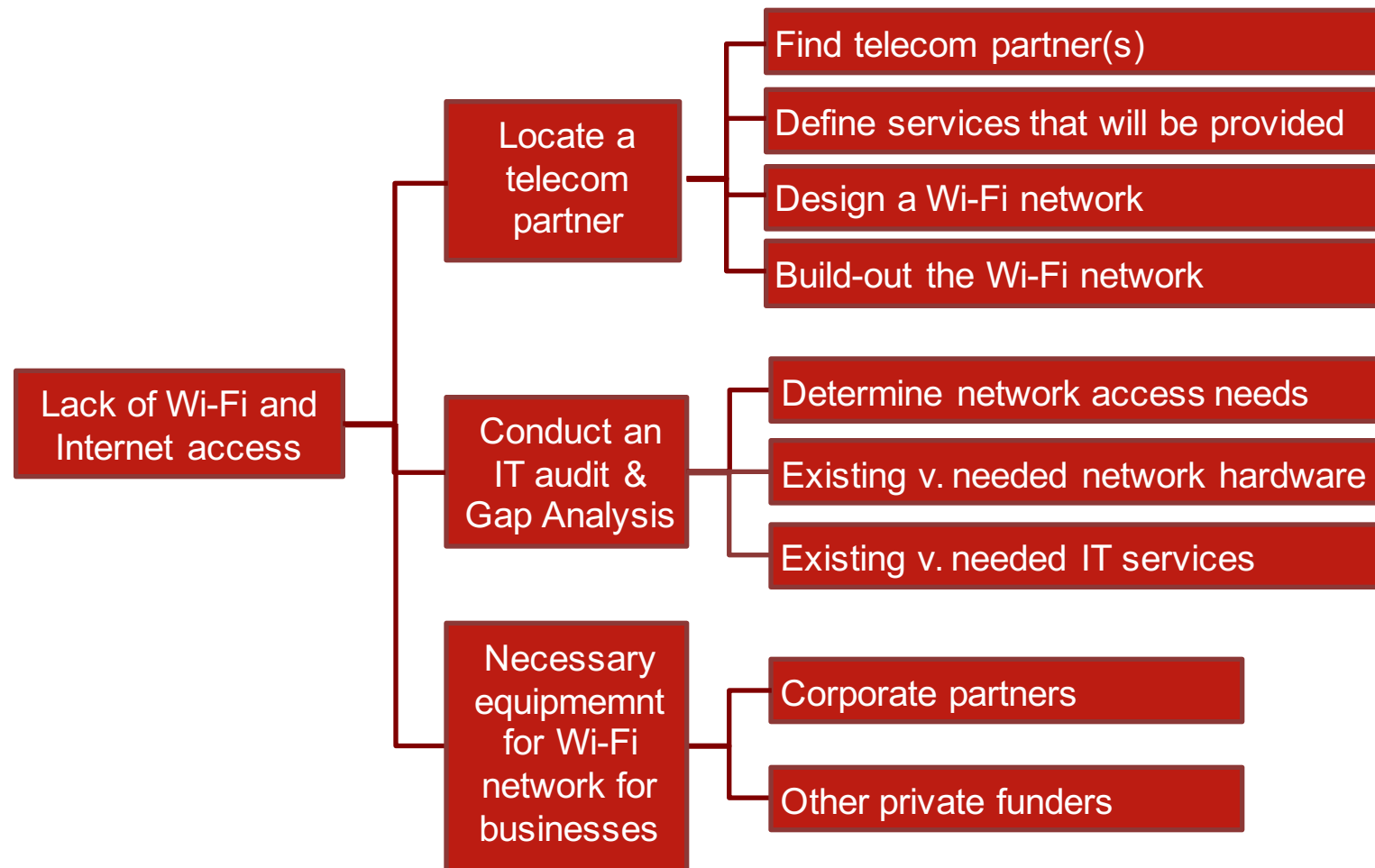
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FOLLOW-UP

IT Infrastructure Project – Issue Tree





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FOLLOW-UP

IT Services Project Summary

- 1** **There is a lack of information technology services in Cobquecura.** There are no IT experts and usually technology/computer problems have to be solved outside Cobquecura. There are no trained IT technicians to solve internet or computer problems when they occur. There is no one to install systems or train users, so technology adoption is low.
- 2** **IT Infrastructure Audit (Gap Analysis).** Recupera Chile will perform a technology services audit of the IT infrastructure in Cobquecura and perform a gap analysis showing where IT should be versus where it currently is. The goal is to identify productivity constraints.
- 3** **Fund and train a local IT entrepreneur.** An entrepreneur is currently starting a very small IT business with the help from a friend from Santiago. Recupera Chile is assisting him through grants to buy some equipment and tools.
- 4** **Develop a business plan and providing technical and business training for the IT services entrepreneur.** Recupera Chile will connect the IT entrepreneur with training on computer and network hardware and software, especially on Internet technology. Recupera Chile will help develop a business plan for the business to support the IT needs of Cobquecura.
- 5** **Objective is to build local capacity to quickly solve the IT problems that local businesses might have, and to upgrade the use of technology/productivity in local businesses.**

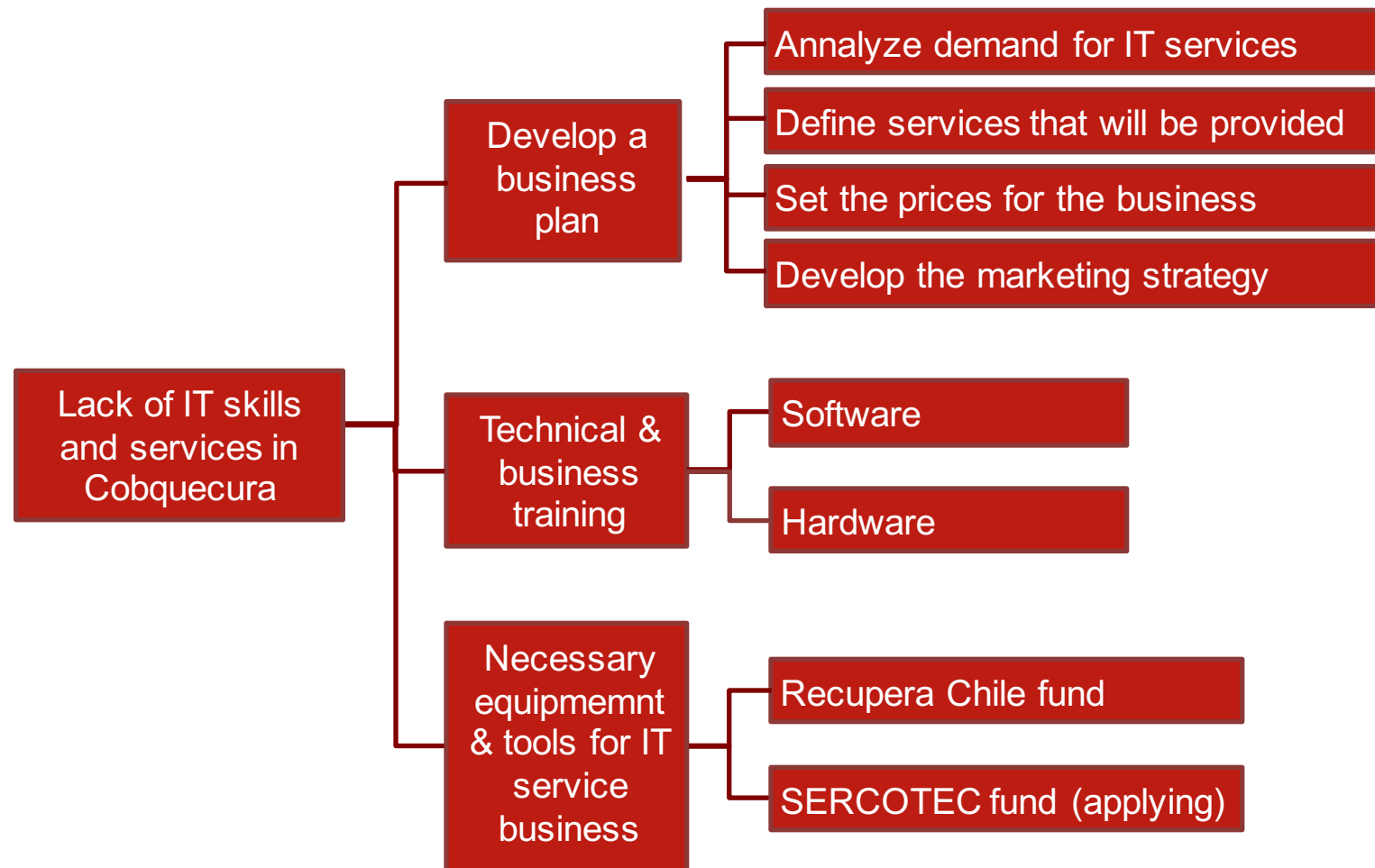
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IT Services Project – Issue Tree



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Artcraft Project Summary

- 1** **Cobquecura has a large number of artisans, but without a place to work/sell.** The main artisans association used to work next to the church, but they lost that space after the earthquake. Indigenous art and crafts are important to the livelihoods of many families and are important to the culture and identity of the community. They are also an important draw for tourists and represent a growth opportunity for the economy.
- 2** **The project is intended to provide the artisans' association with a place to work and sell their products.** They currently are not working because they lack such a place.
- 3** **The artisans association is developing the construction project with a local carpenter.** It will be located next to the square and close to where they used to work.
- 4** **Recupera Chile will continue to develop and train artisans.** Recupera Chile will help the artisans with the training of the next generation of art crafts persons and will assist the artists in developing the skills needed to sell their crafts while sustaining and preserving the the local culture and heritage.
- 5** **The objective is to create a place where tourists can see and buy local products made in Cobquecura, and to preserve the local culture, traditions, crafts, and art.**

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Artcraft Association Project – Issue Tree



NanoSurf Project Summary

- 1 Cobquecura has many great surf spots, but there is no surf “vibe” in the town.** Usually surfers go straight to the beach, meet there, and then leave. There is no place where they can buy/rent equipment or just hang out. Potential surf-tourism dollars go un-captured.
- 2 The project is to improve Fernando (“Nano”) Ortiz’s surf shack.** He had a light timber construction shack where he gathered with his students to start the surf classes. Recupera Chile helped Nano remodel the shack into an attractive school, shop and gathering spot.
- 3 The proposed intervention consists of transforming the surf shack into the hub of the surf activity in Cobquecura.** It will be an iconic place for surfers to hang out, for surf supplies to be available for purchase/rent and where surf lessons can be taken.
- 4 The objective is to create a surf environment in Cobquecura that will attract not only surfers, but also other tourists.** The surf culture is attractive to many non-surfers and helps support an organic, outdoor-enthusiast, eco-friendly, adventure-sports, natural beauty, image of Cobquecura. Cobquecura does not have the amenities and services to be a high-end tourist destination, so it needs to sell itself to tourists looking for a more rustic and earthy experience – surf culture is a perfect fit for this market – lending a cool “vibe” that builds upon the existing strengths of the Cobquecura community.

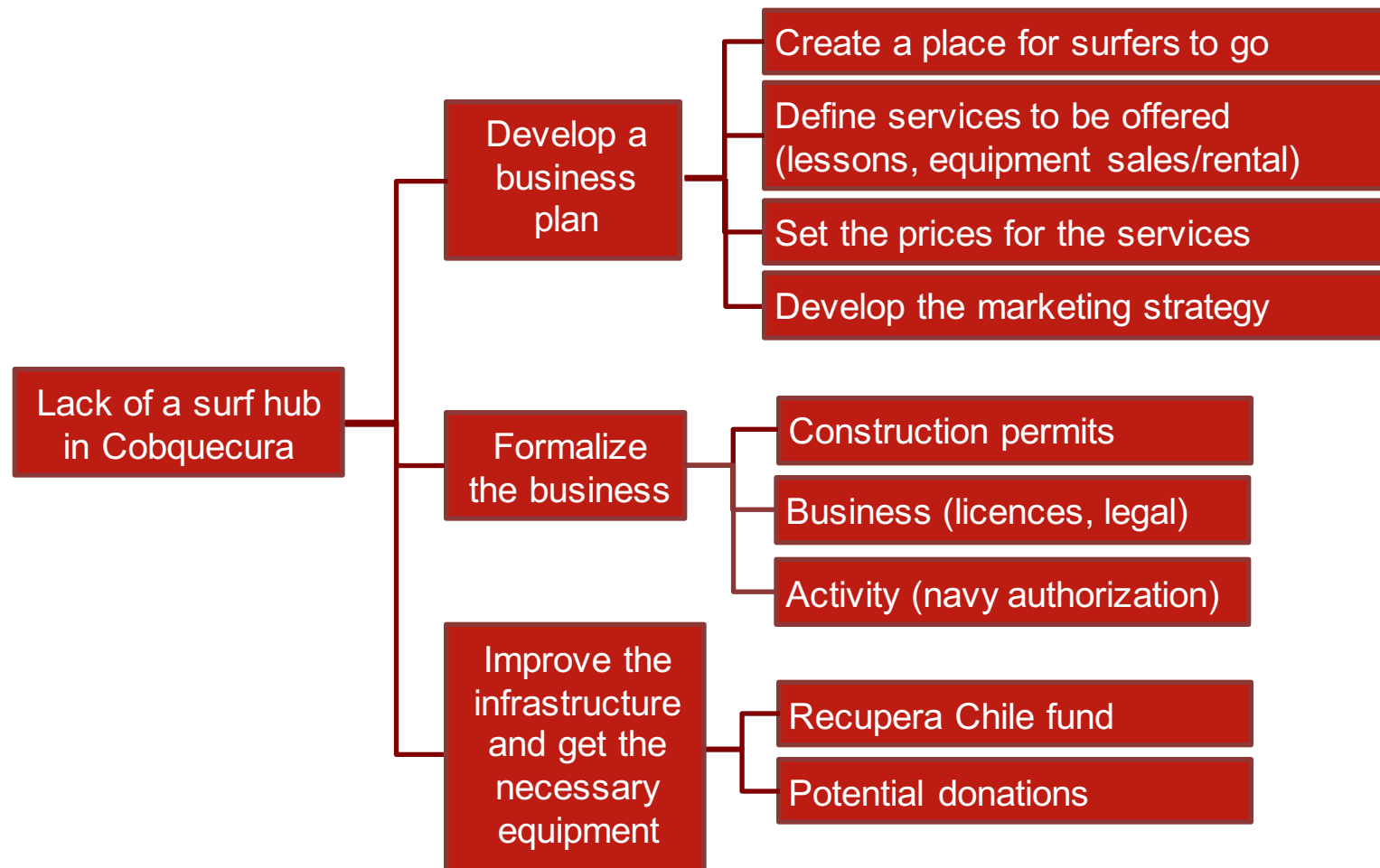
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NanoSurf Project – Issue Tree





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Tourism Website Project Summary

- 1 Most local businesses in Cobquecura do not have a website to promote their services, provide information, and accept reservations.** Most do not have regular access to the Internet or email. Businesses are missing the opportunity to reach tourists on the web.
- 2 An improved website aggregating all of the tourism offers from Cobquecura will provide potential tourists with information.** This will expand the base of potentially “reachable” tourists and make planning and booking a trip to Cobquecura easier.
- 3 Tourists will feel more inclined to visit Cobquecura for their first time if they can know services, prices and do reservations in advance.** The website will have a direct impact on the expansion of the tourists base.
- 4 It is crucial that the information on the website be useful for the tourist.** It is important that local entrepreneurs update their information and are reachable for inquiries on a daily basis. Rates, availability and contact information must be accurate.
- 5 Recupera Chile will help build a website and train local businesses.** Recupera Chile is looking for an international web-design agency to build the website. Working with the IT Project and the Business Consulting Project, local businesses will be trained on how to update their web information and on service levels regarding inquiries and bookings.

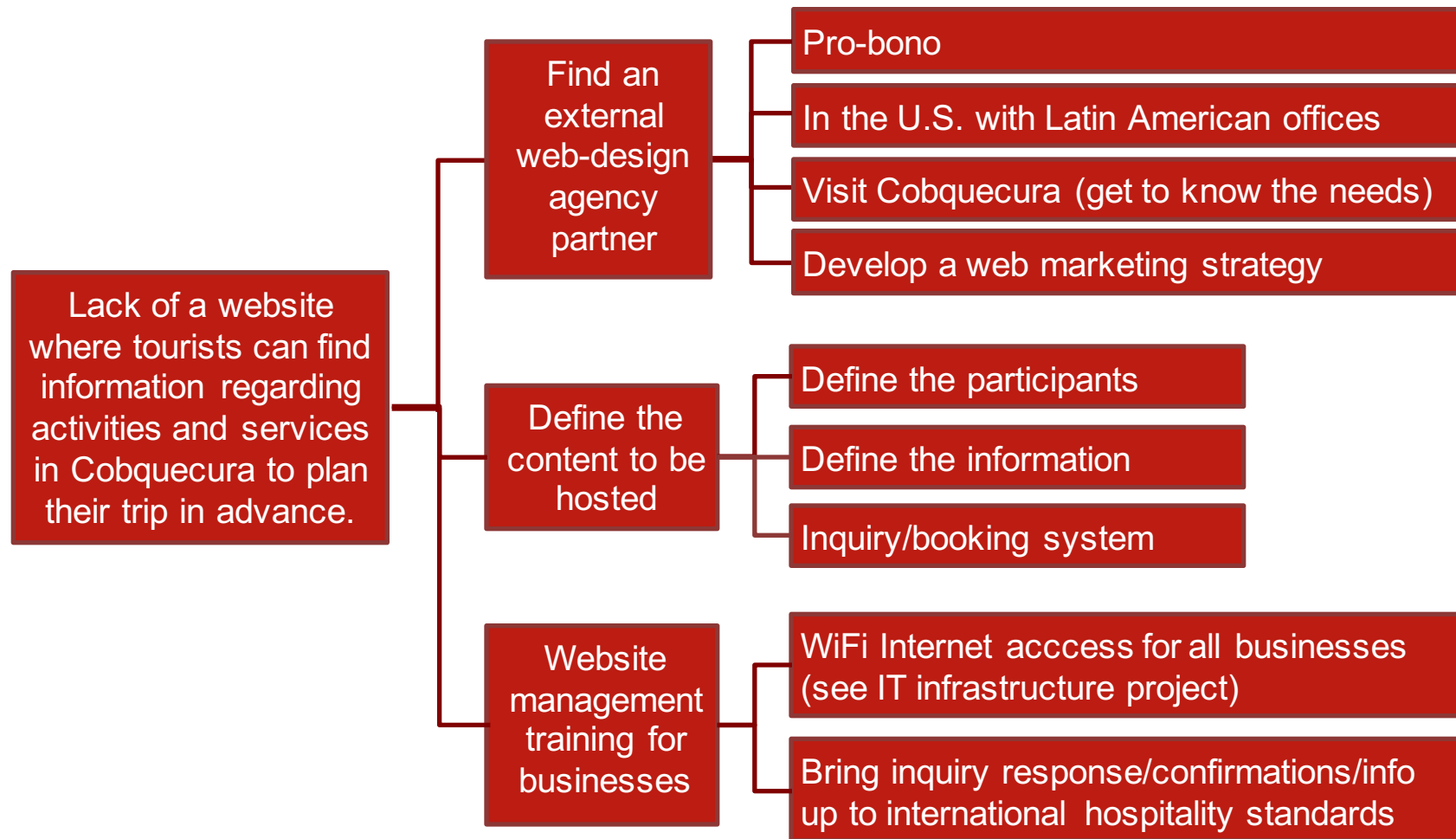
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Tourism Website Project – Issue Tree



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SERNATUR Project Summary

- 1** **Most local businesses in Cobquecura do not work together in coordinating and promoting their services.** There is a lack of business associations in Cobquecura and a lack of history of business cooperation and coordination.
- 2** **SERNATUR (the government tourism agency) is working with the community through workshops to train local businesses.** The idea is to create a common vision of what Cobquecura wants to “sell” to tourists (to define a coordinated tourism offering).
- 3** **Recupera Chile will be working with SERNATUR in creating an aggregated registry of all the tourism activities present in Cobquecura.** The goal is to let tourists know what services are available, what are the prices, and where are they located.
- 4** **An information center will be set during the summer.** It will provide a convenient and easy way for tourists to get information about where to buy products/services.
- 5** **The objective is to provide a one-stop source of information for tourists, and to train businesses on the benefits of cooperating and working together to jointly promote tourism, to create bundled packages of offerings, and to find synergies and cross-business opportunities.**

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SERCOTEC Funding Application Project Summary

- 1** **Most of the local businesses in Cobquecura have not fully recovered from the 2010 earthquake.** The majority are still missing equipment, inventory and/or buildings.
- 2** **The Chilean economic development agency SERCOTEC provides funds for the development of small businesses.** Entrepreneurs can apply for a grant from SERCOTEC if they meet the eligibility requirements. Many eligible businesses were unaware of the program. SERCOTEC asked Recupera Chile to identify and assist the businesses in Cobquecura that were unaware of, or having difficulty navigating the application process.
- 3** **With Recupera Chile's help, local entrepreneurs have applied for SERCOTEC funding.** Most of them seek funds to repair or replace their lost business facilities, equipment and inventory. Some wanted to improve product quality or to expand and/or diversify.
- 4** **The results of the SERCOTEC funds will be ready in a few months.** Business plans will be developed with the entrepreneurs who are approved by SERCOTEC for funding.
- 5** **Further work will be done for those who will not obtain the SERCOTEC funds.** Their business plans will be reviewed and improved so they can reapply for the next round of SERCOTEC funding. Alternate means of accessing capital will also be identified.

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FOLLOW-UP

A follow-up measurement and evaluation (M&E) process will be conducted for each project by both a Harvard team of researchers in Cambridge, USA and the team in Chile.

The measurement and evaluation methodologies will follow rigorous academic research standards for both qualitative and quantitative analysis wherever possible.



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