

Making Development Happen
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Regional Attractiveness in the New Global Environment: Argentina, Chile and Colombia

Abstract



Acknowledgements

This document was prepared within the framework of the Regional Mechanism for Development in Transition in Latin America and the Caribbean (EU–LAC Regional Facility for Development in Transition) of the European Commission. It was developed with the aim of addressing subnational issues raised in the context of Development in Transition. This approach recognises the need to analyse development beyond income and to conceive the well-being of citizens as a primary objective, for which the development of a multidimensional framework is essential.

The project focuses on analysing how placed-based development policies can better link with regional attractiveness policies to increase the territory's resilience to development challenges. This document was prepared under the supervision of Claire Charbit, Head of the Regional Attractiveness and Migrant Integration Unit at the Centre for Entrepreneurship, SMEs, Regions, and Cities (CFE) of the OECD, as well as Sebastián Nieto Parra, Head for Latin America, and the Caribbean at the Development Centre (DEV) of the OECD. It benefited from the comments and guidance of Nadim Ahmad, Deputy Director of the Centre for Entrepreneurship, SMEs, Regions, and Cities, and Federico Bonaglia, Deputy Director of the Development Centre. The document was prepared by Maya Camacho (CFE) and Laura Buchet (DEV) with the collaboration of Iris Ryu (CFE), Marc Bournisien de Valmont (CFE), and Vicente Ruiz (DEV).

The content of the report was enriched by constructive feedback and discussions with national authorities in Argentina (Ministry of Foreign Affairs, International Trade, and Worship), Chile (Undersecretariat for Regional and Administrative Development – SUBDERE), and Colombia (National Planning Department - DNP), as well as regional governments in the Province of Misiones (Ministry of Industry of the Province of Misiones), the regions of Valparaíso and Magallanes, and the Pacific region and its four departments - Valle del Cauca, Cauca, Nariño, and Chocó.

Executive summary

The promotion of greater well-being at the subnational level is a fundamental component in fostering the development of Latin America and Caribbean Countries (LAC). Economically, GDP growth potential of the region remains close to 0.7%, relatively low compared to other emerging and advanced economies. At the same time, around one-third of the population is still in poverty highlighting the limited space of both fiscal and monetary expansionary policy. It is therefore urgent to improve the management of public expenditure, tax structure and debt in several countries in LAC. These alongside sub-national formal job creation policies can greatly reduce regional disparities and promote greater sustainable and inclusive development.

In order to support regions towards this path, this report highlights the importance of enhancing local capacities and in particular underlines how changing global dynamics can impact regional development policies. Indeed, the consequences of Russia's aggression against Ukraine, trade restrictions post-pandemic, climate change, digitisation, and demographic changes are elements that must be considered when defining regional development policies aimed at generating competitiveness and formal employment by focusing on regional attractiveness.

This synthesis report "Regional attractiveness in the new global environment: Argentina, Chile and Colombia" presents the way in which regions can be integrated into the international arena. More specifically, three main objectives are addressed: attracting investment, talent, and visitors in an inclusive and sustainable way. The first is orientated around promoting not just investment but higher quality investment which is necessary to implement a productive development and job creation strategy. For example, promoting investments in green sectors can contribute to a green and just transition. Second, attracting talent is a driver for elevating the region's human capital, building the skills necessary for a new development model. Finally, the promotion of sustainable tourism can be a clear vehicle in several regions to generate income and quality jobs.

The report's methodology follows a multidimensional approach extending beyond GDP to attract investors, talent, and visitors but instead seeks to determine the conditions and actions necessary to enhance the underlying determinants of a region's attractiveness. The six areas of territorial attractiveness encompass the potential assets of territories: economic attractiveness, attractiveness for visitors, land use and housing, social cohesion, connectivity, and the natural environment.

This synthesis report emphasises the importance of addressing these policies through co-ordination and collective action among the multiple sectors at different levels of government. In this regards it will be necessary to address local limitations related to productive and administrative capacity. This will allow a more concrete promotion basis for inclusive and sustainable attractiveness strategies of regions that reap benefits from globalisation in a more balanced way.

Within this analytical framework, Table 1 summarises the main policy messages and actions to be carried out in the studied regions of Argentina, Chile, and Colombia. It combines quantitative analysis, as well as qualitative input from meetings and workshops in each of the regions and in the capitals of the three

countries. This work also benefited from the development of several dialogues with policy makers on key issues for a better internationalisation of the regions in addition to those covered in this report.

Table 1. Summary of key policy messages

	Recommendations
Productive development	<ul style="list-style-type: none"> - Strengthen the role and technical capacity of regional authorities in identifying key sectors for regional development. - Strengthen the impact of Special Economic Zones (SEZs) on the regional economy and attractiveness. - Promote regional business networks to develop regional investment promotion agencies. - Promote cooperative action within different levels of government as well as with the private sector <p>Argentina</p> <ul style="list-style-type: none"> - Promote a cluster strategy in the province of Misiones in dynamic industrial sectors, such as tea, mate, or wood in order to strengthen its innovation capacity, attractiveness, local identity and quality of jobs. - Improve the regulatory framework for biomass energy. <p>Chile</p> <ul style="list-style-type: none"> - Support the continuity of the country's Green Hydrogen Roadmap to respond to future challenges by adopting territorial lens and promote Regional Productive Development Committees involving local public and private actors in Valparaíso and Magallanes. <p>Colombia</p> <ul style="list-style-type: none"> - Promote business networks in the Departments of Chocó, Nariño and Cauca provide these departments with regional investment promotion agencies. - Take advantage of the existing regional human diversity and improve the integration of indigenous/afro-descendant communities in decision-making and productive/entrepreneurial strategies especially in environmental preservation.
Access to public services	<p>Improve the quality of basic public services through:</p> <ul style="list-style-type: none"> - Boosting connectivity to reduce the current regional digital divides - Improving the education system and better connect it to the specific labour market needs of the regions.
Strengthening of infrastructures	<p>Promote transport connectivity as a regional attractiveness and development policy instrument, by:</p> <ul style="list-style-type: none"> - Promoting multimodal transport and soft solutions to boost connectivity. - Enhancing the use of ports for the benefit of the port's cities and hinterland regions. - Encouraging greater investment in the tourism sector and regional brands. <p>Argentina</p> <ul style="list-style-type: none"> - Solve the main pending challenges of the river port of Posadas and strengthen it for the benefit of Misiones. <p>Chile</p> <ul style="list-style-type: none"> - Develop a strategy to coordinate investments for the development of air transport in Valparaíso and Magallanes - Seek an amendment of the Port Law to encourage a greater contribution to the welfare of the population of Valparaíso. <p>Colombia</p> <ul style="list-style-type: none"> - Resolve the main pending challenges of the port of Buenaventura (environmental degradation, insecurity, connectivity, and strengthening the port-city relationship, among others). - Improve secondary and tertiary roads in the Pacific region.
Tourism potential	<ul style="list-style-type: none"> - Promote a greater diversification of the tourism offer and strengthen the infrastructure of the tourism sector. - Promote regional strategies for sustainable, environmentally friendly tourism with a positive impact on local communities: - Create a "common brand" to support the tourism sector at the appropriate scale (e.g., macro region Pacifico in Colombia) - Support the hotel infrastructure towards offers aligned with sustainability objectives
Multi-level governance	<ul style="list-style-type: none"> - Address information asymmetries through information exchange structures and convergence of policy objectives across levels of government. Also Better integrate non-governmental actors in internationalisation and attractiveness strategies. - Strengthen the capacities of regional and local authorities through the adoption of policies at the relevant territorial level and capacity-building activities - Strengthen the evaluation of attractiveness and internationalisation policies by encouraging the formulation of shared diagnoses based on common indicators (such as the ones proposed by the OECD regional attractiveness compasses) <p>Argentina</p> <ul style="list-style-type: none"> - Promote greater public-private dialogue in the province of Misiones. - Strengthen the statistics system at the provincial level by multiplying efforts to reinforce data processing at the national and provincial levels on the basis of common regional nomenclature and database <p>Chile</p> <ul style="list-style-type: none"> - Promote a more inclusive and decentralised approach to land and water management in Valparaíso. - Advance the implementation of the regionalisation reform <p>Colombia</p> <ul style="list-style-type: none"> - Advance the development of the multipurpose cadaster.

Source: Own elaboration based on the case studies of Argentina, Chile, and Colombia.