



americas
business
dialogue

ACTION FOR GROWTH

**Policy Recommendations and
2018-2021 Action Plan for
Growth in the Americas**

Facilitated by



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INTRODUCTION

The Americas Business Dialogue (ABD) is a private sector led initiative facilitated by the Inter-American Development Bank (IDB) aimed at fostering a high-level public-private policy dialogue between business and government leaders of the Americas on the region's priorities, challenges, and opportunities for economic growth and development. In its role as facilitator of the ABD, the IDB provides technical support to all ABD working groups. To this end, the IDB works to convene government authorities from the Americas to explore potential areas of public-private collaboration and supports the implementation of ABD recommendations. The IDB also works to facilitate the ABD annual plenary meeting and ABD member participation at high-level ministerial meetings in the Americas. Lastly, the IDB coordinates the CEO Summit of the Americas, with the support from the Summit of the Americas host country, where ABD members present policy recommendations to Heads of State and Government.

The ABD is grateful for the opportunity to present its policy recommendations and 2018-2021 action plan for consideration by the Heads of State and Government attending the VIII Summit of the Americas in Lima, Peru.

In this report, the ABD makes 42 recommendations across five key themes:

1. Strengthening transparency and integrity
2. Digitizing growth
3. Trading for tomorrow
4. Powering development
5. Upskilling for the future

These recommendations are made in the spirit of democratic governance against corruption and increased transparency in the region. The ABD recognizes that for development and economic growth efforts to be sustainable, they must be undertaken in a

highly-transparent manner. All the ABD working groups are united in this commitment, and it is the driving force behind each recommendation.

The recommendations are also aligned to the central themes of the VIII Summit of the Americas, "Democratic Governance Against Corruption," and the III CEO Summit, "Made in the Americas." There is a strong connection between both summit themes, given that an environment of transparent governance is necessary to achieve sustainable economic growth and greater productivity.

The ABD's goal is to collaborate with governments on a robust, constructive public-private agenda, committed to improving infrastructure and strengthening trade, promoting transparency and financial integration, stimulating innovation and human capital, supporting the digital economy, and maximizing the potential of natural and energy resources in the region. The ABD will begin work on this agenda through the policy recommendations and 2018-2021 action plan.

The ABD is comprised of ten working groups: Agribusiness, Digital Trade and Economy, Energy, Finance, Human Capital and Innovation, Infrastructure and Logistics, Natural Resources, Regulatory Cooperation, Trade Facilitation, and Transparency. The Agribusiness and Digital Trade and Economy working groups were created after the 2015 II CEO Summit of the Americas in Panama to identify new opportunities for growth in the region. The Transparency working group was created in support of the main theme of the 2018 VIII Summit of the Americas: "Democratic Governance Against Corruption."

Each working group has developed a set of policy recommendations that reflect a consensus grounded in the ideas, discussions and technical expertise of

the more than 300 leading companies and major business associations from the Americas that make up the ABD (see Annex 1 for a full list of members). The ABD also recognizes the important goal-setting work that has already been done both in the region and globally, including the United Nations (UN) Sustainable Development Goals (SDGs). The ABD believes its recommendations are supportive of these global goals.

Commitment to Partnering for Transparent Development and Growth in the Americas:

The ABD is confident that through effective public policy and strong public-private partnerships (PPPs), the Americas can achieve sustained and inclusive economic growth, increased productivity, and enhanced competitiveness. ABD members strongly believe that much more can be accomplished if both public and private sectors work together. The ABD is eager to share its collective experience with the public sector to help identify opportunities for public-private collaboration in pursuit of shared goals.

The ABD reaffirms its commitment to act as a proactive partner to governments, supporting the strengthening of public policies and offering the region's private sector expertise to advance joint actions that promote transparency and integrity in the Hemisphere.

Similarly, the ABD recognizes that the commitment of the private sector is key to achieving greater transparency in the region. Transparency is a central element for achieving sustainable economic growth and improving lives in the Americas.

2018 – 2021 ABD RECOMMENDATIONS

Five Key Themes

The recommendations of the ten ABD working groups are organized into five overarching themes. Each working group provided recommendations, and while all are included in the report, the ABD has provided action plans for prioritized areas to spur ideas for implementation. The prioritization was based on the recommendations that most strongly support transparent practices and growth in the region. Each ABD working group has developed a standalone framework document in support of their specific recommendations. These documents are available on the ABD website.



www.americasbd.org

STRENGTHENING TRANSPARENCY AND INTEGRITY

DIGITIZING GROWTH

TRADING FOR TOMORROW

POWERING DEVELOPMENT

UPSKILLING FOR THE FUTURE



STRENGTHENING TRANSPARENCY AND INTEGRITY

Both the public and the private sectors have a strong role to play in building a transparent economy that is positioned for sustainable growth. Productivity, transparency and effective accountability are intrinsically connected. Institutional quality and respect for the rule of law, including transparency and accountability, are instrumental in improving effective delivery of public services, as well as creating a business climate that incentivizes investment and supports private sector development.^{1,2,3} Empirical evidence has shown that a lack of transparency and integrity can affect a country's productivity and economic growth.⁴ Research points to several determinants of this challenge including systems and processes that restrict access to information for both citizens and economic actors, and government agencies responsible for control, as well as institutions, laws, and regulations that have technical or design flaws leaving room for discretionary decision making. When corruption proliferates, it erodes the efficient allocation of public spending, encourages tax evasion, generates additional costs in financing and transactions, discourages productive investment, and negatively impacts competitiveness and economic growth.⁵ All ABD working groups propose a detailed set of recommendations to serve as a foundation for transparent growth across multiple sectors. These recommendations not only work to curtail corruption, but also support a regulatory environment that protects both businesses and consumers, while encouraging growth. The ABD is committed to supporting governments and the private sector in promoting transparency and integrity, as well as supporting enhanced regulatory coherence to strengthen anti-corruption efforts and help spur economic growth in the region.



DIGITIZING GROWTH

Latin America and the Caribbean (LAC) is one of the fastest growing regions in the world in terms of Internet adoption (particularly via mobile broadband) in the last five years. In 2000, fewer than 5% of LAC's population used the Internet. By 2015, half the region was online.⁶ This presents tremendous opportunities for social and financial inclusion, digital services, and trade and economic growth in new and innovative ways. For the estimated 250 million unbanked people⁷ in the region, increased access to the digital economy presents myriad opportunities for personal economic growth. For the economy at large, a 10% improvement in digitizing monetary flows has the potential to shift over US\$1 trillion dollars into the formal economy.⁸ This movement of money and people into the formal economy spurred by the Internet, supports financial inclusion and enhances transparency throughout the lifecycle of financial transactions. Digital economy and e-commerce also present valuable opportunities to micro, small and medium enterprises (MSMEs) in the region, opening new and different markets to these businesses and in turn, growth opportunities. Finally, there is value to be gained through the development of a competitive offering of digital services and content, pushing the region to become a producer, rather than a consumer, of services. The ABD's goal is to increase regional competitiveness through digitization and strengthen the region's financial markets while fostering transparency.

TRADING FOR TOMORROW

Improvements to trade efficiency and infrastructure (physical and digital) represent economic growth opportunities for larger businesses and MSMEs alike. Each 1% reduction to the costs of global trade translates into an increase in global income of up to US\$40 billion.⁹ In addition, estimates show that the WTO TFA may reduce trade costs by almost 17% for low-income countries, and by 12% for high-income countries.¹⁰ Prompt ratification of the WTO TFA and its implementation is important for the region; and the ABD stands ready to support these initiatives. When considering the value of improving logistics in the region, the IDB estimates that a 1% reduction in transportation costs in Peru and Chile would facilitate a 4-5% increase in exports from remote regions.¹¹ These statistics show that the value of what is made in the Americas can be improved if it is more efficient and less expensive to trade across borders within and outside the region. Streamlining and expediting customs procedures should be a core part of this effort. Another important part of making trade processes more efficient and cost-effective, is enhancing transparency and rooting out corruption. ABD's goal is to support infrastructure efficiency, modernization, growth and integration, as well as increase both trade and transparent trade practices in the region. Together, these two goals share the common objective of facilitating economic prosperity in LAC.



POWERING DEVELOPMENT

The region's rich natural resource base (including renewables like wind, water and solar energy, as well as non-renewables like mineral and petroleum) offer great potential to meet global energy, food security, and extractive industry needs in a sustainable fashion. Not only are there opportunities to take the lead in solving these global issues, there are also significant economic gains to be had. When considering potential value from digital initiatives in the electricity industry alone, estimates show that from 2016-2025 there is a potential for US\$1.3 trillion in value creation that could be unlocked globally.¹² ABD seeks to propose methods for responsibly and transparently harnessing regional resources; resources that range from arable land, to minerals, to renewable resources, while promoting integration and sustainable growth. Harnessing these resources will help the region increase its security, resiliency, competitiveness and economic growth in the years to come.



UPSKILLING FOR THE FUTURE

LAC invests approximately 0.7% of its gross domestic product (GDP) in research and development (R&D), while the world averages approximately 1.7% and North America and Western Europe lead R&D investment at 2.4% of GDP.¹³ When looking at the 2017 Global Innovation Index (GII), the region scored 31.73 out of 100, placing it in the bottom three globally, ahead of Central and South Asia at 28.53 and Sub-Saharan Africa at 24.88. Northern America led globally with a GII of 57.3.¹⁴ Creating a business climate that clearly invests in innovation represents a key component of increasing competitiveness in the global economy. However, to sustain innovation in LAC over time, the region needs a qualified workforce that is trained with the appropriate skills for the jobs of the future. The ABD seeks to promote innovation as a long-term strategy, as well as policies that support workforce development focused on the skill sets necessary in the job market.

ABD WORKING GROUPS:



EXECUTIVE SUMMARY

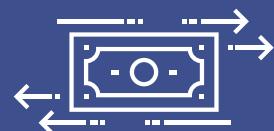


STRENGTHENING TRANSPARENCY AND INTEGRITY

Empirical evidence has shown that a lack of transparency and integrity can affect a country's productivity and economic growth.¹⁵ This is evidenced by the estimate that anywhere from 10-25% of public contract value is lost to corruption.¹⁶ This evidence, when taken in light of the UN figures which estimate that for many countries public procurement can account for anywhere between 15-30% of GDP, makes it clear that the value lost to corruption can quickly become very large.¹⁷

The quantitative case against corruption is further supported by procurement statistics. However, the intangible impacts from a lack of transparency, such as the erosion of consumer and business confidence in economic transactions, governments and corporate structures, can be equally damaging to economic growth. The ABD works to address this reality with transparency recommendations, and specifically those surrounding ultimate beneficial owners (UBOs). The ABD believes that implementing a registry of UBOs with accurate and updated information, accessible to the appropriate authorities, is an important component of the strategy to increase confidence in economic transactions, augment transparency in corporate structures, and curtail the use of corporations and other legal entities for illegal activity and transactions.

The roots and effects of corruption are not only confined to the public or private sector. Rather, it is a shared issue which demands a shared solution. This principle guides the ABD recommendations in support of increased transparency and regulatory best practices in the Americas. Strong commitment from the private sector to adopt and enforce comprehensive integrity mechanisms is an essential part of the strategy to root out corruption. The private sector can also make great strides in enhancing transparency and consumer/ citizen confidence in both government and corporate structures through the disclosure of corporate expenditures made to the public sector.



For many countries
public
procurement
can account for
anywhere between

15-30%
of GDP.

Institutional capacity and transparency are key to the effective delivery of public services and to building a business climate that incentivizes investment and supports private sector development.¹⁸ As governments and the private sector encourage growth in the region, the recommendations below provide suggestions on how to promote transparency

and corruption-free practices across multiple industries. The recommendations also address the issue of regulation, including regional coherence, and suggest how to ensure regulations both protect and effectively serve consumers.



1

Address ultimate beneficial owners in accordance with international standards.

2

Strengthen and modernize public procurement systems to ensure integrity, transparency and competition along the different stages of the procurement process, as well as throughout the entire lifecycle of the contractual relationship.

3

Implement mechanisms to ensure legitimate, transparent and technically sound regulations, and adopt administrative simplification plans.

4

Strengthen the mechanisms of open government, including transparency, citizen participation and collaboration, and public integrity systems as a policy measure to increase trust in government and democracy.

5

Encourage the private sector to adopt comprehensive integrity mechanisms, including codes of corporate conduct, accompanied by effective implementation and periodic reviews of compliance plans.

6

Disclose corporate expenditures to the public sector, using leading practices in expenditure disclosure, such as those implemented by the extractive sector.

7

Develop a mechanism for private sector and inter-government coordination on regulatory cooperation projects that helps economies implement a shared set of Good Regulatory Practices (GRPs), to develop competitive economies and support participatory and transparent democracies.

8

Develop a certification in best practices for issuance of permits and make it available via a Massively Open Online Course (MOOC) to any government and current or prospective public servant who wishes to qualify, coordinated by a public-private-multilateral partnership.



DIGITIZING GROWTH

As access to the Internet and digital technologies continues to expand throughout the Americas, both the public and private sector share the challenge of keeping pace and capitalizing on new opportunities that arise in a changing world. Increased connectivity and connected services bring countless possibilities ranging from allowing LAC MSMEs to reach more than 150 million consumers by 2019,¹⁹ to facilitating first-time access to the formal economy for the estimated 250 million unbanked people²⁰ in the region, to making digital interactions more time-efficient between citizens, government and businesses. LAC is experiencing some of the highest levels of Internet adoption growth globally and is poised to capitalize on new and innovative ways to simultaneously achieve economic growth and social inclusion.

One of the biggest opportunities associated with digital adoption, both in the region and across the globe, is the adoption of digitized financial flows and digital means of payment. Some estimates indicate that successful adoption of digital finance could create 6% (US\$3.7 trillion) growth in the GDP of all emerging economies by 2025.²¹ Looking at specific opportunities associated with digital financial flows, the public sector could potentially save US\$110 billion per year from reduced leakage in public spending and tax collection if digital financial flows are utilized.²² Digital payments also enhance transparency throughout the lifecycle of financial transactions, ensuring payments are made in full to the intended recipients, and limiting value

lost along the way to corrupt activities.

As digital adoption grows and financial flows are increasingly digitized, opportunities for MSMEs in the region grow too. The ABD sees digital adoption in the MSME community as a critical component of growth. An estimated 77% of large businesses in the region report having a website, whereas only 32% of small businesses do.²³ It is therefore of vital importance that MSMEs embrace digital business practices (websites, email, etc.) and make their goods and services available to online consumers—supported by the appropriate enabling environment and incentives.

Along with increased access to the Internet in LAC, the number of people making online



Successful adoption
of digital finance
COULD CREATE

**6% (US\$3.7
Trillion)**

growth in the GDP of
emerging economies
by 2025.

purchases is also rising. The number of people who made online purchases in LAC grew from 97 million in 2014 to 131 million in 2017, and is expected to grow to over 150 million by 2019.²⁴ These figures also suggest a strong future for online commerce.

In pursuit of increased digital adoption and its associated benefits in the Americas, the ABD believes regulation that supports digital growth and the resulting innovation is an important aspect of ensuring the region keeps pace globally. Given the fast pace of change, as new and different technologies develop, the private sector can play a helpful role in ensuring the region is positioned for digital success, for

example, by enhancing existing technologies or implementing new ones. The private sector can also collaborate with the public sector to craft regulation on such topics as FinTech and provide use cases and additional information on the latest technologies to help provide context to regulators. The private sector can do the same in support of trade negotiations, helping to ensure that the digital economy and the associated regional integration is reflected in current and future trade agreements.

The ABD's digitizing growth recommendations prioritize actions in pursuit of digital growth, and simultaneously, transparent economic growth, to sustainably increase regional competitiveness.



9

Encourage acceptance of digital means of payment for the development of digital commerce and secure commitment to digitize public sector financial flows to increase transparency and inclusion.

10

Incorporate high quality digital trade provisions in trade negotiations and regional integration processes to support the development of a sustainable digital economy in the region, including commitments to facilitate cross-border data flows and refrain from implementing data localization requirements.

11

Expand the number of MSMEs from across the Hemisphere that are participating in e-commerce and using digital technology to improve their business.

12

Develop an agenda to promote connectivity and prepare the region for 5G.

13

Secure private sector participation at regional gatherings of financial market regulators to encourage greater collaboration between financial market regulators and the private sector. The initial focus of this collaboration should be on capacity building in FinTech, cybersecurity and anti-money laundering.



TRADING FOR TOMORROW

The region's physical infrastructure and trade policies and procedures make up the foundation that facilitates commerce, travel and access, while keeping the region safe. These bridges, airports, highways, border crossings, trade agreements and security procedures have enormous influence to create and encourage economic growth—or to hinder it. Although progress in this space is measured in years or decades, the ABD believes that swift and collective action to address pressing infrastructure challenges, and to modernize trade procedures in the region, is key to ensuring the foundation that can support future generations in the Americas. Physical globalization was made possible by the infrastructure development of “physical connectivity” that allowed a reduction in transportation times and costs (e.g. roads, ports, airports, border crossings). “Digital globalization” requires an infrastructure of “digital connectivity” that facilitates the trade of services and digital content.

Infrastructure development is a key step in achieving the goal of raising per capita GDP to near Organisation for Economic Cooperation and Development (OECD) country equivalents. This is due to a number of factors, including, but not limited to: improving productivity, minimizing production and logistics costs, and creating new jobs. Globally, overall infrastructure investment (public and private) ranged between 4.0% and 8.5% of GDP between 1992 and 2013, while regionally in LAC, the average over the same period was 2.4%.²⁵ The infrastructure gap in LAC has been widely examined and estimates show that to close it, the region must invest approximately 5% of its GDP, or an additional US\$150 billion per year, over the next 20-30

years.²⁶ Given the size, complexity, and duration of infrastructure projects, managing these projects effectively and transparently is essential to attracting the funding needed to close the investment gap and bring new infrastructure projects to fruition in the region.

In addition to infrastructure, the region's trade policies and procedures that govern the way goods and services flow in, out of and around the Americas are essential to competitive commerce in the region. In a world that is becoming more and more interconnected, economic success increasingly hinges upon the ability of businesses to get goods or services to consumers faster. In the United States, for each additional day it takes a manufactured item to arrive, companies are 1.5% less likely to source an item from that particular location.²⁷ Sustained economic growth therefore depends on the region's ability to efficiently move goods and services in and out. Coordinated Border Management (CBR), a collection of international best practices to streamline border procedures, is imperative to helping goods



To close the infrastructure gap in LAC
the region must invest approximately 5% of its GDP, or an additional US\$150 billion per year, over the next 20-30 years.

move in, out of and around the Hemisphere efficiently and cost-effectively. The ABD believes a strategic focus on implementing state-of-the-art, interoperable Single Windows in the region, as well as a robust Authorized Economic Operator (AEO) program, is the way forward to creating a secure, highly-efficient supply chain in the region.

The following recommendations provide insights into how to manage some of the most complex trade challenges facing the region, ranging from how to effectively manage infrastructure mega-projects, to strategies for ensuring that intra and inter-regional trade in the Americas is in line with international leading practices.



14

Develop multimodal, interconnected infrastructure and logistics, including coordinated border management, to support efficient, low-cost transportation of goods throughout the supply chain.

15

Develop and implement land management and usage strategies in cities to improve the efficient flow of passengers and cargo.

16

Develop risk profiles for all infrastructure projects (ongoing and potential) that include strategies for how to mitigate identified obstacles.

17

Create a regional infrastructure hub for the development and implementation of feasible projects, while promoting best practices for increasing transparency in the infrastructure sector. Through this facility, enable innovative mechanisms to stimulate infrastructure financing, with a focus on PPPs that generate incremental value for the investment.

18

Ensure full government support to successfully undertake environmental licensing and community consultation processes to help ensure the development of infrastructure works that adjust to local contexts and are backed by the rule of law.

19

Promote the use of the SOURCE tool on all future infrastructure projects to improve project preparation, manage risks and facilitate additional funding opportunities.

20

Advance strategically in the implementation of state-of-the-art and interoperable Single Windows.

21

Strengthen the Authorized Economic Operator (AEO) program and implement automated risk management systems to promote a “secure logistics chain for the Americas.”

22

Implement trade facilitation measures to foster MSME growth through participation in international trade, including streamlining procedures to expedite low-value shipments.

23

Facilitate the implementation and increase the use of advance rulings in the region.

24

Provide training to MSMEs to support participation in international trade.



POWERING DEVELOPMENT

The Americas are rich in natural resources. The region is home to 40% of the world's biological diversity, 30% of globally available fresh water, and almost 50% of the world's tropical forests.²⁸ LAC is the leading source of metals and minerals in the world,²⁹ the fourth leading source of oil (with a daily production of 9.4 million barrels, after the Middle East, the former USSR, and the USA),³⁰ and receives one third of worldwide mineral investment.³¹ Vast resources like these bring great economic opportunity, but also an ever-present challenge to utilize and extract these resources in a responsible, sustainable manner. The ABD makes recommendations in the powering development theme in pursuit of meeting these challenges while achieving economic growth.

The region is already a leader in renewable energy consumption. The generation of renewable energy covered 64.3% of total demand for the region in 2016.³² With this potential of existing resources in the region, LAC is poised to maintain its global position of renewable leadership. In fact, recent studies show that the region has an annual potential to produce 54,050 TWh (terawatt hours) of solar power, 22,751 TWh of wind power and 3,267 TWh of hydroelectric power. This is significant considering the annual demand for the region in 2015 was 1,504 TWH.³³ As new and different sources of energy are integrated into the grid, so too are advancements in the way the region accesses, stores and maintains electricity. The economic potential of these opportunities is abundant. Through 2025, it is estimated that digital initiatives in the electrical industry

**The region
is home to**



40%
of the world's
biological
diversity



30%
of globally
available
freshwater

and almost



50%
of tropical
forests

LAC has the annual potential to produce...



54,050 TWh **22,751 TWh** **3,267 TWh**
Solar Power **Wind Power** **Hydroelectric
Power**

...which is significant when considering the annual demand for the region in 2015 totaled 1,504 TWh.



25

Facilitate improvements in the efficiency, cost, reliability and emissions of electricity production through the physical and regulatory integration of regional markets; enabling the efficient purchase and sale of electricity; and utilizing market-friendly regulations that improve access to renewable energy and natural gas.

26

Maintain LAC's status as the one of the greenest regions in the world through continued investment in harnessing the potential of renewable energy and diversifying the region's energy portfolio.

27

Establish a transparent institutional framework process, incorporating private sector expertise, to facilitate long-term energy planning and the sustainable development of natural gas to improve the diversification and resilience of energy production.

28

Develop and implement strategies to modernize electric grids; promoting reliability, security (including cybersecurity) and reducing costs through gains in efficiency.

29

Ensure clear and consistent enforcement of laws and regulations as they pertain to extractive industries.



POWERING DEVELOPMENT

are poised to create 3.45 million new jobs, the equivalent of an approximately 10.7% job growth rate in the industry.³⁴

As the world's population grows, demands for energy will increase significantly, as well as demands for food. To feed the growing population, global food production will need to increase by 60% by the year 2050.³⁵ With nearly a third of the world's arable land and fresh water, LAC is uniquely positioned to become a leader in addressing this increased demand with a strong agricultural industry and room to grow.³⁶ However, simply having the resources and ability to produce more food is not enough. The ABD believes the path to sustainable growth in agribusiness in the region lies in commitment to land and water preservation, inclusion of producers of all sizes in the value

chain, development of rural infrastructure, and support for ongoing research and innovation in agriculture science.

The bounty of natural resources in the region also includes those resources found below the surface. The extractive industry is poised to significantly contribute to economic growth when communities, government and companies engaged in extraction can collaborate to generate shared value.

Together, this section provides guidance and suggestions for responsibly and transparently harnessing the region's resources to increase competitiveness and economic growth in the years to come.



**To feed a growing global population
global food production
will need to
increase by 60%
by the year 2050.**



30

Incentivize transparent investment in infrastructure through adequate public-private partnerships that generate added value, focused on energy, transport and logistics.

31

Adopt multi-stakeholder, collaborative processes to generate shared value from the extractive sector.

32

Increase investment and partnerships that promote the sharing of best practices in the extractive sector.

33

Implement processes to regularly and transparently measure (e.g. soil quality, crop rotation), track, preserve and protect land and water health in the region to help meet worldwide land and water needs.

34

Create and implement a master infrastructure development plan for the rural sector to ensure that living conditions enable populations to thrive by making employment conditions attractive for all agents throughout the agribusiness value chain.

35

Develop policies to incentivize the inclusion of producers of all sizes in the full agribusiness value chain (from crop inputs to packaging).

36

Support science-based decisions to provide answers to societal questions surrounding the production, consumption, safety and trade of food; connected to the latest agricultural technologies (e.g. GMOs) to help shape the direction of future agribusiness innovation and foster global sourcing that is not at the expense of smaller producers.

37

Establish clear, stable and predictable phytozoosanitary and sanitary protocols to ensure food safety animal and plant health, as well as enhance trade.

38

Establish and enforce a balanced framework for protecting intellectual property (IP) associated with agribusiness innovation.



UPSKILLING FOR THE FUTURE

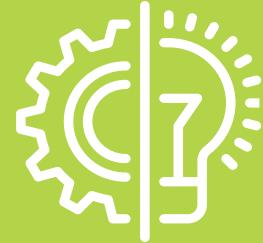
As LAC seeks to increase its global competitiveness, creating an enabling business climate that fosters innovation is an important part of its strategy. Regional funds and accelerated patent mechanisms between countries have spurred innovation, however, more remains to be done. LAC only invests about 0.7% of its GDP in R&D, while the world averages approximately 1.7%. North America and Western Europe lead R&D investment at 2.4% of GDP.³⁷

To sustain innovation in LAC over time, the region must ensure it is upskilling local workforces in preparation for the ever-changing jobs of the future. The developed world faces an aging workforce that will soon exit the workplace, taking along with it valuable industry knowledge. However, 67% of the LAC population is of working age,³⁸ pointing to tremendous opportunity in the region. Yet, despite this opportunity, the region also faces a serious skills gap which dampens the rate of economic growth and has the potential to make the region less attractive to new companies and investment. The ABD views this challenge as an opportunity to improve the quality and accessibility of education and training in the region, developing the local skills needed to spark the next generation of economic growth and innovation.

This theme focuses on collaborative approaches for the Hemisphere to spur innovation and prepare today's workforce with the skills needed for the jobs of tomorrow.



67% of the LAC population is of working age, pointing to tremendous opportunity in the region.



LAC only invests about 0.7% of its GDP in R&D, while the world averages approximately 1.7% . North America and Western Europe lead R&D investment at 2.4% of GDP.



39

Institute and enforce intellectual property protection legislation, consistent with international standards, to create a secure and competitive environment for private sector investment in innovation.

40

Improve the quality of education and training in LAC, and work to close the skills gap by enhancing their market relevance and aligning them with existing and future skills needs of employers, with a focus on STEM, entrepreneurship, foreign language and digital skills.

41

Create local and regional multi-stakeholder forums to establish formal and ongoing dialogue around innovation; solidifying public research and development spending as an integral part of the long-term economic development strategy.

42

Improve the transparency of education in LAC, instituting a zero-tolerance approach to corruption in education systems, and ensuring all education-relevant data is proactively shared with all stakeholders.

RECOMMENDATIONS AND ACTIONS FOR GROWTH

The following sections outline all the ABD recommendations, along with additional supporting and contextual information. The recommendations that have been prioritized contain additional detail including a suggested action plan for implementation. To review an action plan for any of the recommendations that do not have one in this report, please visit the ABD website.

**STRENGTHENING
TRANSPARENCY AND
INTEGRITY**



STRENGTHENING TRANSPARENCY AND INTEGRITY

RECOMMENDATION #1

Address ultimate beneficial owners in accordance with international standards.

The Financial Action Task Force (FATF),³⁹ the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum),⁴⁰ the G20⁴¹ and the B20⁴², promote transparency standards that include the regulation of ultimate beneficial owners (UBOs).ⁱ Furthermore, the FATF and the Global Forum have established standards for UBOs. The FATF defines a UBO as “the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.”⁴³

Implementing a registry with accurate and updated information on UBOs, accessible to the appropriate authorities, can help to boost confidence in economic transactions, add an increased level of transparency to corporate structures, and prevent the use of corporations and other legal vehicles for illegal purposes. Although most countries in the region regulate the concept of UBO, they may not always comply with the minimum requirements of the FATF and the Global Forum.⁴⁴ When establishing regulations for UBOs, governments should follow the minimum UBO requirements promoted by these international standards setters that cover corporations and other legal structures such as trusts.



ACTIONS

Establish the necessary rules and regulations to implement a public registry of ultimate beneficial owners in accordance with the recommendations of the FATF and the Global Forum.



EXPECTED OUTCOMES

The adjustment of institutional frameworks and local regulations to comply with international standards; improving FATF and Global Forum’s ratings in their respective evaluation rounds and also reducing de-riskingⁱⁱ contingencies.

ⁱ In addition, the OECD Council approved on 15 July 2014 a Common Reporting Standard (CRS) that calls on jurisdictions to obtain and automatically exchange financial and bank information with other jurisdictions, including UBO data. For more information see, <http://www.oecd.org/tax/automatic-exchange/commitment-and-monitoring-process/>.

ⁱⁱ The term de-risking relates to “the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid, rather than manage, risk in line with the FATF’s risk-based approach. De-risking can be the result of various drivers, such as concerns about profitability, prudential requirements, anxiety after the global financial crisis, and reputational risk.” Source, see: FATF. (2014, October 23) FATF clarifies risk-based approach: case-by-case, not wholesale de-risking. Retrieved from <http://www.fatf-gafi.org/documents/news/rba-and-de-risking.html>



ACTIONS

Establish regulations to facilitate access for appropriate authorities to information concerning the identity of UBOs.

Ensure legally-bound reporting institutions identify, verify and record the identity of the beneficial owners of all legal entity customers.

Train prosecutors, judges, fiscal agents and personnel of other enforcement agencies, as well as financial institutions employees, in the appropriate management and use of the information recorded in the registers of UBOs.

Promote domestic and international cooperation among public sector agencies to secure access to information concerning UBOs.



EXPECTED OUTCOMES

Ensuring that greater transparency through access to ultimate beneficial owner identity is implemented, considering the requirements of international standards under appropriate administrative process, and including mechanisms for financial and non-financial entities to require beneficial ownership information from all types of legal persons as well as to provide it to appropriate authorities.ⁱⁱⁱ

The compilation of comprehensive and accurate information aimed at determining the identity of the UBO, including (i) the full name of the final beneficiary, (ii) the address, (iii) the nationality, (iv) the identification and tax identification numbers, (v) the percentage of ownership and/or the control chain, and (vii) the date from which the person is a final beneficiary.

Improving the implementation of UBO legislation, building the knowledge and information needed to recognize, and investigate corruption, tax avoidance, money laundering, terrorist financing and other related crimes.

Timely and appropriate access to the identity of the UBO by local and international authorities investigating tax avoidance, money laundering and other related financial crimes.



ⁱⁱⁱ See Recommendations 9, 24 and 25 in the International Standards on Combating Money Laundering and The Financing of Terrorism & Proliferation: The FATF Recommendations, February 2012 (October 2016 Update). Source: FATF. (2016, October). International Standards on Combating Money Laundering and The Financing of Terrorism & Proliferation: The FATF Recommendations. Retrieved from: http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf

RECOMMENDATION #2

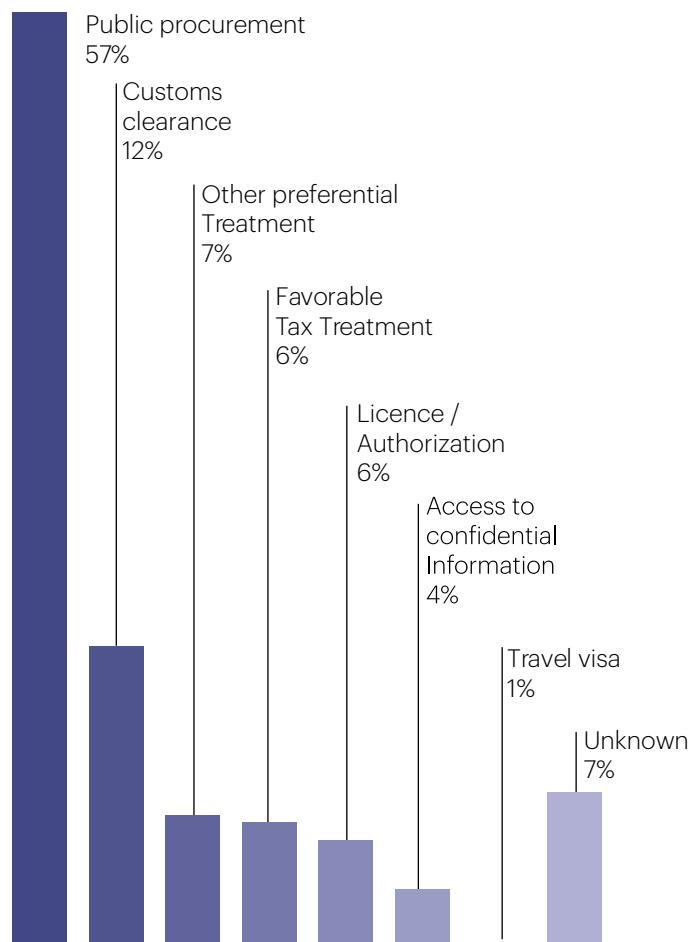
Strengthen and modernize public procurement systems to ensure integrity, transparency and competition along the different stages of the procurement process, as well as throughout the entire life cycle of the contractual relationship.

The UN estimates that in many countries, public procurement can account for anywhere between 15-30% of GDP.⁴⁵ At the same time, an estimated 10-25% of public contract value is lost to corruption.⁴⁶ A survey of the World Economic Forum shows that bribery by international companies is more frequent in public procurement than in utilities, taxation and the judicial system.⁴⁷ The OECD Foreign Bribery Report indicates that 57% of the cases prosecuted under the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions involved bribes to obtain public procurement contracts.⁴⁸ In addition to a loss of funds, this level of corruption has important societal impacts that must be addressed proactively such as eroding public trust.

Precautionary and compliance mechanisms enabled by information technology are important to prevent and control corruption, and to ensure open, transparent, and competitive government procurement systems (ranging from design and bidding, to contract award, execution and evaluation). Hence, a transparent and secure procurement framework should aim at reducing integrity risks (such as unjustified contractual amendments or conflicts of interests, among others) and safeguarding accessibility to procurement information, high participation and competition for all bidders, objective decision-making, and good faith contract renegotiations.

An estimated 10-25% of public contract value is lost to corruption.

WHERE BRIBES OCCUR



Source: OECD. (2016). Preventing Corruption in Public Procurement. Retrieved from <http://www.oecd.org/gov/ethics/Corruption-in-Public-Procurement-Brochure.pdf>



ACTIONS

Issue the necessary rules and regulations to implement a public procurement system that ensures transparency, integrity, competition, and objective decision-making.

Clearly define the cases and requisites for exceptions to standard competitive tendering, including instances of extreme urgency, national security and natural disasters.

Clearly define and publish ex-ante the basis for contract renegotiations so that they can only be held under specific and/or exceptional circumstances.

Publish and deliver clear and consistent public procurement information to the general public and to potential bidders, including model contractual clauses.

Create the proper institutional frameworks to adopt and enforce rules and regulations, including investments in information technology, to effectively implement an e-procurement system.

Develop e-procurement regulations to ensure transparency, integrity, availability of data and confidentiality, when such confidentiality is duly justified by law.



EXPECTED OUTCOMES

The adjustment of institutional frameworks and local regulations to international standards. In particular, ensuring requirements are aligned with those of the Inter-American Convention against Corruption and the United Nations Convention against Corruption.

The fostering of competition among bidders to promote increased transparency and reduce opportunities for corruption.

The avoidance of aggressive bad faith offers during the selection process under the expectation of having the contract renegotiated at a later stage.

Clear and exceptional renegotiation rules to help reduce cost overruns and opportunities for corrupt activities, as well as enhancing the efficiency of infrastructure provision.

Access to laws and regulations, judicial and/or administrative decisions, standard contract clauses, contract award mechanisms, and tender proceedings.

The evaluation of existing processes and identification of the changes needed to design and implement the software and mechanisms required for a simple and efficient e-procurement system.

E-procurement should be aimed at improving market access and competition, reducing the costs of information, and improving information accessibility to reduce encounters between potential bidders and public officials, standardize and simplify procurement processes to reduce bureaucracy, register suppliers and public officials' procurement backgrounds, and map prices against benchmarks, among others.



ACTIONS



EXPECTED OUTCOMES

Periodically train public procurement officials, business stakeholders and civil society organizations in the implementation and use of e-procurement tools and procedures.

The promotion of a transparent, honest and competitive e-procurement regime, encouraging civil society control, and promoting public accountability.

Monitor the e-procurement system and analyze key indicators quantifying, among other things, bidders' rotation, performance, efficiency and cost savings.

Control of contracts awarded with regards to term and percentage of contract execution, allocation and budget spending, and supplier performance, among others.

Select and appoint public procurement officials based on principles of integrity and professional merit.

Prevention and avoidance of conflicts of interest and insulation of public procurement officials from undue influence from politicians or high-level officials.

Develop effective integrity regulations for public officials participating in procurement processes, including regulations on conflicts of interests and financial disclosure.

The management of conflict of interest risks, identifying specific areas in which integrity reforms are needed to ensure that public officials in charge of either defining or conducting public purchases do not prioritize their private interests over public decision-making.

Adopt practical and confidential mechanisms to report and process conflicts of interest, integrity misconducts, and crimes in public procurement.

The prevention and prompt investigation of corruption in public procurement, and enforcement of administrative, civil and criminal sanctions, safeguarding the physical and labor security of the complainant.

Promote cooperation mechanisms between the public sector and business stakeholders to achieve high levels of transparency and integrity in the procurement process.

Collaboration in the design and implementation of anti-corruption public-private policies, such as the reduction of information asymmetries, the review of procurement legislation, the execution of integrity agreements, or the development of compliance programs.

Develop a sectorial working plan involving the civil society and business stakeholders for key areas, such as education, health, infrastructure or security.

An open dialogue with the private sector and the citizenry to be informed of the needs of the population and suppliers, and to keep abreast of products and prevailing prices in order to design a sectorial working plan.

RECOMMENDATION #3

Implement mechanisms to ensure legitimate, transparent and technically sound regulations, and adopt administrative simplification plans.

Regulatory transparency intends to secure legitimate and high-quality regulatory frameworks. It also helps policy makers to reach informed decisions about the best available options on what to regulate and how to regulate.⁴⁹ Regulatory processes should be transparent for all stakeholders, encourage public consultation and participation, and be based on scientific analysis and clear evidence of regulatory impacts, thus increasing the legitimacy of the entire regulatory process.

In turn, administrative simplification is a tool to review and simplify procedures and the inventory of existing administrative regulations.⁵⁰

The objective of this recommendation is to lower the overall costs derived from regulations and to improve administrative processes by eliminating unnecessary requirements, bureaucratic steps, activities and intermediaries. These inefficient processes not only add no value to administrative proceedings, but they may also create opportunities for regulatory capture (e.g. when regulations serve the interests of the regulated more so than the general public) and corruption.

If successfully implemented, these measures could help ensure legitimate, coherent, logical and high-quality regulations; reduce paperwork, transaction costs and opportunities for corruption; streamline business processes; improve access to public information; and increase citizen participation and overall trust in governmental entities. In addition, administrative simplification can have a positive effect on economic growth, in particular when applied to start-ups and tax payments.⁵¹



Regulatory processes should be transparent for all stakeholders, encourage public consultation and participation, and be based on scientific analysis and clear evidence of regulatory impacts, thus increasing the legitimacy of the entire regulatory process.



CASE STUDY: Regulatory Improvements

As part of the European Commission's (EC) regulation improvement agenda, the Regulatory Fitness and Performance (REFIT) program ensures European Union (EU) laws and policies are improved and simplified to deliver their intended benefits, while reducing administrative and financial burdens. REFIT is integrated with the annual evaluation of existing EU legislation and involves input from a range of stakeholders from all levels of governments, businesses, NGOs and even individual citizens, to ensure a holistic approach when simplifying laws.

From 2002 to 2012, the EC achieved its goal of a 25% cut to the administrative burden for businesses caused by EU legislation. The EC also achieved an estimated annual savings of €30.8 billion (approximately US\$37 billion). Further expected benefits of the program include a reduction in compliance costs for businesses by €2.3 billion (approximately US\$2.8 billion) a year from the extension of the VAT One-Stop-Shop to online sales.⁵² According to the 2014 report by the EC's High-Level Group on Administrative Burdens, "taxation and customs legislation has been considered as the most important priority area to tackle, given that 70% of the total administrative burden can be attributed to this area."⁵³

In Latin America, Mexico is one of the most advanced countries in terms of regulatory reform. The Federal Commission for Regulatory Improvement, institution in charge of analyzing the impact of new regulations, has reported that it has lowered the costs of compliance with federal administrative procedures from 4.8% to 2.6% of GDP in six years.⁵⁴

At the sub-national level, the state of Colima adopted information and communication technologies to implement a series of reforms that included the online processing of procedures and services authenticated with an electronic signature, as well as exchanging data and facilitating inter-institutional coordination with the federal and municipal governments. The program has been very successful in reforming those regulatory aspects that have the most impact on citizens' quality of life and on the ease of doing business for investors and entrepreneurs. In 2014, citizens saved an estimated of Mex\$78 million (US\$5.8 million) on state procedures and the average perception of user satisfaction with 35 public agencies involved in the regulatory reform was 92.10%.⁵⁵



ACTIONS

Adopt a multidimensional regulatory and administrative simplification plan to improve the quality of regulations and reduce administrative burdens.

Appoint specific oversight public entities with the necessary resources to implement regulatory reforms and/or administrative simplification strategies.

Systematically conduct regulatory impact assessments (RIA) to gather detailed evidence on the potential effects of regulations, as well as their benefits and costs.

Promote periodic citizen participation for ex-ante and ex-post reviews of existing and prospective regulations.

Public agencies should publish prospective regulations for citizen comment and provide reasons as to why comments were addressed or rejected.



EXPECTED OUTCOMES

The implementation of tools that support the systematic analysis of proposed regulatory measures, as well as the periodical review of existing regulations to evaluate economic, social and environmental effects, and the achievement of planned objectives.

The removal of unnecessary obstacles that may jeopardize access to, and delivery of, public services and business activity.

The clear definition of the roles and responsibilities regarding the implementation of the plan in a single entity, and facilitation of the coordination, cooperation and communication among the public sector, business stakeholders and the general population.

Better informed regulatory decisions that take into account the costs and benefits of regulations.

The definition of the areas of reform and the implementation of strategies to address these.

The identification of the costs related to paperwork, time, and delivery of information to governments.^{iv}

The adoption of institutional mechanisms to facilitate the expression of citizen and business stakeholders' interests and concerns related to institutional simplification, and identification of the areas for reform (e.g. public consultations, perception surveys, focus groups and working tables).

Adoption of transparent and regulated decision-making processes (such as rule-making and notice and comments) to increase trust in regulatory institutions and policy makers.

^{iv} The Standard Cost Model (SCM) Network's International Standard Cost Model Manual is an example that can be used in support of this action item. Review the manual at <http://www.oecd.org/gov/regulatory-policy/34227698.pdf>.



ACTIONS

Integrate administrative simplification plans with e-government policies at all government levels.

Conduct periodic training of public officials at all levels of government (national and sub-national), business stakeholders, and society to ensure successful implementation of managerial, regulatory and technological tools.



EXPECTED OUTCOMES

The establishment of effective citizen-centric strategies and e-platforms to reduce bureaucracy (e.g. Single Windows, unified portals and call centers, service centers or kiosks) and the collection and recording of user information, thereby limiting the number of times citizens have to provide data that is already possessed by government.

Communication mechanisms for citizens through a wide number of channels (e.g. social media, etc.) ensuring easy access to information regarding the regulatory frameworks that govern business activities.

Efficient and professional public services and easy administrative proceedings for doing businesses.

RECOMMENDATION #4

Strengthen the mechanisms of open government, including transparency, citizen participation and collaboration, and public integrity systems as a policy measure to increase trust in government and democracy.

Open government mechanisms are designed to build stronger democracies and trust in governments under the principles of transparency, collaboration and accountability. In recent years, open government initiatives have formed part of the effort to promote the efficiency and effectiveness of public service delivery by relying on the use of information technologies.⁵⁷ These strategies include engaging citizens and the private sector in collaborative schemes to co-design and co-implement public policy decisions, and focus on opening governments to public scrutiny to bring more accountability.⁵⁸ The case study on crowdsourcing in Mexico (see corresponding case

study) provides one such example of this collaboration in action. Strategic trends to foster open and accountable government include:

- Publishing public information in open data formats, enabling any individual to access, process, re-use and share the information collected in order to promote better informed decisions and accountability.⁵⁹
- Implementing new technologies to improve the traditional tools of citizen participation (public hearings, notice and comment, rule-making and other consultative processes), ensuring the availability and accessibility of information to all interested parties, including the use of paperless formats.
- Strengthening public integrity by adopting policies to prevent and remedy conflicts of interests. Integrity policies should include, among



other elements, financial disclosure for public officials, ethics training, background checks prior to appointments, pre and post-employment regulations, mechanisms to report wrongdoings committed by public and private officials, the protection of whistleblowers, and the creation of blind trusts for managing the assets of high-ranking public officials.

CASE STUDY: Smarter Crowdsourcing in Mexico

The Government of Mexico and the IDB, in search of innovative and practical strategies to tackle corruption from different angles, including prevention and control, entrusted the NYU GovLab⁶⁰ to carry out a Smarter Crowdsourcing exercise with various scholars, civil society representatives, and practitioners from around the world.

Smarter Crowdsourcing is a collaborative problem-solving technique pairing the agility and diversity of crowdsourcing with the curation of relevant know-how in a format designed to produce effective and implementable outcomes. Smarter Crowdsourcing is not only crowdsourcing but also “expert sourcing” as it relies on the use of collective intelligence to harness the insight of over 100 global experts, enabling any public or private institution to get advice and innovative ideas along with the know-how to implement them.

In the case of Mexico, after identifying problems and their causes, six topics were prioritized and discussed with international experts during several online sessions: i) measure corruption and its costs; ii) prevent judicial corruption; iii) enable effective prosecution; iv) increase public engagement; v) protect whistle-blowers; and vi) track and analyze money flows. These six areas were delineated following a rigorous research and evaluation process. This process concluded with a report proposing cutting-edge technological solutions together with practical insights on what is required to implement those solutions as a part of public policy. For more information, visit <http://www.thegovlab.org/project-smarter-crowdsourcing-anti-corruption.html>

When drafting a code of corporate conduct, private sector entities should consider, among other topics, issues related to political contributions, conflicts of interest, and prohibiting irregular payments and gifts of any kind.

RECOMMENDATION #5

Encourage the private sector to adopt comprehensive integrity mechanisms, including codes of corporate conduct, accompanied by effective implementation and periodic review of compliance plans.

As the UN Office on Drugs and Crime guide to Anti-Corruption Ethics and Compliance Programme for Business highlights, it is not just increased cost, additional dependencies or missed business opportunities that make the case against corporate corruption, it is also the legal consequences and reputational harm that follows.⁶¹

Corporate governance not only organizes a system that rules the relationships between all corporate stakeholders, but also creates a framework to build transparency, business integrity and accountability.⁶² The G20/OECD Principles of Corporate Governance identify the key building blocks for a sound corporate governance framework and offer practical guidance for their implementation.⁶³ As indicated by the OECD, "Good corporate governance is not an end in itself. It is a means to support economic efficiency, sustainable growth and financial stability. It facilitates companies' access to capital for long-term investment and helps ensure that shareholders and other stakeholders who contribute to the success of the corporation are treated fairly."⁶⁴

Codes of ethics are a key element in this strategy. When drafting a code of corporate conduct, private sector entities should consider, among other topics, issues related to political contributions, conflicts of interest, and prohibiting irregular payments and gifts of any kind. The private sector in turn, should endeavor to promote and adhere to international transparency initiatives, such as the one proposed by the UN Global Compact and/or the business for rule of law framework.



CASE STUDY: APEC Code of Ethics Implementation

The Asia-Pacific Economic Cooperation (APEC) has two regional corporate code of ethics implementation initiatives under the umbrella of the Business Ethics for APEC SMEs Initiative, one for the medical device sector (representing over 13,000-member enterprises)⁶⁵ and the other for the biopharmaceutical industry sector (representing nearly 10,000-member enterprises).⁶⁶

The objective of the medical device industry is to support the implementation of ethics codes that align with the APEC Kuala Lumpur Principles. The Kuala Lumpur Principles were drafted in 2011 and are designed to ensure “ethical interactions between medical technology companies.”⁶⁷ There are a total of 29 medical device industry associations across the APEC region. When the initiative began in 2012, 12 of these associations had a code of ethics. In 2017 that number had risen to 26.⁶⁸

The objective of the biopharmaceutical industry initiative is similar, seeking to support the implementation of ethics codes that align with the APEC Mexico City Principles. These principles are a voluntary code of business ethics defined for the biopharmaceutical sector by an expert working group in 2011 and endorsed by APEC that same year.⁶⁹ In 2012, the initiative started a robust monitoring component reviewing a total of 66 biopharmaceutical sector industry associations in the APEC region and finding that 25 of these associations had a code of ethics. In 2017 that number had risen to 51.⁷⁰

Both initiatives remain committed to the overall goal of 100% code of ethics adoption by biopharmaceutical and medical device industry associations in the region by 2020.^{71,72}

Based on annual surveys on the code of ethics implementation, the key challenges of ongoing implementation are maintaining resources to support the code implementation and regular training on the codes. However, in 2016 and 2017, both industry initiatives reported 100% leadership commitment to ethics codes.^{73,74}

To enhance the initiative’s ability to assess how the members of these industry associations are implementing ethics codes, the initiative will launch a pilot in 2018 that surveys the association members directly about ethics code implementation.^{75,76}

RECOMMENDATION #6

Disclose corporate expenditures to the public sector, using leading practices in expenditure disclosure, such as those implemented by the extractive sector.

To contribute to overall budgeting transparency and governmental accountability in the administration and allocation of public resources, the key sectors should report on all expenditures made to the public sector.

This includes the development of transparent policies and practices concerning the disclosure of private payments and public revenues arising from the extractive industries (“taxes, fees, royalties, bonuses and other financial transactions”)⁷⁷ to prevent corruption and foster an “open, participatory and transparent budget allocation process at the national and local levels.”⁷⁸ Transparency

is also a fundamental prerequisite to achieve and sustain trust among the various stakeholders that operate in the extractive industries. Enhancing transparency in this sector also requires effective, efficient and transparent communication with citizens concerning the benefits and impacts (positive and negative) of extractive activities.⁷⁹

First launched in 2002, the Extractive Industries Transparency Initiative (EITI) is a positive example of this recommendation in action. With the overall goal of

ensuring that gains from natural resources also benefit citizens, the EITI requires participating countries to publish information such as company tax and social contributions, including how this money is allocated both nationally and regionally. To date, there are 51 countries across the globe that implement EITI standards with an estimated US\$2.3 trillion worth of revenues disclosed.⁸⁰ In LAC, member countries include Colombia, Dominican Republic, Guatemala, Guyana, Honduras, Mexico, Peru, Suriname and Trinidad and Tobago.⁸¹



CASE STUDY: MapaRegalías and MapaInversiones

In 2013, Colombia and the IDB designed and built a geo-reference tool called *MapaRegalías*⁸² that tracks how royalties paid by mining and oil companies are being spent on over 11,800 public works projects (almost two thirds of which include images describing their progress). The Colombian government uses this platform to monitor compliance, and in 2016, it suspended the transfer of royalties to 125 municipalities for not adequately reporting data.⁸³

This platform for the extractive industries is now being scaled to include all public investment made in Colombia and has been renamed *MapaInversiones*.⁸⁴

MapaInversiones (www.iadb.org/mapainversiones) is an IDB-funded initiative with the objective of enhancing transparency in public investments so that citizens can monitor where and how governments invest in real time. On the one hand, governments can gather quality information to make timely decisions that improve the efficiency of public investments; on the other, companies can improve their competitiveness by acting in an open information environment. This initiative is implementing pilot projects in three other countries in the region:

- In Costa Rica, the *MapaInversiones* pilot project will focus on making public transport-related works transparent, which makes up almost 70% of total public investment, or nearly US\$17 billion.⁸⁵
- In Paraguay, the *MapaInversiones* pilot project will focus on making public infrastructure works transparent, where public investment makes up approximately 14% of the GDP. This sector is of key importance in the country, as it comprises schools, hospitals and highways.⁸⁶
- In Peru, the pilot is called *MapaReconstrucción*. This platform will visualize the public reconstruction funds and projects financed through the newly-founded Authority for the Reconstruction (US\$6400 million), after the country suffered one of its worst natural disasters in Spring 2017, as a result of heavy rains and floods provoked by El Niño Costero.^{87, 88}

RECOMMENDATION #7

Develop a mechanism for private sector and inter-government coordination on regulatory cooperation projects that helps economies implement a shared set of Good Regulatory Practices (GRPs), to develop competitive economies and support participatory and transparent democracies.

Regulation plays an integral part in facilitating successful, sustainable business and government. However, regulators must manage the delicate balance between protecting multiple interests without impeding growth, a challenge made more difficult by the disruption to business models brought on by digital. The International Monetary Fund (IMF) highlights the positive effects of using restraint in regulation, stating that “the elimination of excessive regulation can both facilitate economic growth and impede corruption.”⁸⁹ Since regulators across borders have many common purposes (safeguarding public health, safety and environmental quality, protecting consumers, and facilitating well-functioning markets), unnecessary regulatory divergence can burden the economy and harm national competitiveness without providing additional protection. Historically, uncompetitive regulatory systems have also left openings for rule of law violations. Where this is the case, improved and simplified procedures, enhanced training, and cooperation among regulators can produce administrative efficiencies, improve transparency, enhance public health and safety, and increase economic prosperity and innovation. Benefits can accrue not just for businesses, but also for regulators, consumers, and governments. Commitment to a coordinated set of GRPs could support the goal of a more competitive and transparent economy.^v

Globally, the construction industry is forecasted to grow by over 70% by the year 2025 in order to keep up with the ever-increasing global demand for physical infrastructure.⁹⁰ Regulation is integral to both safe and reliable construction, and the financial success

of projects. Estimates show that regulatory delays can have a real impact on the bottom line of building projects, increasing costs by 5% in some cases, a reality that can also deter future investment in such projects.⁹¹ In order to support, not hinder, the forecasted growth of the construction industry (and other industries as well) in a safe and sustainable manner, GRPs are key.

Regulatory cooperation initiatives should begin with each participating government benchmarking its regulatory processes against international leading practices and encouraging public consultation before finalizing. Based on the benchmarking, high-priority projects can then be identified for implementation. The ABD recommends that regulatory processes should (i) be transparent to all affected parties, (ii) encourage public consultation and meaningful stakeholder engagement before finalization, (iii) provide advance notice prior to enactment, and (iv) be based on sound science and clear evidence. A list of 11 best practices for regulatory coherence is included in Figure 1.

^v Mechanisms to facilitate coordination in rule-making between the private and the public sector should also be considered. There is a connection between this topic and recommendations 3 and 7.

FIGURE 1: GOOD REGULATORY PRACTICES (GRPS)⁹²

The Following list of Good Regulatory Practices is derived from the US Chamber of Commerce's report "The Bridge to Cooperation: Good Regulatory Design."

1. Ensure transparency and stakeholder involvement in the development of regulations:
 - a) Produce regulatory forecasts.
 - b) Maintain a National Regulatory Register.
 - c) Provide advanced notice of proposed rule-making.
 - d) Provide opportunities for public comment.
 - e) Publish evidence or regulatory analysis which supports a draft rule.
 - f) Address and respond to stakeholder input.
 - g) Ensure a reasonable period for the entry into force of regulations.
2. Use valid, reliable data and sound science to guide the rule-making process.
3. Place risk assessment and risk management at the core of regulatory decision-making.
4. Conduct Regulatory Impact Assessments (RIAs) (pre- regulation implementation).
5. Assess a regulation's impact on market competition.
6. Assess a regulation's international impact.
7. Maximize the use of relevant international standards.
8. Leverage private sector conformity assessment mechanisms.
9. Enable stakeholders to request an independent judicial review of regulation.
10. Conduct ex-post assessments of a regulation's impact (post-regulation implementation).
11. Identify a central coordinating body which is able to ensure whole-of-government implementation of the above principles.



Commitment to a coordinated set of Good Regulatory Practices (GRPs) could support the goal of a more competitive and transparent economy.



ACTIONS

Leverage private sector expertise (especially technical data) to develop optimized regulatory processes. Work to engage the private sector early in the regulatory creation process, possibly through the formation of councils.

Develop technical guidelines for creating regulations with the objective of uniformity across participating authorities. International standards, guidelines and recommendations could be used by countries as a basis for these guidelines.

Benchmark existing regulatory processes against international leading practices for regulatory coherence (stakeholder involvement, risk assessment, RIAs, etc.)

Develop and implement a national action plan to address all the findings from the international leading practices benchmarking effort. (see figure 1).

Develop a range of tools, including education, training and exchanges among regulators, to overcome resource constraints and improve communication and trust among regional regulators.

Host dialogues, webinars or meetings among regulatory bodies and other government stakeholders on leading regulatory practices.

Work with regulators to identify common regulatory objectives and methods for ongoing coordination in pursuit of these common objectives, focusing on areas with high potential for cross-border regulatory cooperation.

Develop systems for information sharing (leading practices, trends, news and alerts, etc.) among regulators in multiple jurisdictions.



EXPECTED OUTCOMES

Private sector engagement in support of effective regulatory processes in the region.

Increased sharing of industry trends and leading practices to help inform modern regulations.

Consistency in regulatory processes throughout the region, in line with international standards.

The identification of areas of improvement for current regulatory processes.

Unified agreement and commitment to a national action plan(s) in support of regulatory leading practices.

Strategies to address resource constraints among regional regulators.

Strengthened trust and transparency through communication and partnership across regulatory bodies.

Increased awareness and promotion of good regulatory practices among regulatory bodies and government.

Partnerships amongst regulators and public/ private partnerships in pursuit of regional harmonization of regulation wherever possible.

Increased communication among regulators.

If information is shared across regulators in multiple jurisdictions, the private sector can boost transparency and create systems to combat corruption.

RECOMMENDATION #8

Develop a certification in best practices for issuance of permits and make it available via a Massively Open Online Course (MOOC) to any government and current or prospective public servant who wishes to qualify, coordinated by a public-private-m multilateral partnership.

Certifications are a proven mechanism to facilitate increased professional commitment to, and capacity for, a particular skill set. For example, the LEED (Leadership in Energy and Environmental Design) certification, designed to drive greater sustainability in the world's buildings, has become the most globally-used green building rating system, certifying an estimated 2.2 million square feet of buildings per day.⁹³ LEED provides requirements for builders to follow in order to "create healthy, highly-efficient, and cost-saving green buildings."⁹⁴ In like manner, a certification focused on governmental leading practices for permitting processes could drive more focus on transparency and anti-corruption in these processes and would be a valuable tool for governments, public servants, and students seeking to advance and standardize permitting skills.

The benefits of efficient permitting are not limited to the entity seeking a permit; rather, studies show that there is a gain to be had by all involved in the process. Efficient permitting leads to a 16.5% increase in property tax collection, benefiting the public sector. For construction spending, there is a 5.7% bump in spending when permitting is expedited, and a 0.6% increase in the rate of return on investment, benefiting stakeholders working and investing in the construction industry.⁹⁵ Developing a certification can help regulators across the region reach leading practice standards in permitting and help both the granters and recipients of permits reach their full economic potential.

Figure 2 provides a set of leading permitting practices that can serve as a starting point for developing the certification.

The development of a MOOC in leading permitting practices is a viable strategy to help ensure that the certification is implemented in a socially-inclusive manner (e.g. open/available to all). Studies have shown

that the MOOC can be a powerful tool, especially in the developing world. A recent study showed that 87% of users who completed a MOOC with the goal of improving their employment potential said that a career improvement was achieved thanks to the course.⁹⁶ Leveraging the power of the MOOC, a leading permitting practice certification can reach large audiences and support a universal improvement of permitting in the region.

FIGURE 2: LEADING PRACTICES IN THE ISSUANCE OF PERMITS

1. Rules are online and consistently applied.
2. Online tracking and renewal of permits is available.
3. Single Window for all agencies that applies to both submission and processing.
4. The option of licensed, independent inspectors.
5. No duplication, a unified process, and mutual recognition if multiple levels of government have a common requirement.
6. Requirements depend on activity risk classifications.
7. Mitigation requests are transparent and germane.
8. Training and certification is available for public servants.
9. An advocate is available to address bottlenecks.
10. Response deadlines with positive presumption, and interim feedback on errors to be corrected.



ACTIONS

To initiate the creation and adoption of a certification in permitting best practices, senior government leadership or a head of state requests the creation of a certification. As part of this initial request, a lead to serve as a point of contact (POC) for updates on the certification is to be identified.

Build on the draft best practices in permitting and working group structure on subnational regulation established by the Organization of American States (OAS) within the Red Inter-Americana de Competitividad (RIAC) to socialize draft permitting best practices to RIAC members, including interested governments. Using the existing public-private partnership (PPP) in support of this certification, solicit additional multilateral, public and private sources of expertise to socialize the certification and design training.

Using the PPP, combine private-sector and multilateral resources to fund technical assistance for governments/agencies in implementing the certification. This technical assistance will be provided by qualified partners with certified training expertise.

Technical assistance/implementation partners record all certification milestones via a reliable blockchain platform.

Create an ongoing mechanism for certification holders (e.g. leaders in permitting best practice) to provide feedback/iterative improvements to the certification and associated training. Conduct research comparing outcomes for people and geographies with and without the certification.

As the permitting certification becomes more established, consider expanding the certification to cover other regulatory areas (e.g. public contracting) that are also important for anticorruption and good governance.



EXPECTED OUTCOMES

Support from heads of state and/or senior government leadership for the creation of the certification.

Establishment of a POC to support interested governments with the early adoption of best practices while the voluntary certification is being socialized.

Cross-sector socialization best practices helps in the creation of a practical guide for how governments can generate job-creating improvements in permitting systems.

Creating a permitting certification will help motivate and recognize commitment to best practices in permitting by public service professionals and governments/agencies.

Inclusive access via online training available to all public service professionals and governments/agencies that may choose to pursue the voluntary certification.

Improvements in permitting processes due to increased access to permitting certification.

An opportunity for academic institutions and others with certified technical expertise to have access to PPP funds, in order to facilitate assistance for governments/agencies.

A consistent, sustainable and accessible record of professionals and governments/agencies that reach each certification milestone, maximizing the recognition and value of progress.

Emergence of success stories as a result of the certification.

Certification holders are empowered to improve future iterations of the certification program.

New data regarding the correlation between better permitting and social progress.

Proof of efficacy of the certification concept as applied to one regulatory area that is critical to anticorruption progress.

Future demand for more regulatory modules in a broader good governance certification.

DIGITIZING GROWTH



DIGITIZING GROWTH

RECOMMENDATION #9

Encourage acceptance of digital means of payment for the development of digital commerce and secure commitment to digitize public sector financial flows to increase transparency and inclusion.

LAC has seen some of the fastest growth of Internet adoption worldwide, particularly in mobile broadband. This increased access has driven up the number of people who make online purchases in LAC from 97 million in 2014, to 131 million in 2017, and is expected to grow to over 150 million by 2019.⁹⁷ Tapping into this growing market through a digital means of payment represents a significant opportunity to shift consumers from the informal to the formal economy, as well as for MSMEs. By some accounts, this opportunity is so significant that estimates show successful adoption of digital finance could spark 6% (US\$3.7 trillion) growth in the GDP of all emerging economies by 2025.⁹⁸



ACTIONS

Secure commitment from governments to digitize public sector financial flows (payroll, vendor payments, subsidies, social disbursements and collections).

Further, governments also have much to gain from increased digital payment adoption, potentially saving US\$110 billion per year from reduced leakage in public spending and tax collection.⁹⁹

Beyond economic growth, digitizing payments can help improve traceability of payments by creating a digital record¹⁰⁰ and increasing visibility between buyers and sellers.¹⁰¹ This can help curtail crime, tax evasion and avoidance, and money laundering, working to build greater trust between businesses and consumers.



EXPECTED OUTCOMES

More modern, efficient, and auditable processes for managing public resources.

Reduced opportunities for corruption, money laundering and fraud.

The expansion of formal and digital financial services to recipients/beneficiaries of these financial flows.

Improved tracking and understanding of where funds are going. This enables governments to make data-driven decisions on important things such as what subsidies require more/less attention, what regions are perhaps at higher risk, etc.

Increased security for governments and beneficiaries.



ACTIONS

Through a public/ private partnership, conduct a study on the successful methods and leading practices for the expansion of digital payments, including regulatory hurdles that prohibit its growth, the digitization of public payments, and methods to incentivize merchants to accept digital payments.

Assess national regulatory readiness to accept and encourage digital payments.

Specifically, target the business-to-business (B2B) segment, and explain the benefits of digital payments for their administration, cash handling costs, and employee theft prevention.

Hold a regional event to release the results of the study on digital payments (see action item 1) and discuss implementation strategies and partnerships in the region.

Foster digital awareness across all sectors (digital and non-digital alike) through strategies such as publishing articles highlighting the latest trends in digital projects and where digital is creating value in traditional sectors (e.g. farming solutions).

Create a sub-regional pilot to develop a plan for creating an enabling environment for digital payments; leverage the progress already made/currently in flight by governments in the region.

Meet with regional financial regulators to discuss the creation of a regulatory “sandbox” to leverage the FinTech revolution; leverage the progress already made/ currently in flight by governments in the region.



EXPECTED OUTCOMES

The creation of a baseline of methods and leading practices for implementing digital payments applicable to the region.

A resource for governments interested in understanding more about the value of digital payments and how to implement them.

Baseline information on which current regulations are/ are not supportive of digital payments.

An action plan to update regulations that are not conducive to digital payments.

Attendance from the public and private sectors.

The formation of partnerships in support of, and commitments to, digital payments.

Awareness that digital is not only for tech-related firms; it is for everyone.

Increased awareness of the value and applications of digital.

Increased access to formal financial services (bank accounts, credit, etc.) to underbanked populations.

Replicable implementation plans for digitizing a financial flow.

Sub-regional roadmaps for enabling digital payments.

The implementation of a regulatory “sandbox” to develop and test ways to regulate effectively in support of the FinTech revolution.

The harnessing of new and different ways via advancements in FinTech (mobile banking, blockchain, customer verification, etc.) to reach underbanked populations in a systemically safe manner.



ACTIONS

As a follow up to the release of the digital payments study, convene a regional roundtable with policy makers to discuss topics including:

- Implementation of digital payments following the study.
- Results and progress made in the region.
- Status of partnerships and opportunities for new partnerships.
- Cybersecurity implications of increased digital payments.

Build awareness in the SME community surrounding changing customer expectations and younger generation expectations of increased digital services. Also, build awareness of low-barrier digital payment solutions SMEs can start using with little investment (e.g. using mobile phones as mobile credit card receivers).

Conduct a study on the quality of Internet service and networks in LAC countries, especially in rural areas. The analysis should focus on data upload and download speeds.

Together with larger corporate firms, establish a platform that MSMEs can use to develop and pilot new digital solutions.

Enable international payments via electronic means. These mechanisms could help promote the development of MSMEs and their inclusion in e-commerce.
Where not already implemented, create roadmaps for implementing international digital payments.

Encourage countries to develop National ID systems to further enable digital financial flows.



EXPECTED OUTCOMES

Continued dialogue on the value of digital payments in the region.

Tracking and reporting of progress made on digital payment implementation.

Better preparation of MSMEs to meet changing customer expectations

Data on the quality of Internet service, indicating whether or not digital payments can be supported.

A model for partnerships between MSMEs, corporate firms and the government.

Increased MSME knowledge and digital capabilities.

Expansion of available markets as international e-commerce is enabled, helping increase economic growth in the region.

Increased ability for financial services firms to serve underbanked populations.

Reduced opportunities for money laundering and fraud.

Greater traceability of financial flows.

The enablement of the government to more effectively identify appropriate beneficiary recipients.

RECOMMENDATION #10

Incorporate high quality digital trade provisions in trade negotiations and regional integration processes to support the development of a sustainable digital economy in the region, including commitments to facilitate cross-border data flows and refrain from implementing data localization requirements.

The digital revolution is not only increasing productivity and economic growth, but also re-shaping trade patterns in the Americas as new economies of scale emerge. As a result, entrepreneurs and businesses are innovating and building new digital services and platforms in areas such as payments and shipping. Studies support this entrepreneurial effort, showing that barriers to trade across distance are 94% lower for technology-enabled marketplaces compared to traditional business models.¹⁰²

LAC businesses are working hard to claim their share of the international digital economy; an economy that is expected to reach approximately US\$1 trillion by 2020.¹⁰³ The region has an opportunity to capitalize on the trends and growth, starting with support to digital adoption in the region, fostering public/private sector partnerships in support of regional digital integration and prioritizing the development of a sustainable digital

economy as an ongoing and central component of trade negotiations.

LAC should facilitate increased digital trade by accelerating capacity building, encouraging implementation of robust, interoperable, and nondiscriminatory e-commerce-related policies at national level, and by calling for a WTO negotiation mandate on digital trade. LAC should address emerging barriers to the digital economy by supporting measures in trade agreements and other international instruments. The region can also address these barriers by developing non-discriminatory national frameworks, fostering the development of competitive digital providers in the region, enabling cross border data flows, prohibiting forced data localization requirements, providing consistent intermediary liability protections, fostering balanced national rules (i.e. copyright, among others), and addressing specific challenges for MSMEs.





ACTIONS



EXPECTED OUTCOMES

Develop a strategy to coordinate with key international organizations and global alliances (Mercosur, Andean Community, Pacific Alliance, APEC etc.) in the region to incorporate the high-quality digital trade provisions in current and future trade negotiations.

Awareness among key alliances in the region of the goal to incorporate digital trade provisions in trade negotiations.

Increased partnership/coordination in pursuit of digital trade amongst key alliances.

Knowledge of how each global alliance would like to address digital trade.

Provide training in the latest trends on how the use of technology is increasing trade. Facilitate experience exchanges between countries, starting with those with similar clauses in bilateral/regional agreements/treaties.

Improved understanding among public policymakers of the importance of digital trade when designing future trade agreements (e.g. additional trade clauses).

Implement national frameworks and cooperation mechanisms aligned with international best practices to combat global cyber threats and keep pace with the evolution of threats.

Increased awareness of the impact of cybersecurity on the global digital economy.

Increased information exchanges in national and regional computer emergency response teams (CERTS) and computer security incident response teams (CSIRTS).

Enhanced understanding of cooperation mechanisms to combat cyber-threats including with the private sector.

Improved capacity to address cyber-attacks.

Support the development of national and regional digital strategies, aligned with international best practices, to grow and develop economies in a sustainable way and combat global cyber threatsgrow and develop economies in a sustainable way and combat global cyber threats.

A whole-of-government approach to creating an effective digital strategy that will promote economic growth, sustainable development and enhanced engagement in the global economy.



ACTIONS

Develop a regional study on cross-border data flows (covering sectors and agencies) understanding the importance its legitimate use has in the digital economy, the potential restraints that national rules may be imposing, (i.e. data localization requirements, among others), and the need to adapt national frameworks to foster investment and innovation in LAC countries.

Encourage and incentivize businesses to offer services across regional or national boundaries using digital means.

Foster and support new connections of local markets to digital services from abroad, including by avoiding onerous and inappropriate regulations.

Promote the participation of all countries in the hemisphere in the World Trade Organization's Work Program on Electronic Commerce.

Promote the digitalization of business models, manufacturing and providing services process to improve competitiveness of the private providers established in LAC countries.

Develop initiatives illuminating how IT modernization allows the public sector to leverage critical data analytics, process, and security capabilities for innovation, to foster digital and data exchange, and to encourage economic competitiveness.

Promote an interoperable model of personal data protection in the region, beginning with a regional study to provide foundational knowledge for policy makers on cross-sector data protection mechanisms that allow for legitimate usage, including the analysis of applicable national laws.



EXPECTED OUTCOMES

A resource for policy makers to enhance their knowledge of how critical cross-border data flows are to the success of the digital economy, as well as how data localization requirements undermine economic growth benefits of the digital economy.

A resource to understand potential restraints to cross-border data flows being imposed by national laws and ways to develop non-discriminatory national frameworks to facilitate digital trade, as well as related enforcement measures.

Increased economic growth.

Access to new markets.

Increased innovation and adoption of digital.

Greater digital resources that enterprises and consumers can leverage to support growth and adoption locally.

Increased opportunity for governments from across the region to understand and advance global trends in electronic commerce.

Increase in productivity and competitiveness of the local manufacturing and service providing industries.

Improved public sector and economic capabilities around information technology and data exchange to increase opportunity for economic activity in the digital space.

Protected capacity for growth and expansion of current and future digital services.

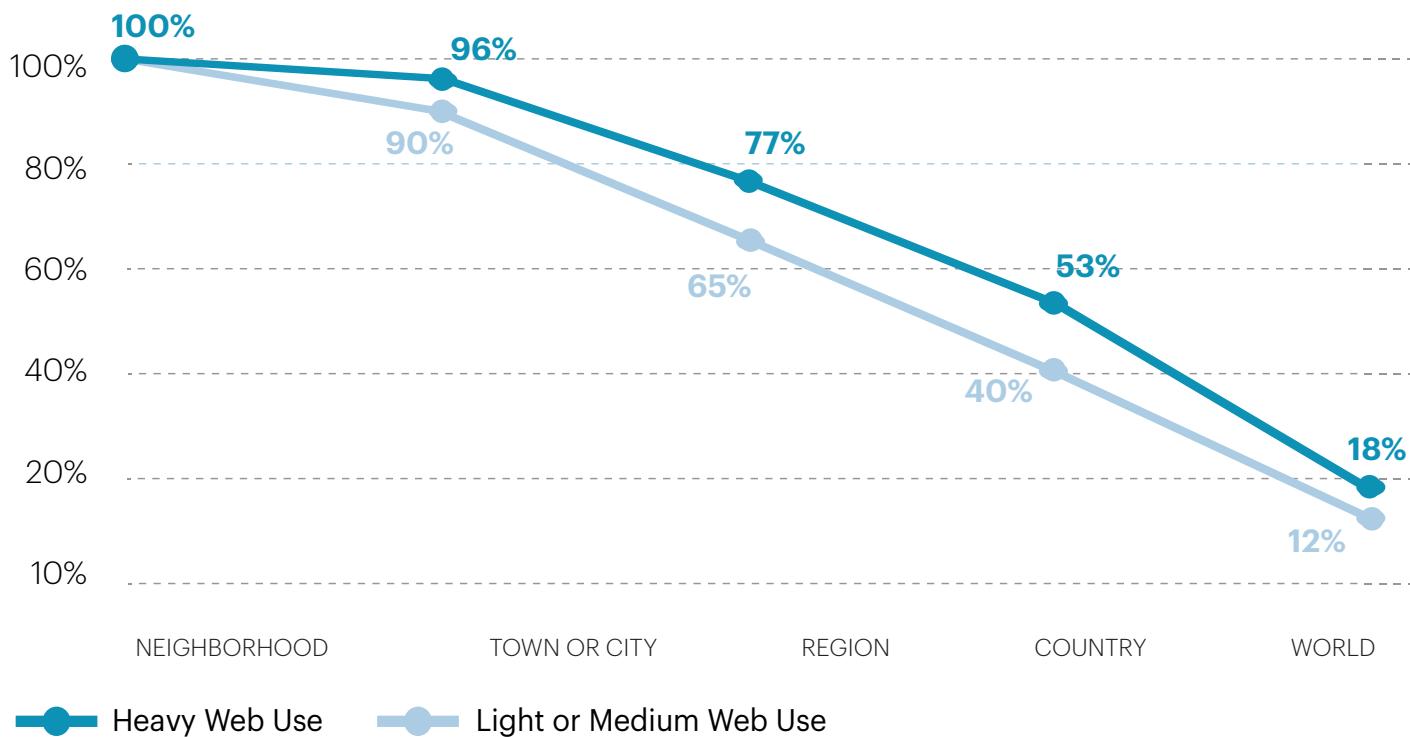
RECOMMENDATION #11

Expand the number of MSMEs from across the Hemisphere that are participating in e-commerce and using digital technology to improve their business.

Digital adoption and connection is growing in the region's business world, however not at equal rates. For example, 77% of large businesses in the region report having a website, while only 32% of small businesses do.¹⁰⁴ Developing digital operating capabilities in concepts such as online selling and email communication with customers, as well as building more advanced digital skills to take advantage of the latest industry trends as they evolve (such as Internet of Things, 3D printing, etc.),¹⁰⁵ is vital for the next generation of MSMEs to facilitate participation

in the global marketplace through e-commerce. Supporting growth in this area presents an opportunity for governments, national trade associations and other non-governmental organizations to offer training to MSMEs on how to best maximize e-commerce opportunities. Internet regulation and regulatory harmonization are also important to the success of MSMEs. For example, new regulations for the digital world should include balanced legal frameworks to address the liability of Internet intermediaries as a way to encourage MSMEs to adopt digital business practices.

SMALL AND MEDIUM ENTERPRISES' SALES REACH BY MARKET, BY LEVEL OF WEB USE



Source: Suominen, K. Late. (2017). Accelerating digital trade in Latin America and the Caribbean. Retrieved from http://late.online/en/wp-content/uploads/2017/03/Late_Study_Full_ENG.pdf



ACTIONS



EXPECTED OUTCOMES

Identify national trade associations to conduct training to educate MSMEs on the importance of an online presence to maximize business and e-commerce opportunities, highlighting the ways in which technology can make work processes more efficient.

Involve national partners to champion the initiative.

Promote understanding of the forces that can inhibit the growth of e-commerce (lengthy/complex customs processes, digital payment options, etc.)

Leverage the local knowledge and expertise of national partners to help generate the network of MSMEs that will be trained and ultimately, lay the foundation for the next generation of digitally-aware MSMEs.

Provide training and engagement programs for MSMEs on the productive use and value of Information and Communications Technology (ICT) for business.

Grow access to new markets for MSMEs.

Increase the usage of digital sales platforms and services.

Promote cost reduction and reduce entry barriers for hardware and software to support MSMEs in incorporating technology into their business models.

Enhance economic growth.

Access to new markets.

Increase innovation and engagement in e-commerce.

Develop indicators to monitor the advancement of ICT use for MSMEs.

Increase in MSME ICT uptake in business processes, particularly in e-commerce and communications activities in the supply chain.

Develop public and private partnerships to expand ICT adoption for MSMEs.

Increase the number of MSMEs adopting digital technologies.

Provide greater incentives for technological adoption

Develop centers of expertise in areas of digital competency—including topics like cybersecurity, Internet of Things (IoT), Artificial Intelligence (AI), or cloud computing.

Enable monitoring and evaluation mechanisms for tracking the adoption/use of ICT throughout the MSME sector in the region.

Develop public and private partnerships to expand ICT adoption for MSMEs.

Increase the awareness surrounding ICTs and the impact on MSME productivity in the public sector and among entrepreneurs.

Develop centers of expertise in areas of digital competency—including topics like cybersecurity, Internet of Things (IoT), Artificial Intelligence (AI), or cloud computing.

Increase exposure and opportunities to develop skills to meet market/job demand.

Promote the LAC region as a competitive arena for talent focused on innovative technologies.

RECOMMENDATION #12

Develop an agenda to promote connectivity and prepare the region for 5G.

LAC has an opportunity to make significant progress in both connecting a greater number of people, and implementing 5G (and future mobile networks) throughout the region. To further enable such change, it is important to proactively address spectrum management (e.g. the enabling environment for electronic communication). Specifically, each portion of the spectrum is attributed to different services and subsequently to different carriers for individual use and the prevention of signal interference. The spectrum is limited and therefore as data demands increase, so too does the need for more effective spectrum management to ensure equal access. As the region looks to expand access and implement 5G, the underlying design and technology will need to be carefully considered. In addition, there is a need to evaluate the opportunities for the development of a secondary spectrum market to address inefficiencies and spur innovation and usage.

RECOMMENDATION #13

Secure private sector participation at regional gatherings of financial market regulators to encourage greater collaboration between financial market regulators and the private sector. The initial focus of this collaboration should be on capacity building in FinTech, cybersecurity and anti-money laundering.

There is potential to create a more robust mechanism for coordination between regulators and financial system actors in the Americas to increase the competitiveness and attractiveness of the region on a global scale. For instance, the United Kingdom has established the first “FinTech Bridges” with Singapore to collaborate on Fintech developments in their respective markets, and to help local FinTechs scale internationally.¹⁰⁶ The bilateral agreement includes the signing of a regulatory cooperation agreement between the Financial Conduct Authority (FCA) and the Monetary Authority of Singapore (MAS).¹⁰⁷



**TRADING FOR
TOMORROW**



TRADING FOR TOMORROW

RECOMMENDATION #14

Develop multimodal, interconnected infrastructure and logistics, including coordinated border management, to support efficient, low-cost transportation of goods throughout the supply chain.

As the Americas seek to build a foundation for future economic growth, it is important to increase the efficiency and level of service in transportation to and from production, manufacturing, assembly and storage facilities, as well as to consider the connectivity between terminals located toward the interior of the country, Logistic Activity Areas and export-import import nodes such as ports. As noted by the IDB, urban transportation is a fundamental pillar for accessibility, social inclusion, environmental sustainability and safe, efficient mobility in cities.¹⁰⁸ Improvements in infrastructure aimed at achieving low-cost, efficient transportation, help to facilitate the local and international movement of people, goods and services, and can offer significant benefits for sections of the population with the most to gain from such improvements. In the case of Chile and Peru, the IDB estimates that for rural populations, a mere 1% reduction in transportation costs has the potential to facilitate an export increase of 4-5%.¹⁰⁹ For a rural enterprise, this means a 4-5% increase in access to new and/or different markets, leading to an expansion and diversification of revenue sources.

Modernizing border crossings is also key to improving national and regional competitiveness as well as security in the Hemisphere. Crossing goods through customs in the Americas often becomes a slow and costly process. Poor infrastructure and cumbersome processes are pervasive. Promoting the concept of “coordinated border management” (CBM, a collection of international best practices to streamline border procedures) thus becomes an urgent matter. An adequate implementation of CBM can achieve time and cost reductions of important magnitude (up to 90% in some cases) in the clearance

of goods and persons through border crossings, without compromising (even improving) the efficiency and effectiveness of official controls.

RECOMMENDATION #15

Develop and implement land management and usage strategies in cities to improve the efficient flow of passengers and cargo.

It is important to consider the development of multimodal systems that respond to current and future needs and efficiently connect urban and rural nodes with fluvial, rail and transport terminals, airports, and ports, with social inclusion in mind. Action could begin with identifying key demographic and land use studies (access roads, public services, property charges, reduction of speculation on urban land) to inform the development of intermodal transportation systems that respond to current and future needs. As an example, the IDB’s Urban Dashboard¹¹⁰ could be used as a baseline for strategic planning around zoning norms and laws, and regulations, among other factors. One benefit of such a dashboard is that it allows the exploration and comparison of over 150 quantitative indicators, public opinion surveys, and interactive maps of mid-sized cities across LAC to inform the development of targeted strategies.

RECOMMENDATION #16

Develop risk profiles for all infrastructure projects (ongoing and potential) that include strategies for how to mitigate identified obstacles.

The scale, duration and complexity of national infrastructure work exposes these projects to a wide

range of risks—technical, operational, financial, legal, political, social and environmental. As such, if not properly identified, assessed, allocated and mitigated, these risks can create considerable negative impacts and costs throughout the project lifecycle. Estimates show that in a five-year period (starting in 2013), the pipeline of large-

scale infrastructure projects globally may experience over US\$1.5 trillion in direct value losses due to undermanaged risk.¹¹¹ As such, actively managed project risk profiles are essential to proactively flagging and mitigating infrastructure project risks and impacts.



ACTIONS

Develop a study of global leading practices in risk management for the development of infrastructure with the objective of creating a centralized listing of risk management and mitigation best practices.

Host a regional forum (including members of both the public and private sector) during which the results of the study are released. This forum should be developed through existing mechanisms.

From the leading risk management processes, identify those that are essential to implement and develop a roadmap for their methodological application based on the current grouping of in-flight and potential infrastructure projects.

Develop guidance and best practices for managing risk accountability.

Track infrastructure project improvements over time with a focus on risk management.



EXPECTED OUTCOMES

A baseline of risk models for the development of infrastructure with country-specific data.

A reference point for infrastructure project managers seeking to improve risk management practices.

Disseminate the best practices relevant to the region for managing infrastructure risk via dialogue.

The formation of partnerships in support of implementing strong risk management practices in current and potential infrastructure projects.

An implementation plan for improved risk management that addresses the most critical (meeting an urgent need, high-value project, etc.) projects first.

Improved risk management on projects selected for initial implementation.

A reference/guide for infrastructure project managers to use when assigning risk ownership.

Increased accountability for key infrastructure project risks.

Increased leadership support to resolve and address dangerous risks.

Use risk management improvements, as a framework for attracting investments in infrastructure.

RECOMMENDATION #17

Create a regional infrastructure hub for the development and implementation of feasible projects, while promoting best practices for increasing transparency in the infrastructure sector. Through this facility, enable innovative mechanisms to stimulate infrastructure financing, with a focus on PPPs that generate incremental value for the investment.

Simply put, infrastructure helps enable growth. However, studies estimate that LAC must invest approximately 5% of its GDP, or an additional US\$150 billion per year, over the next 20–30 years to close the infrastructure gap.¹¹² This already daunting challenge has been further complicated by corruption scandals in the infrastructure sector. Innovative financing mechanisms leveraging capital markets, proper management of risk (e.g. social, environmental, etc.), and clear rules and processes are needed to attract private investment in infrastructure and overcome the obstacles that have dampened investor appetite.

An essential step is to have a pipeline of feasible, technically-researched projects. A regional infrastructure hub can serve as a central repository and incubator for potential projects in the region. The initial

goals of the facility would be to apply best practices to infrastructure project development in order to identify early viability and determine which projects would be the most impactful; this could maximize the scope of PPPs and take advantage of the efficiency of the private sector. The hub would also serve to convene relevant public and private stakeholders and serve as a virtual deal team. Finally, the hub would seek to strengthen investor appetite through the use of transparent processes and the creation of principles for infrastructure due diligence and project development. With an inventory of potential infrastructure projects and a foundation for their development, the hub would be contributing to a more attractive and secure investment environment for the private sector—all of which would position the region to fully capitalize on growth opportunities.

This recommendation supports the following key policy objectives:

- Ensure projects are properly vetted and viable
- Promote legal certainty and define clear rules
- Help investors analyze the attributes of infrastructure projects in ways comparable to other asset classes competing for capital



ACTIONS

Finalize the creation and promotion of a regional infrastructure project development facility with organizations like the IDB.

Convene local, regional, and potentially global stakeholders to establish a set of principles for infrastructure project development and due diligence.



EXPECTED OUTCOMES

Resources (funding, logistical and leadership support) to stimulate infrastructure projects and attract private investment.

The commitment of funding resources.

The establishment and adoption of principles and processes that can help reduce the risk of corruption in infrastructure projects.



ACTIONS

Circulate and socialize principles for infrastructure due diligence throughout the region, leveraging existing forums at the regional and national levels where possible. Ensure that these due diligence principles cover the management of infrastructure projects on an ongoing basis after the initial funding phases.

Initiate multi-stakeholder (multilateral development banks, financial institutions, institutional investors, ratings agencies) dialogue with rating agencies on the topic of infrastructure as an asset class.



EXPECTED OUTCOMES

Universal awareness and support of the infrastructure principles.

The creation of partnerships and an implementation strategy in support of the principles.

Support for efforts to develop infrastructure as an asset class, which could expand the pool of investors willing to take on the risk of infrastructure projects.

RECOMMENDATION #18

Ensure full government support to successfully undertake environmental license and community consultation processes to ensure the development of infrastructure works that adjust to local contexts and are backed by the rule of law.

Infrastructure projects may carry significant impacts on the environment and citizens' quality of life. This is especially the case when projects are poorly-designed and fail to take into account stakeholders' needs and views, the potential effects of climate change, and/or potential impacts on natural ecosystems. Furthermore, neglecting environmental risks around the project and the concerns of the affected populations and stakeholders can lead to tensions, often aggravated by a lack of communication and trust—which can ultimately cause delays, cost overruns, and even project termination. It is thus necessary to review, adapt and enforce local laws to properly address the socio-environmental issues relevant to every infrastructure project, formalize mechanisms for citizen consultation, design systems for better distribution of project benefits, and strengthen project planning processes.¹¹³

RECOMMENDATION #19

Promote the use of the SOURCE tool on all future infrastructure projects to improve project preparation, manage risks and facilitate additional funding opportunities.

Officially launched globally in 2016, SOURCE is the result of a global partnership among 10 multilateral development banks (MDBs) to address the global infrastructure gap and to advance the UN sustainable development agenda.¹¹⁴ SOURCE is a project management tool for national and sub-national governments to centralize relevant information across an infrastructure project lifecycle. SOURCE provides a digital solution for use throughout the duration of an infrastructure project “including the preparation, procurement, development and operating phases,” by fostering transparency and collaboration through real-time collection, monitoring, analysis, and sharing of data among all project stakeholders.¹¹⁵ Available in 10 languages, SOURCE also serves as a global knowledge platform to provide ongoing integration of leading practices from leading public and private infrastructure experts. As of mid-2017, SOURCE has helped pave the way for 154 infrastructure projects valued at more than US\$30 billion, and includes 1,100 users across 42 governments.¹¹⁶



ACTIONS

Identify a SOURCE champion within the offices tasked with infrastructure development.

Identify 2-3 new infrastructure projects that could be uploaded into SOURCE as a pilot.

Work with SOURCE leadership to develop a training program targeted at a select group of leaders with the potential to benefit from using SOURCE.

Share experiences on the SOURCE pilot with other in-flight and future infrastructure project teams.



EXPECTED OUTCOMES

The creation of a single point of contact responsible for SOURCE use in infrastructure projects.

The empowerment of this individual to build a coalition in support of SOURCE adoption

A pipeline of well-prepared projects to serve as the pilot for SOURCE implementation and potential scaling up.

Enhanced knowledge of the SOURCE tool for key leaders.

The enablement of these leaders to disseminate SOURCE information and skills to team members.

Heightened interest in SOURCE adoption.

Increased use of SOURCE by project owners and managers, building a critical mass of information on infrastructure projects

RECOMMENDATION #20

Advance strategically in the implementation of state-of-the-art and interoperable Single Windows.

Companies that endeavor to trade across borders, both in the developing and developed world, are faced with a great deal of regulation that requires the completion and filing of paperwork with various government agencies. The amount of work it takes to maintain compliance can be quite high, at times reaching “40 documents involving 200 data fields, some 60-70% of which have to be re-keyed more than once.”¹¹⁷ The cost of this administrative activity in order to maintain compliance with trade regulatory requirements can total 3.5-7% of the value of the product itself, even reaching 10-15% of the product value if there are errors when completing or filing the requisite paperwork.¹¹⁸ This estimate of the time and cost associated with regulatory compliance in international trade presents a strong case for trade improvement in the region. Advancements in Single Windows are an essential part of this strategy.

Single Windows serve as a singular, digital entry point for

export, import, and transit transactions. Electronic Single Windows reduce the time and costs associated with the exchange of information, completion of documentation and issuance of permits,¹¹⁹ among other activities. Single Windows also facilitate the exchange of data between governments and users, while enhancing the accuracy of information and security operations.

Reducing the time and costs for import, export and transit transactions has significant implications for businesses in the Americas, with the potential to open up new and increased access to the global economy. Using the United States as an example, for each additional day it takes a manufactured item to arrive, the enterprises in the US are 1.5% less likely to source an item from that particular location.¹²⁰ Thus, in the Americas, implementing Single Windows and streamlining trade processes can increase the chances of enterprises of all sizes gaining greater access to the global economy.



CASE STUDY: Pacific Alliance Single Window

Pacific Alliance (PA) member countries (Chile, Peru, Colombia and Mexico) have not only developed national Foreign Trade Single Windows (VUCE), but with the support of the IDB, are advancing the interoperability of these windows with the objective of facilitating the real-time electronic exchange of foreign trade transaction information. Specifically, in 2016, the four PA member countries achieved the interoperability of phytosanitary certificates into their VUCE and in 2017, extended this to include the interoperability of certificates of origin. It is anticipated that in 2018, the interoperability of customs documents will also be incorporated, and that progress will be made towards eliminating paper, an important step for the total interoperability of the VUCE in the PA. It is estimated that this will generate significant savings in foreign trade (time and costs) for member countries.



CASE STUDY: Singapore's Single Window

Singapore's next generation of Single Window incorporates 35 government agencies in the National Trade Platform (NTP). NTP is a one-stop next-generation trade information management platform that will replace the current systems for permit declaration and the exchange of trade and logistics information among private companies and the government. The NTP project engaged a diverse group of stakeholders "ranging from traders and declaring agents to developers, solution providers and government agencies" to gather insights and develop a platform for differing roles within the trade ecosystem.¹²¹ The Singaporean government estimates that the platform will cost US\$75 million, while it could bring an estimated US\$450 million worth of man-hour savings each year for the region's firms.¹²²

NTP aims to improve business productivity through:

1. A suite of built-in services such as integrated IT applications to enhance ICT capabilities and data analytics for better managing the supply chain.
2. The exchange of electronic information globally for B2B and B2G (business to government).
3. An open innovation platform to facilitate the development of new services and applications by third party solution providers or IT developers based on market needs.¹²³

In addition, the NTP tool offers a cloud-based company dashboard that provides an end-to-end view of pertinent company details such as outstanding tasks and application status. This information and supporting documentation can then be shared among partners and with government, streamlining processes and information, as well as saving time.¹²⁴



ACTIONS

Partner with PROCOMEX^{vi} to support their management group comprised of public and private representatives to work on process mapping and reengineering of Single Window connectivity within the region for imports and exports.

- Private sector role: Participate in PROCOMEX projects to identify customs best practices using the PROCOMEX model. Provide experts to help work on mapping “as-is” and “to-be” customs process maps.
- Public sector role: Participate in the working group with the commitment of reporting progress and best practices.

Document and share regional best practices resulting from PROCOMEX projects in Brazil.

Identify a prioritized list of Single Window implementation projects in different geographic locations or by global alliances (Central America, Pacific Alliance, Mercosur, etc.). Use leading practices in other regions, including consideration of other intra-government and PPPs such as the US Government’s Border Inter-Agency Council (BIEC) and the US Commercial Customs Advisory Committee (COAC).



EXPECTED OUTCOMES

The formation of an ABD and PROCOMEX partnership, expanding the support network for in-flight PROCOMEX projects.

Completion of the Chile, Uruguay, Paraguay PROCOMEX project to map and automate international trade processes and MSME support (kicking off October 2017, 26-month duration).

Completion of the Argentina/Brazil PROMOMEX project to map trade processes and reduce costs and time in trade between the two countries (kicking off November 2017, 12-month duration).

Regional leading practice quick reference documentation that is available for countries interested in improving customs efficiency, including a sample timeline.

Additional interest/appetite for future customs efficiency implementation projects.

A strategic plan to increase customs efficiency and access to trade throughout the region.

Support from local country governments to implement Single Window projects, with participation from all pertinent government agencies.

Strong public/private partnership to implement Single Window initiatives.

A reduction in the cost to trade in the region.

Increased productivity in the region.

Increased access to trade for MSMEs.

^{vi}PROCOMEX is an example of an institute working collaboratively with governments in the region to modernize customs processes, including work on Single Windows. PROCOMEX works to bring together the public and private sectors in analysis of current trade processes and in the development of solutions to enhance the efficiency of trade in the region. The suggested action plan for this recommendation highlights possible ways to work with PROCOMEX.

RECOMMENDATION #21

Strengthen the Authorized Economic Operator (AEO) program and implement automated risk management systems to promote a “secure logistics chain for the Americas.”

A stronger AEO operation in the region, one that encourages mutual recognition agreements between customs agencies and a joint risk management pilot, could lead to lower-risk, streamlined inspections, ultimately lowering costs for the producer and supporting a secure supply chain in the region. However, a strong AEO operation is not a simple thing to achieve as AEO status requires application, satisfaction of rigorous compliance standards, and ongoing, proven adherence to these standards. Both the application process and the ongoing maintenance of the status can be costly. Currently, there are nearly 70 AEO programs globally. Of those, 13 are located in Latin America.¹²⁵

The ABD proposes a two-part pilot project in support of this recommendation. First, a pilot initiative between two AEOs in different countries in the region to explore ways of strengthening the AEO supply chain regionally. Second, a risk management pilot initiative with different customs entities in the region to help identify best practices and leverage WCO (World Customs Organization) and TFA best practices.



PILOT PROJECT: Risk Management, AEOs and a Secure Supply Chain in the Americas

Objective: Increase the competitiveness of the LAC region through identifying and implementing risk management and pre-arrival processing TFA principles, thereby demonstrating the value of AEO programs and a secure, efficient supply chain in the region.

Process:

Pilot Part 1: A participating AEO company partners with customs authorities in different countries to test the automation of risk management principles and pre-arrival processing. The public and private sector will partner to test and record the results for a period of time in order to show the benefits of automation and risk management for the customs authorities, as well as the benefits to overall commerce in the region.

Pilot Part 2: In the participating country, select an industry (textiles, etc.) and identify leading practices that show how public/private partnerships can be used in support of risk management and advance information.

Time frame: 18 months

Final product: Leading practice implementation guides for risk management and pre-arrival processing that can be utilized throughout the region. These leading practices will help the region meet the collective goal of demonstrating secure supply chains.

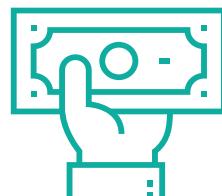
RECOMMENDATION #22

Implement trade facilitation measures to foster MSME growth through participation in international trade, including streamlining procedures to expedite low-value shipments.

MSMEs can now reach virtually any consumer in the world and yet frequently face complex border procedures in addition to high costs for clearance and shipping. As employers of 67% of the employees in the region,¹²⁶ MSMEs are a group with significant potential to contribute to overall economic growth.

Simplifying cross-border trade for MSMEs holds significant potential to increase intra-regional and inter-regional trade for the region and boost economic growth. To harness this potential and allow for faster growth of MSMEs, countries should consider adopting measures to streamline customs procedures for low-value shipments. These measures include thresholds established for simplified customs processing and identifying other policies that reflect the changing needs of the consumers in the region.

As access to the digital economy is such a pivotal part of the strategy to support MSME growth, action for this recommendation could begin with a regional study examining the use of e-commerce throughout the region. Among other things, this study could identify gaps in e-commerce adoption in the region and key areas for improvement to create a better environment for digital trade.



As employers of 67% of the employees in the region, MSMEs are a group with significant potential to contribute to overall economic growth.

RECOMMENDATION #23

Facilitate the implementation and increase the use of advance rulings in the region.

In a recent study on the impact of trade facilitation actions on costs, advance rulings systems were identified as the trade facilitation activity with the most impact. Advance rulings alone can reduce trade costs by an estimated 5.4%.¹²⁷ The ABD suggests the following pilot program in pursuit of this recommendation.



PILOT PROJECT: Effective Advanced Ruling System in Colombia

(Under the guidance of the Global Alliance for Trade Facilitation)

Objective: Improve the efficacy of issuing advance rulings, and replicate that methodology in other countries, beginning with those in the Pacific Alliance that have similar processes. The pilot project seeks to establish and operationalize the Center for Trade Facilitation and Good Practices, which deals with advance rulings in the automotive sector. The goal of the center will be to increase coordination and trust among government agencies and the private sector and reduce wait times at the border in Colombia. Note that while this pilot project is described in the context of the automotive sector in Colombia, it can be replicated across the region in different sectors.

Process: Develop a five-phase program to support Colombia in implementing an effective and consistent process to issue advanced rulings in general. The project will be carried out in partnership with DIAN (customs) and ANDI (Colombian industrial guild), with an original focus on the automotive sector. It is sponsored by the Colombian Ministry of Tourism and Trade.

Time frame: 24 months.

Short-term actions: Ensure there is a formal mechanism for user feedback to help implement and monitor the functioning of advance rulings. Establishment of round table discussions with the private sector and the government to determine requirements and focal areas.

Private sector role: Contribute information regarding industry-specific and leading practices for the issuance of advance rulings that help provide certainty and transparency.

Government sector role: Sponsor the project, bring key government actors to the table, sponsor meetings, and commit to implementing the initiative through participation in training and devoting key resources, whether human and/or automated.

Final product: A manual of leading practices for the effective implementation of an advanced ruling system, including the establishment of a group of experts within Colombian Customs to issue advance rulings.

RECOMMENDATION #24

Provide training to MSMEs to support participation in international trade.

MSMEs often lack the knowledge and means to comply with international trade laws and regulations. Simple training on the basics of customs documentation and procedures can help MSMEs gain the confidence to engage in international trade. The ABD suggests the following pilot program in pursuit of this recommendation.



PILOT PROJECT: Diploma in Logistics and International Trade

(Under the auspices of ConnectAmericas)

Objective: SIECA/DHL partner will provide training to MSMEs in order to certify them in logistics and international trade. The goal is to replicate the model in other countries.

Process: Over the course of 3-4 half-day training sessions for the MSMEs, cover the basic laws of international trade and local customs and logistics. Upon successful course completion, each participant receives a diploma showing their participation in the course.

Time frame: 6-24 months.

Short-term actions: Determine the partner government agencies for deployment, MSME participants, and additional private sector companies to be involved in amending the SIECA training model to align with local laws and regulations, as well as who will impart the training.

Private sector role: Develop and deliver the training. Work with the relevant country to determine and invite MSME participation.

Public sector role: Designate a sponsoring government agency, determine a list of MSMEs and support the project with an invitation to the training and provision of a training venue.

Mid-term actions (12-24 months): After a six-month preparation phase, impart training in at least four countries outside of Central America.

Final product: A replicable training model to be used in public/private partnerships throughout the region.

**POWERING
DEVELOPMENT**



POWERING DEVELOPMENT

RECOMMENDATION #25

Facilitate improvements in the efficiency, cost, reliability and emissions of electricity production through the physical and regulatory integration of regional markets; enabling the efficient purchase and sale of electricity; and utilizing market-friendly regulations that improve access to renewable energy and natural gas.

Some countries in LAC, particularly in Central America and the Caribbean, continue to face energy deficits and must rely on expensive, less environmentally-friendly sources of energy. For these countries, having greater access to cleaner, affordable energy has the potential to lower costs for businesses and the region's inhabitants as well as generating higher levels of productivity and economic competitiveness. The Nord Pool is an international power trading market initially comprised of Norway, Sweden and Finland, and since 2010-2013, including Estonia, Latvia and Lithuania.¹²⁸ Its governance and functioning highlight the value of integrating regional markets for energy trading purposes and further enabling the use of green energy. Without the regional integration, each member country of the Nord Pool would need to double its power generation reserves.

In the region, the Central American Electrical Interconnection System or "SIEPAC" is an example of energy market integration among the countries of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. Based on the design (organizational, normative and regulatory) of a regional electricity market and updated feasibility studies on the required infrastructure, the SIEPAC project was enabled by financing from the international community (primarily the IDB). During the period 1975-2015, the installed capacity generation of the region increased 9x and energy generation 7.5x, while electricity service coverage in the region during the same period increased from 40% (1975) to 92% (2015)

of the population.¹²⁹ A 2017 IDB evaluation of different scenarios/simulations surmised that at the highest level of integration and regional transmission capacity, SIEPAC's expected direct economic benefits could amount to US\$1.4 billion in investment savings, while regional exchanges of energy could reach 11,700 Gigawatt Hours (GWh) in 2025, or approximately 15% of the region's annual electricity demand.¹³⁰ Overall, the net benefit of SIEPAC increases in proportion to the degree of integration.

According to a recent IDB study, over the next dozen years, increasing renewable energy while connecting transmission lines between countries would save US\$30 billion compared to the current trajectory. This savings is derived from renewables, which have zero fuel cost and the extension of power lines, which is cheaper than building new power plants.¹³¹

RECOMMENDATION #26

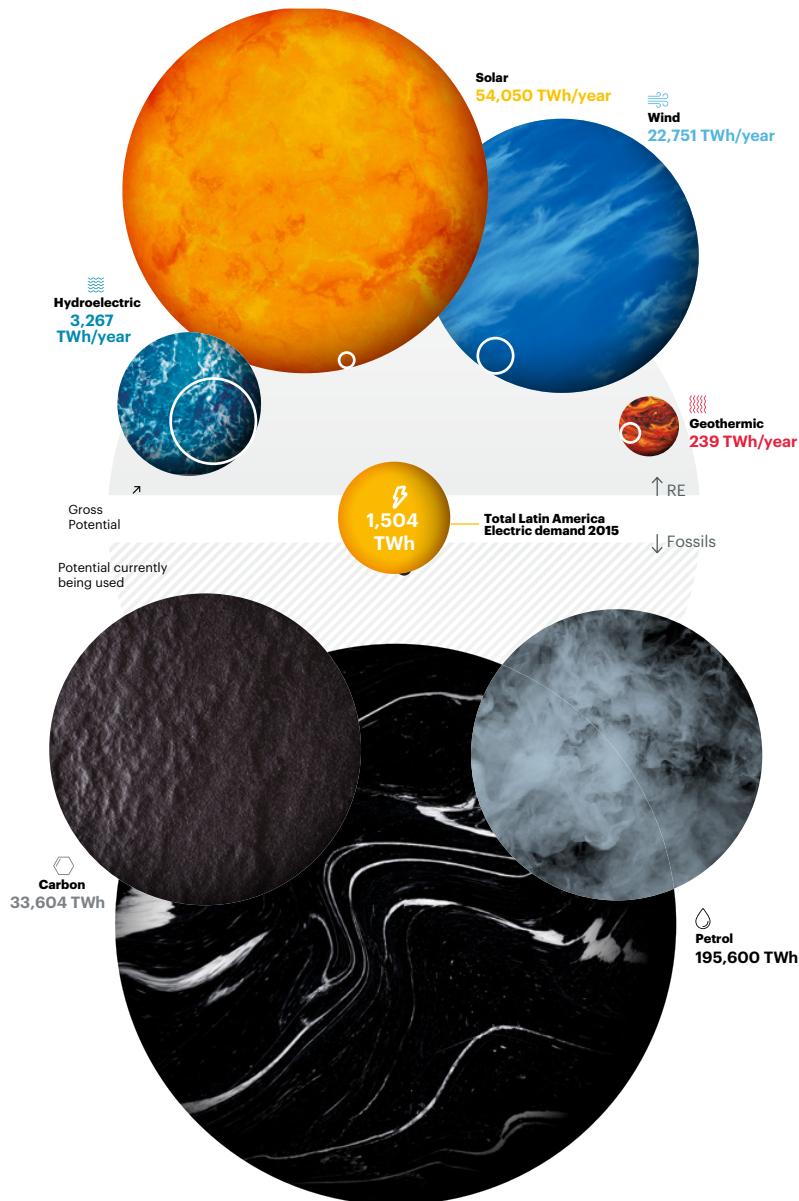
Maintain LAC's status as one of the greenest regions in the world through continued investment in harnessing the potential of renewable energy and diversifying the region's energy portfolio.

The region is already a leader in renewable energy consumption. The generation of renewable energy covered 64.3% of total demand for the region in 2016.¹³² The benefits of renewable energy are numerous and include the reduction of greenhouse emissions, protection of countries from fuel price volatility, and a decrease in pressure on the balance of payments for countries that rely primarily on energy imports. The average price in power auctions for supplying solar energy in Latin America plummeted by 87% between 2009 and 2017, and the price for wind energy dropped

by 37% from 2008 to 2016.¹³³ So, there are ample opportunities to further develop local non-conventional renewable energy which can contribute to energy security and resilience. The private sector, governments

and international organizations can all collaborate on strategic electrical system planning to ensure this strong positioning is maintained and that further investments are made.

ENERGY RESOURCE POTENTIAL IN LATIN AMERICA



Source: Paredes, J.R. IDB. (2017, December). La red del futuro: Desarrollo de una red eléctrica limpia y sostenible para América Latina. Retrieved from <http://dx.doi.org/10.18235/0000937>

RECOMMENDATION #27

Establish a transparent institutional framework process, incorporating private sector expertise, to facilitate long-term energy planning and the sustainable development of natural gas to improve the diversification and resilience of energy production.

By 2040, the IDB estimates that electricity demand in LAC will grow by 91%, increasing stress on the overall system.¹³⁴ While increased demand poses challenges, it also creates opportunities for improved energy planning and energy diversification in the region, including, but not limited to, the further development of natural gas and renewable energy sources. Long-term energy planning should also address this opportunity through proactive planning for the energy transition to renewables and natural gas. This shift from fossil fuels to diversified energy is already underway globally. Long-term planning for the transition can help reduce costs over time, increase efficiency and decrease the associated risks of implementing new and different energy sources. This planning process also presents an opportunity for the private sector to support the public sector by providing technical expertise, innovative practices and opportunities to utilize sustainable energy resources.

Strategic long-term energy planning will also help the region take full advantage of the untapped energy sources that currently exist in the region. Looking specifically at the case of natural gas, in 2014, the region produced 6.7% of the world's supply, but consumed 7.5%.¹³⁵ When considering that LAC holds 280 trillion cubic feet of proven, untapped natural gas reserves,¹³⁶ this figure presents the region with a clear opportunity to further explore how it leverages these reserves and design a complementary energy strategy and portfolio. This theme also holds true when considering renewable resources. The region has the annual potential to produce 54,050 TWh of solar power, 22,751 TWh of wind power and 3.267 TWh of hydroelectric power. This is significant considering the annual demand for the region in 2015 was 1,504 TWH.¹³⁷ Developing strong institutional and regulatory energy frameworks can help further map, develop and implement strategies

into a diversified energy approach to provide reliable, affordable energy to this growing economy.

In order to effectively plan for future energy needs and secure the required investment, having reliable and predictive data is essential. As the IDB points out, governments "play an important role in coordinating available energy data [and] addressing remaining information barriers."¹³⁸ Indeed, effectively leveraging and sharing publicly available data across the energy sector, as well as investing in additional research where gaps exist, can help contribute to greater transparency, sharing of leading practices, and new evidence bases for policy makers in pursuit of increased sustainability in the region.





ACTIONS



EXPECTED OUTCOMES

Create individual councils composed of private- and public-sector representatives for each energy generation stream. These councils could feed into a larger umbrella energy council.

Develop a leading practice and process checklist to address social and environmental concerns proactively at the inception of upstream production projects. The checklist should be aligned with similar processes established in North America and Europe.

Develop an enforcement mechanism for the process checklist.

Explore decentralized power options for natural gas reserves that are not in close proximity to existing or planned pipelines, but in close proximity to un-electrified or under-electrified communities.

- Explore efficiency and cost savings in build distribution (as opposed to transmitting pipelines).
- Explore product options—such as tank-filling kiosks—to support “base of the pyramid” consumers in off-grid or edge-of-grid communities; and develop the local business case by leveraging global examples.

Encourage local governments to implement tax incentives that attract natural gas or liquid natural gas businesses focused on gaps in the local upstream value chain.

- Earmark sector funding for innovation competitions (focused on technology and business models).
- Partner with bi-/multi-lateral agencies, industry associations and donors to develop funds to support scaling.
- Develop local content mandates that support the adoption of sector technology and business model innovation.

Explore the development of regional power pools consolidating generation, storage and transmission infrastructure.

Energy planning that considers all operating industries contributing to local generation.

Ensuring that all relevant sectors are part of an inclusive planning process.

Aligning regional dialogue with that of the Northern hemisphere.

Consistent and prioritized attention to social and environmental concerns on upstream production projects.

Increased utilization of extracted natural gas.

Increased electrification of off-grid communities.

A reduction in harmful emissions.

An increased presence of natural gas and liquid natural gas businesses.

Greater efficiency in utilization.

Regional harmonization and collaboration.

RECOMMENDATION #28

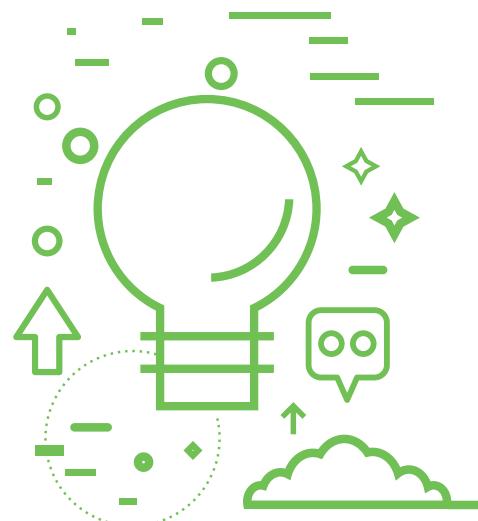
Develop and implement strategies to modernize electric grids; promoting reliability, security (including cybersecurity) and reducing cost through gains in efficiency.

In 2009, LAC's middle class constituted approximately 29% of the population. However, by the year 2030, this middle-class population is expected to increase to 42% or approximately 128 million people.¹³⁹ As an increasing number of households join this middle class, a greater number of appliances and devices will be purchased and used, resulting in additional electrical demand and stress on existing grid systems.¹⁴⁰ A modern and efficient grid capable of supporting such scale will be needed.

Therefore, modernizing grids is central to a strategy focused on meeting these growing electrification demands. For example, smart grid technologies can be used to optimize the generation, transmission and distribution of energy through various predictive and real-time capabilities such as forecasting weather, using advanced sensors, and balancing demand-supply. Ultimately, smart grid technology can improve reliability and utilization, as well as enable the cost-effective integration of renewable energies.¹⁴¹

Grid modernization, while a significant investment, also presents both short- and long-term opportunities for the region. Smart grid technology has the potential to revolutionize how the region receives and uses electricity¹⁴² and could bring new jobs, as well as shift the landscape for in-demand skills. Estimates show that the electrical industry is poised to create 3.45 million new jobs from 2016 to 2025 from digital initiatives or, in other words, a 10.7% job growth rate in the industry.¹⁴³ Swift and effective action to modernize grids in the region will help ensure that citizens not only benefit from increased access to energy, but also the associated employment opportunities. Grid modernization strategies should also encourage the implementation of cybersecurity best practices by power utilities to safeguard the security of supply. In parallel, the public sector should work towards robust cybersecurity regulatory frameworks to ensure compliance.

Lastly, modernization holds the promise of not only reducing costs and creating jobs, but also of contributing to energy sustainability. Modernizing the technology that helps manage the region's electricity distribution systems has great potential to help reduce emissions. Estimates show the potential could reach 15.8 billion metric tons of net avoided carbon dioxide (CO₂) emissions.¹⁴⁴





ACTIONS



EXPECTED OUTCOMES

Designate a primary point of contact in the government that is accountable for modernizing grids and determining the policies and technology that will be required.

Increased accountability for grid modernization and implementation efficiency.

To inform public policy, compile private sector information on the latest technologies available for grid modernization, including the pros/cons in potential efficiency gains, reliability enhancements, and lower emissions.

Public/private partnership in pursuit of grid modernization.
Sharing of leading practices throughout the industry.

Create a mandate for utilities to adopt technology that facilitates modern grid management and the measurement of non-technical losses (e.g. items not related to electricity losses such as non-payment, fraud etc.). Create a plan for how the costs of these non-technical losses will be covered.

Increased efficiency in grid modernization project implementation.
Proactive planning for non-technical losses.

Document the opportunity to avoid climate change and mitigate its impacts, increase efficiency and reliability, lower costs, and reduce emissions with modern grid management technology.

A marketable business case in support of grid modernization.
Climate change mitigation and adaption prioritized on the national agenda; with trickle down mandates to the energy sector (from the national level).
Tax incentives (e.g. VAT exclusion or reduction) to promote the adoption of cleantech.

Conduct an analysis of the current grid infrastructure and use the results to:

- Develop a decentralized energy strategy that enables more efficient demand-based utilization, and reduces the losses associated with transmission.
- Establish and develop a robust cybersecurity regulatory framework to guide and manage industry compliance.
- Identify points of vulnerability on the grid.
- Adopt smart grid technology such as Internet of Things (IoT) sensing to enable rapid risk identification and response to vulnerabilities.

Improved grid security and resilience (protection against damages due to extreme weather and attacks on the centralized grid).

Greater energy efficiency.



ACTIONS

Develop a policy adoption toolkit to assist LAC countries in developing tariff-setting methodologies that take into account the value of distributed energy (e.g. pricing of solar electricity fed back into the grid, for example, energy that consumers or independent power producers are selling back).

Launch a smart city working group, chaired by energy and infrastructure government officials and comprised of “smart energy” private sector players from across the value chain (manufacturers, distributors, integrators, consultancies, and cross-cutting technology providers) to develop industry-leading points of view and country-specific strategies to enhance the resilience of LAC energy systems.



EXPECTED OUTCOMES

Support for greater grid feed-in from decentralized power plants.

Enablement of consumers to achieve greater cost savings, supporting greater affordability and reduced delinquency.

Public/private partnership established in pursuit of smart energy in LAC.

Increased resilience of LAC energy systems.

Increased efficiency in the implementation of smart energy initiatives.

RECOMMENDATION #29

Ensure clear and consistent enforcement of laws and regulations as they pertain to extractive industries.

LAC is the leading source of metals and minerals in the world,¹⁴⁵ the fourth leading source of oil (with a daily production of 9.4 million barrels, after the Middle East, the former USSR, and the USA),¹⁴⁶ and receives one third of the worldwide mineral investment.¹⁴⁷ The opportunity in the region is undeniable, however it is not without its share of challenges. Accessing these resources responsibly requires extensive engagement with local communities and the environment in which they live. To put this into context, the region is home to “40% of the world’s biological diversity, 30% of globally available freshwater, and almost 50% of the world’s tropical forests.”¹⁴⁸ These environmental riches are integral to the lives of the people who live there. Many of the region’s environmental and labor laws are laudably robust. However, when enforced in an inconsistent manner, distrust can develop between the host government and the extractive industry. When costly conflicts arise in relation to extractive projects, it is often an environmental issue that acts as the conflict “trigger.”¹⁴⁹ Strong regulation and enforcement can help lay the groundwork for a more trusting relationship between the

extractive industry and the communities and governments with whom they operate.

This recommendation is linked to two important environmental aspects: licensing processes and environmental regulation. The industry should strive for consistent and efficient permitting processes, while simultaneously continuing to build strong technical expertise and capacity within institutions to issue and enforce laws and regulations. Regulation should ultimately shift focus and work to govern the outputs and impacts of activities in pursuit of the region’s natural resources, rather than how specific technical processes are performed. This shift in focus can help foster greater innovation in the sector. Furthermore, there is a strong need to ensure consistent, transparent and effective communication between the institutions charged with granting concessions for activities related to natural resource management (e.g. mineral exploration, extraction) and those in charge of environmental regulation.



ACTIONS



EXPECTED OUTCOMES

Commission a study on global leading practices for extractive regulation.

A benchmark based on international leading practices to be used throughout the region in regulation development.

Support studies on the environmental and social issues posed by extractive industries.

Increased awareness of risks related to the sector for both communities and companies.

Develop consistent and efficient permitting processes, focusing on outputs and impacts rather than specific technical processes.

Decreased time to mobilize projects.

Enhanced innovation in extractive practices.

Develop training programs for regulation enforcement officials and extractive companies with regard to regulation and the latest trends.

Greater knowledge of regulation for both the regulators and the regulated, allowing stakeholders to adapt to change more efficiently.

Deploy enforcement officials to extraction project locations on a consistent basis to maintain an ongoing dialogue with companies that builds trust and mutual support for compliant extractive activities.

Consistency in the enforcement of laws and regulations in the sector.

Proactive regulation management.

Increased collaboration between regulators and extractive companies in pursuit of compliance.

Design processes to ensure consistent communication and coordination between institutions charged with granting concessions for exploration and extraction and environmental regulators.

Reduced risk of project delays once concession has been granted.

Increased compliance with environmental regulations.

Increased efficiency in granting concessions for exploration and extraction.



RECOMMENDATION #30

Incentivize transparent investment in infrastructure through adequate public-private partnerships that generate added value, focused on energy, transport and logistics.

Extractive activities often occur in remote locations. They therefore require inexpensive, reliable and nearby power sources, as well as a cost-effective transport infrastructure to move deposits to market competitively. This reality highlights a need for infrastructure investment to mobilize extractive investments, but also offers opportunities to develop communities and achieve social return on investment. The IDB points out that “the extractive sector can contribute to the development of infrastructure and basic services; promote technological innovation and the enhancement of the skills and knowledge of the workforce; and support the development of local businesses through the integration of supply chains.”¹⁵⁰ Though the initial driver may be in support of the extractive sector, the benefits of an enhanced infrastructure have the potential to extend beyond

those participating in extracting activities to the broader community and local economy.

Moreover, there can be immediate, as well as long-term benefits to consider. In the long-term, modern infrastructure attracts more investment, improves citizen access to transportation and basic services (water, electricity), and can generate higher revenue, including rents, for governments. In the shorter term, as initial extractive activities and the requisite infrastructure projects are underway, there may also be value in potential public-private partnerships in support of these infrastructure projects. Collaborative work as the result of these partnerships can help ease community relations and catalyze economic, social and environmental development.



ACTIONS

Conduct a national survey of current and potential extraction projects and evaluate transportation options to and from those sites, as well as energy sources.

Based on the priorities determined by the infrastructure survey, leverage investments in upgrading energy grids and reliable, renewable energy sources, as well as transport logistics.



EXPECTED OUTCOMES

A baseline knowledge of the transportation and energy infrastructure required to sustain and attract future extractive projects.

The prioritization of infrastructure improvement needs based on potential economic gain, benefit for local communities, and timing.

Development of reliable sources of energy in remote areas where extractive activities take place.

Increased access to reliable energy sources for the communities in which extractive activities take place.

Greater stimulus to local economic development by fostering integration through logistical infrastructure.

RECOMMENDATION #31

Adopt multi-stakeholder, collaborative processes to generate shared value from the extractive sector.

Conflicts in the extractive sector can be costly. A week's delay in production can cost approximately US\$20 million (net present value) for a mining project with capital expenditures of US\$3-5 billion.¹⁵¹ In communities where extractive activities are present, local public-private collaborative networks can be established to strengthen community relationships with the government and industry, as well as to help ease conflict potential, build trust, and ensure that the extractive work is mutually beneficial for those working in and around the sector.

These networks can perform important functions such as facilitating fair transfer of royalties to local economic development, allocating funds for local projects in a transparent manner, and promoting a multi-stakeholder dialogue targeted at identifying opportunities for shared-value creation.



CASE STUDY: Cerro Verde's Wastewater Treatment Plant in Arequipa, Peru

The Chili River provides 95% of the water used by the population surrounding the river,¹⁵² including the 1 million inhabitants of Peru's second largest city, Arequipa. The river is also the source of water for the operations of Cerro Verde's copper mine. When planning an expansion, Cerro Verde considered several options to supply the required increase in water volume while avoiding social conflict in an area already suffering from scarce water resources.

Cerro Verde consulted with local, regional and government representatives, civil society groups, water authorities and the agricultural community. The mining company held more than 20 community forums¹⁵³ and designed an environmental impact assessment to determine if wastewater treatment was an option that would meet both the business and community need for water. In so doing, Cerro Verde determined that the wastewater treatment was viable.

Before the expansion, "less than 10 per cent of Arequipa's municipal wastewater was being treated, with the remainder discharged directly" to the Chili River. Today the new plant treats 85% of Arequipa's municipal sewage.¹⁵⁴ As part of the agreement for building and operating the wastewater treatment plan, Cerro Verde receives an allocated amount of the treated wastewater for its mining operations, and Arequipa's residents and the farming community benefit from a rehabilitated Chili River with improved water quality that reduces water-borne illnesses and improves agricultural production.

In 2016, the US Department of State presented the "Award for Corporate Excellence in Transparent Operations" to Cerro Verde for completing "a \$5.6 billion expansion in 2015 within budget and on schedule because of its proactive transparent consultation with local communities and all levels of government."¹⁵⁵

RECOMMENDATION #32

Increase investment and partnerships that promote the sharing of best practices in the extractive sector.

The extractive sector can benefit greatly from research that evaluates different practices in mineral exploration, exploitation and processing. The value of this research can be amplified through the establishment of strong networks in which to share leading practices. It is important that information about economic, social and environmental impacts is confirmed and shared, not only within the industry, but also with regulators, civil and environmental organizations. This recommendation can be achieved in a variety of ways including funding think-tanks, sponsoring university research,

financing publications, and organizing collaboration among industry, academia and government leaders. Finally, it is also important to ensure that these leading practices are consistently shared with local communities and non-governmental groups as a part of the ongoing effort to foster strong, mutually-beneficial relationships. Clear and consistent information is not only key to improving communications between the relevant stakeholder groups, it can also provide opportunities for innovation in the sector.

RECOMMENDATION #33

Implement processes to regularly and transparently measure (e.g. soil quality, crop rotation), track, preserve and protect land and water health in the region to help meet worldwide land and water needs.

By the year 2050, global food production will have to increase by 60% to meet the nutritional demands of more than nine billion people.¹⁵⁶ This projection, coupled with the knowledge that the majority of land in the world that is undeveloped and arable is located in LAC (360 million hectares) and Sub-Saharan Africa (450 million hectares), brings a clear call to action for the LAC region to fully and responsibly utilize its land.¹⁵⁷

With nearly a third of the world's arable land and fresh water, LAC has an opportunity to become the primary food supplier for a global population that demands better-quality food and associated services, produced in a sustainable and socially-inclusive way.¹⁵⁸ The region's food industry has a major role to play in achieving this goal, along with creating a diverse and enabling agribusiness system to fulfill growing nutritional demands. To fully realize the potential of this opportunity, proper land and resource preservation strategies need to be in place, together with regularly assessed, transparent

measurements (e.g. soil quality, crop rotation, water quality and use) and a clear cooperation and understanding between all agents along the entire value chain.

Additionally, responsible land and water use is a critical part of the climate change solution. Approximately a third of greenhouse gas emissions resulting from human activity originate in the agricultural sector, and nearly 70% of fresh water extracted globally is used for agricultural purposes.¹⁵⁹ With effective land use and water preservation and cooperation strategies, the region's agribusiness sector can make leading contributions to the global effort to combat climate change.

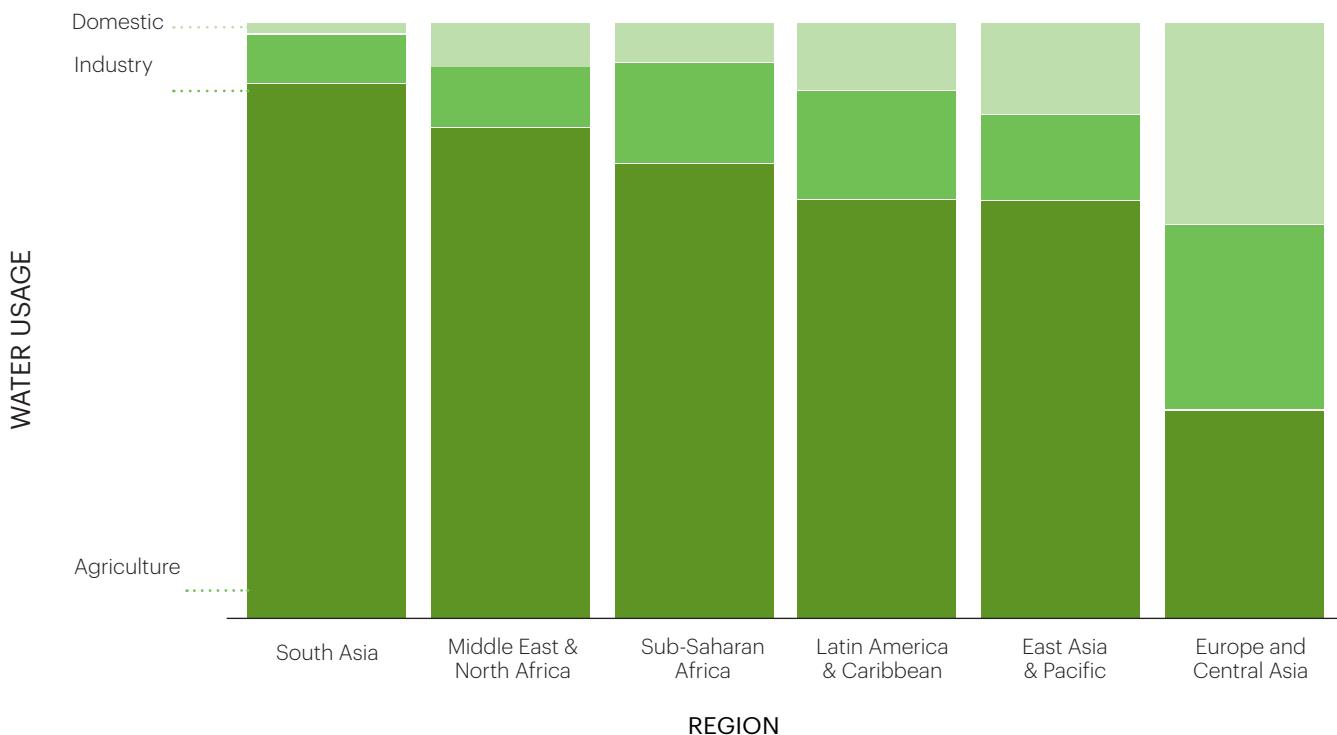


CASE STUDY: The Rural Environmental Registry

In partnership with The Nature Conservancy, the Brazilian government created a Rural Environmental Registry (Cadastro Ambiental Rural (CAR)) “to balance food production aims with the protection of natural habitats.”¹⁶⁰ The registry is a digital collection of rural properties and their spatial information, including topography and other landscape features. The data is captured and monitored by satellite to ensure compliance with the country’s Forest Code.

Following several years of success, the registry is now federally-mandated and its information is being used by several Brazilian Ministries. For example, the Ministry of the Environment releases an annual list of municipalities with the highest deforestation rates. Those municipalities are subjected to credit restrictions as well as restrictions on the selling of agricultural products. To be removed from this list, the municipality must meet several requirements, including registering 80% of its rural properties in the CAR.¹⁶¹

SHARE OF FRESHWATER WITHDRAWALS BY SECTOR (%) IN 2014



Source: Khokhar, T. The World Bank. (2017, March 22). Chart: Globally, 70% of Freshwater is Used for Agriculture. Retrieved from <http://blogs.worldbank.org/opendata/chart-globally-70-freshwater-used-agriculture>



ACTIONS

Create multi-stakeholder initiatives dedicated to measuring and improving water quality.

Create multi-stakeholder initiatives dedicated to measuring and improving land quality.

Create multi-stakeholder initiatives dedicated to measuring and improving soil quality.

Foster competition throughout the agribusiness value chain to improve water and land stewardship.
Incentivize successful/proven water and land conservation efforts.

Conduct a mapping of watercourses, including underground aquifers. Monitor levels and quality over time.



EXPECTED OUTCOMES

A strategy to encourage producers of all sizes to use water more efficiently. These strategies may include topics ranging from educational programs on efficient water usage, to subsidizing efficient drip irrigation (as opposed to the use of flooding/sprinklers).

A strategy to educate producers of all sizes on how to measure and improve water quality. These educational plans could include how to determine baseline quality, information on current contaminants, and how to create and implement quality improvement plans.

Identify areas in need of land conservation through mapping current land use patterns and comparing them with historical maps.

Incentivize conservation areas on farms, and monitor changes over time through drone/satellite imagery.

Develop and educate producers of all sizes on the trends in soil quality measurement. These trends may include leveraging IoT sensors to remotely monitor soils, using analytics to help producers understand their soil quality aspects, and working with partners to provide extension services to help farmers manage soil quality (fertilizer and inorganic additives versus fertilizing with composts).

An end-to-end agribusiness value chain dedicated to land and water conservation.

Incentives to encourage consistent and innovative water and land conservation.

Proactive management and conservation of water tables.

Additional resources to enable innovative practices in water conservation.



ACTIONS

Develop national strategies and goals for limiting food loss. These strategies should include loss on the journey from farms to distributors (post-harvest loss) and consumer waste.

Encourage large food producers and retailers to implement food loss reduction programs as part of their operations and throughout the supply chain, with an emphasis on small- and medium-size producers.



EXPECTED OUTCOMES

More efficient use of food, leading to more efficient use of land.

Reduce the water footprint for food production.

Reduce the land used for food production.

RECOMMENDATION #34

Create and implement a master infrastructure development plan for the rural sector to ensure that living conditions enable populations to thrive by making employment conditions attractive for all agents throughout the agribusiness value chain.

Maintaining a thriving rural population is central to the success of agribusiness in the region. Therefore, modernizing rural infrastructure is a key part of a strategy to ensure that quality of life and access to basic services is comparable in urban and rural settings. Rural infrastructure improvement plans should address access to basic services including healthcare, education and utilities, among other services, as well as ensuring reliable access to the Internet and mobile networks. Implementing such changes can help ensure that rural families feel more secure in their decision to stay and may also help entice future generations. Furthermore, considerations for agricultural-specific infrastructure,

such as state-of-the-art irrigation and drainage systems, and roads that better connect remote areas with value chains, are key to incentivizing rural populations to productively work the land.

Similarly, it is important to promote the development of infrastructure for the collection and storage of harvested agricultural products. This type of infrastructure facilitates commercialization, especially for small and medium producers. Development of collection and storage infrastructure becomes even more important when considering that approximately one third of total food produced globally for human consumption is lost or wasted.¹⁶²



ACTIONS



EXPECTED OUTCOMES

Create a plan to ensure rural communities have reliable access to energy, incorporating alternative energy sources (biomass, solar, wind, etc.) that may be more immediately accessible in a rural setting.

Increased reliable access to energy by rural families and businesses.

Create a plan to ensure rural communities have reliable access to potable water.

Increased reliable access to potable water for rural families and businesses.

Create a plan to implement the infrastructure necessary to reuse grey water and treat black water.

Increased efficiency in daily life (personal and business) with less water cleansing activity necessary.

Healthier populations.

Review local logistical needs of rural communities and create a customized plan to address unmet needs (reliable roads, etc.).

Decreased potable water usage for needs that can be met with grey water.

Lower risk of contamination (land and people) from untreated black water.

More sustainable use of water in rural regions.

Develop a waste disposal strategy and the necessary infrastructure that is unique to the needs and resources of a rural community (i.e. wetland water treatment sites versus industrial water treatment plants).

Increased efficiency in the movement of goods to market.

Improved connectivity with neighboring communities and non-rural communities.

Increased day-to-day safety through modernized buildings, bridges, etc., and more efficient and reliable access to emergency services.

Connect the rural sector to the latest mobile technology (i.e. 5G and beyond).

Reliable waste disposal.

Less time and money spent on waste disposal.

A healthier environment for communities and businesses.

Finance rural transport infrastructure in rural and the development of logistic and freight corridors to reduce costs, transport times and, consequently, food losses among food producers.

Increased access to Internet and mobile technologies for the rural sector.

Increased access for rural producers of all sizes to the digital economy (online buying/selling, access to additional technologies, etc.).

Increased financial sustainability for small and medium size producers.

Better access to national and international markets.

RECOMMENDATION #35

Develop policies to incentivize the inclusion of producers of all sizes in the full agribusiness value chain (from crop inputs to packaging).

"Recent studies estimate that only 8% of family farmers are fully integrated into value chains and that only 25% have good potential for fully participating in the modern agricultural sector."¹⁶³ Barriers for small-medium producers to compete with large, commercial operations are significant and span knowledge, technology, finance and markets. However, to meet

the growing food demands of the globe, producers of all sizes need to be included. To support small and medium producers, Ministries of Agriculture, Labor and Social Development can consider forming taskforces focused on including these producers in the end-to-end value chain and supporting skills growth in the latest agricultural practices.



CASE STUDY: The Haiti Hope Project

The five-year Haiti Hope Project was launched in 2010, starting a US\$9.5 million partnership between The Coca-Cola Company, the IDB, the Multilateral Investment Fund, the U.S. Agency for International Development and TechnoServe.

The demand for mango is high, particularly in US markets. Haiti is one of the top 20 largest producers of mangos in the world¹⁶⁴ and produces the popular Francique variety. The Haiti Hope project sought to capitalize on this potential and ensure the small farmers of Haiti were getting as much value as possible out of their mango crops. Haiti Hope targeted farmers who had at least five mango trees, between 0.5 and 5.0 hectares of land, and were a part of cooperative.¹⁶⁵ The project also encouraged the formation of producer business groups (PBGs).

The project endeavored to increase income from mango farming for project participants through three key strategies: 1. Increase mango production (planting of new trees, increasing the yield of current trees); 2. Reduce of waste (improving harvest and post-harvest activities to reduce loss); 3. Increase the price that mangos are sold for (more direct access to the agribusiness value chain, increased product quality to drive higher prices). To help famers reach these goals, TechoServe implemented training in all three strategic areas. Training topics included tree care, leading harvesting, post-harvesting and transportation practices and business planning.¹⁶⁶ Through the program, more than 250,100 farmers received training.¹⁶⁷

In 2015, 94% of PBGs earned a profit and were able to pay members prices above industry standards. The PBGs achieved this without subsidy.¹⁶⁸ In a study on the impact of the program, the IDB summarized that the program had "positive and significant effects" on the addition of new Francique mango producing trees and the adoption of tree care best practices. Though the project was not found to have an impact on harvest and post-harvest leading practices (likely due to the fact that these activities are performed by specialized harvesters, not the mango producers who received the training), the project was found to have "significant" effects on improved commercialization processes through having farmers sell to PBGs for better prices rather than industry middlemen.¹⁶⁹

RECOMMENDATION #36

Support science-based decision-making to provide answers to societal questions surrounding production, consumption, safety and trade of food; connected to the latest agricultural technologies (e.g. Genetically Modified Organisms) to help shape the direction of future agribusiness innovation and foster global sourcing that is not at the expense of smaller producers.

In LAC's agribusiness sector, for every US\$100 of goods produced there is only US\$1.10 invested in research. This is despite studies showing that investment in agricultural research is correlated with increased economic growth, agricultural development and poverty reduction. In more developed regions globally, agricultural investment is roughly three times that of LAC.¹⁷⁰ The development of the industry through research investment is an important point to consider from multiple perspectives. In addition to bringing new and innovative agricultural practices to the region, research into agricultural technologies can help facilitate the use of science to answer key food consumption questions in the market. Working to answer some of these overarching questions for consumption and the underlying properties of food being distributed, can help consumers stay informed and spark further innovation in the agribusiness value chain.

RECOMMENDATION #38

Establish and enforce a balanced framework for protecting intellectual property (IP) associated with agribusiness innovation.

Without balanced frameworks in place to protect IP, agribusinesses are dis-incentivized from investing more heavily in innovation. Not only will IP protection encourage players in the agribusiness value chain to invest in innovation, strong IP protection can also facilitate catalytic private sector investment. In recent decades, private sector investment, enabled by strong IP protection, has been associated with the "surge in innovation leading to improved plant varieties, agricultural chemicals and

RECOMMENDATION #37

Establish clear, stable and predictable phytozoosanitary and sanitary protocols to ensure food safety and animal and plant health, as well as enhance trade.

As global demand for stricter sanitary protocols in agricultural trade increases, stable protocols in this space are essential to the ongoing growth, credibility and reputation of the industry. Achieving consistent quality with phytozoosanitary and sanitary protocols will help avoid non-tariff barriers and facilitate greater access to world markets. A strong example can be found in Uruguay, which exports more than 75% of its beef production to 120 countries. Uruguay was the first country to establish a comprehensive, centrally-organized traceability system which has proven valuable to medium- and small-sized slaughterhouses by helping them meet compliance requirements, thereby gaining access to European markets.¹⁷¹

production technologies."¹⁷² A strong and balanced IP framework for the region's agricultural industry is central to sustaining the innovation that will keep agriculture in the Americas competitive on a global scale.

**UPSKILLING FOR
THE FUTURE**



UPSKILLING FOR THE FUTURE

RECOMMENDATION #39

Institute and enforce intellectual property protection legislation, consistent with international standards, to create a secure and competitive environment for private sector investment in innovation.

Economic growth brings exciting opportunities to further innovate and lead in new and different ways. However, to create an environment that is both safe for, and incubates innovation, it is paramount that incentives and protections be readily and widely available. Using the food and beverage industry as one example, regulations can at times violate international IP rules and trademark protections when confused with advertising bans. Presently, the region is experiencing an innovation gap, as evidenced by the limited number of patents emerging from it. Regionally, Mexico and Brazil lead the way in patent filings, however they represent less than 0.004% of the global total.¹⁷³ One possible factor is that compared to other industrialized countries, LAC offers approximately two thirds the level of patent protection.¹⁷⁴ This represents an opportunity

for the region to enhance patent protection and make the associated processes transparent and available to all types of innovators. To capitalize on this potential, it is important to create a deeper dialogue in the region on intellectual property protection; this ranges from dealing with patent backlogs, to promoting balanced copyright frameworks, and to legislative harmonization that is on par with the international standards established by the World Intellectual Property Organization (WIPO).



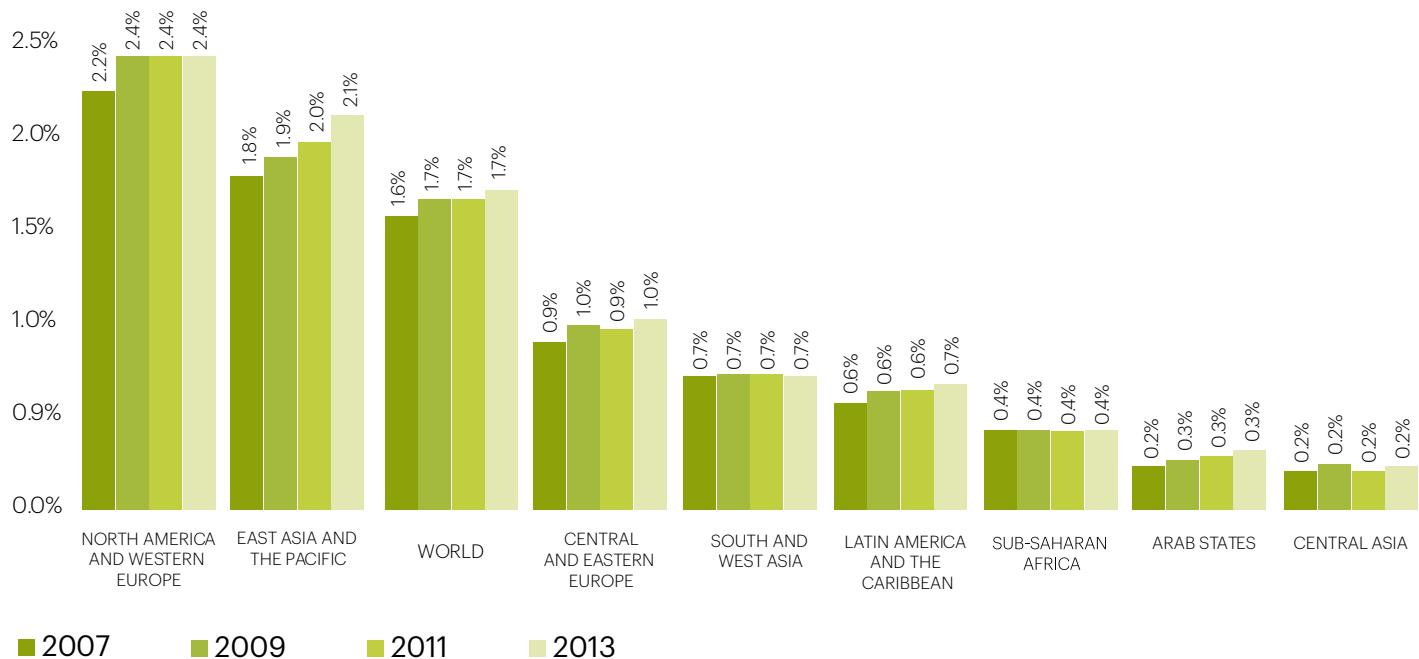
CASE STUDY: Patent Prosecution Highway (PPH) Agreements

Through the Patent Prosecution Highway (PPH) program, created between various national patent offices, applicants can request accelerated examinations if their claims were previously qualified as “patentable” by another PPH office.¹⁷⁵ This type of program can help expedite the processing of patent applications, and avoid duplication, by using a single set of qualifying requirements.

Colombia, Mexico and Brazil all have PPH programs in place with the patent offices in the US, Japan, Spain, and China. Colombia has reduced the time to analyze a patent application from 63 months to 34 months.¹⁷⁶ Cooperation initiatives like PPH are a first step, among other important initiatives, targeted at reducing the processing time and its associated costs, that patent offices should consider.¹⁷⁷

WHICH REGIONS ARE MOST R&D INTENSIVE?

Gross domestic expenditure on R&D as a percentage of GDP by region, 2007, 2009, 2011 and 2013



Source: UNESCO. (2015, November). Global Investments in R&D. Retrieved from <http://uis.unesco.org/sites/default/files/documents/fs36-global-investments-in-rd-2015-en.pdf>



ACTIONS

Deepen the dialogue on IP policy by creating and participating in a local multi-stakeholder IP forum to exchange information on patent backlog and IP infringement:

- Initiate the dialogue with a regional meeting.
- Hold local meetings as follow-ups to the regional meeting, including events such as entrepreneur roundtables.



EXPECTED OUTCOMES

Cooperation in exchanging examination practices and procedures with other IP/Patent Offices and interested parties such as academia and the private sector. Topics could include: expediting the patent prosecution process, administration systems, telework and capacity-building programs.

The education of businesses, especially MSMEs, on how to better protect their innovations.

The promotion of workshops for universities on how to best promote knowledge flows in the region, and the role IP plays in advancing the research, development, financing and commercialization of innovation.

RECOMMENDATION #40

Improve the quality of education and training in LAC, and work to close the skills gap by enhancing their market relevance and aligning them with existing and future skills needs of employers, with a focus on STEM, entrepreneurship, foreign language and digital skills.

One of the biggest challenges facing the developed world is an aging workforce that will quite soon exit the workplace, taking along with it valuable industry knowledge. In LAC, the story is somewhat different; with 67% of the population of working age, there are significant human capital opportunities to explore that can support economic growth.¹⁷⁸ However, specific challenges need to be addressed. For example, less than half of young adults in the region graduate from high school, and 20% of them (approximately 20 million people) are neither studying nor working.¹⁷⁹ This stagnation is exacerbated by the absence of on-the-job skills training, in particular for those working in the informal economy. However, there is a clear reward for solving this challenge. The number of currently open positions due to unqualified candidates in the region indicates that LAC has a strong need to solve this problem and build a highly-skilled workforce with both technical and soft skills.¹⁸⁰



CASE STUDY: Addressing the Skills Gap in the Bahamas

In late 2016, the IDB and the Bahamian government teamed up to address unemployment on the island with a program designed to increase job-relevant skills and improve the employability of its population. The program has three key focus areas:

- “Increase relevant skills and employability in productive jobs of program beneficiaries;
- Improve the effectiveness of the Public Employment Services;
- Enhance the capacity of the labor market’s intelligence system.”¹⁸¹

The goal of the program is to develop an apprenticeship program driven by in-demand jobs on the island. The apprenticeship program will utilize on and off the job training to help to build market-relevant skills in the unemployed population, targeting Bahamians aged 16-40. To help match skilled workers with unfilled positions, the program also seeks to improve the Bahamian Public Employment Services organization through data-coordination efforts across government agencies and performance monitoring of the labor market.¹⁸²



ACTIONS

Develop/improve national skills qualification frameworks to enable talent mobility and growth. These frameworks should be comprised of regionally-recognized, competency-based, and stackable credentials.



EXPECTED OUTCOMES

Commitment from the private sector to engage with government in the development of national or regional qualification frameworks and in skills needed identification through chambers and/or other business or industry associations.

Continued or initiated development of National Qualification Frameworks (NQFs) by the public sector, with strong participation from the private sector.



ACTIONS

Develop forward-looking, real-time labor market information systems to help align education and training programs to the skills demanded by the labor market.

Develop strict standards for education and training providers, along with robust monitoring systems and enforcement plans.

Dedicate human and financial resources to supporting work-based learning (internships, apprenticeships and other forms of on-the-job training).

Evolve Technical and Vocational Education and Training (TVET) systems and other post-secondary education systems by improving quality and relevance, and better aligning certification and credentialing with the needs of employers and students.

Incorporate ethics and responsible citizenship courses throughout education and training systems; from early childhood to adult professional development, thus supporting anti-corruption initiatives.



EXPECTED OUTCOMES

Government commitment to develop labor market information systems, in collaboration with industry skills councils, or other structured means of private sector engagement for skills development.

A development and implementation plan for an information system.

The commitment of government to developing strong monitoring systems that track learning and employment outcomes and help identify low-quality providers.

Protection of students against corrupt enterprises that provide degrees with little to no value.

Protection for for-profit educational institutions that do provide valuable education and degrees.

Private sector commitment to working with governments to develop a structured means of learning in companies through apprenticeships/internships and other forms of on-the-job training.

Commitment from the government to facilitate, promote and quality assure on-the-job learning.

Companies make proposals to reassess legal frameworks where job training is considered an obstacle.

The collaboration of companies and governments on advancing learning content and teaching methodology in TVET systems.

A TVET curriculum aligned with the talent needs of local employers.

A demonstration of the path to employment for students in TVET programs.

The collaboration of companies and governments in developing and implementing new educational approaches and materials to build professional ethics and accountability in students.



ACTIONS

Conduct an evaluation of current education certification and licensing bodies nationally, identifying strengths, weaknesses and gaps.

Incorporate financial literacy topics (e.g. financial planning, etc.) into the curriculum of educational institutions.



EXPECTED OUTCOMES

An action plan, with support/commitment from governmental leadership, to improve education certification and licensing bodies nationally.

Increased protection for students.

Increased consistency in educational quality.

Improve the population's knowledge on economic and financial topics, supporting smart financial planning and resiliency during economic downturns.

RECOMMENDATION #41

Create local and regional multi-stakeholder forums to establish formal and ongoing dialogue around innovation; solidifying public research and development spending as an integral part of the long-term economic development strategy.

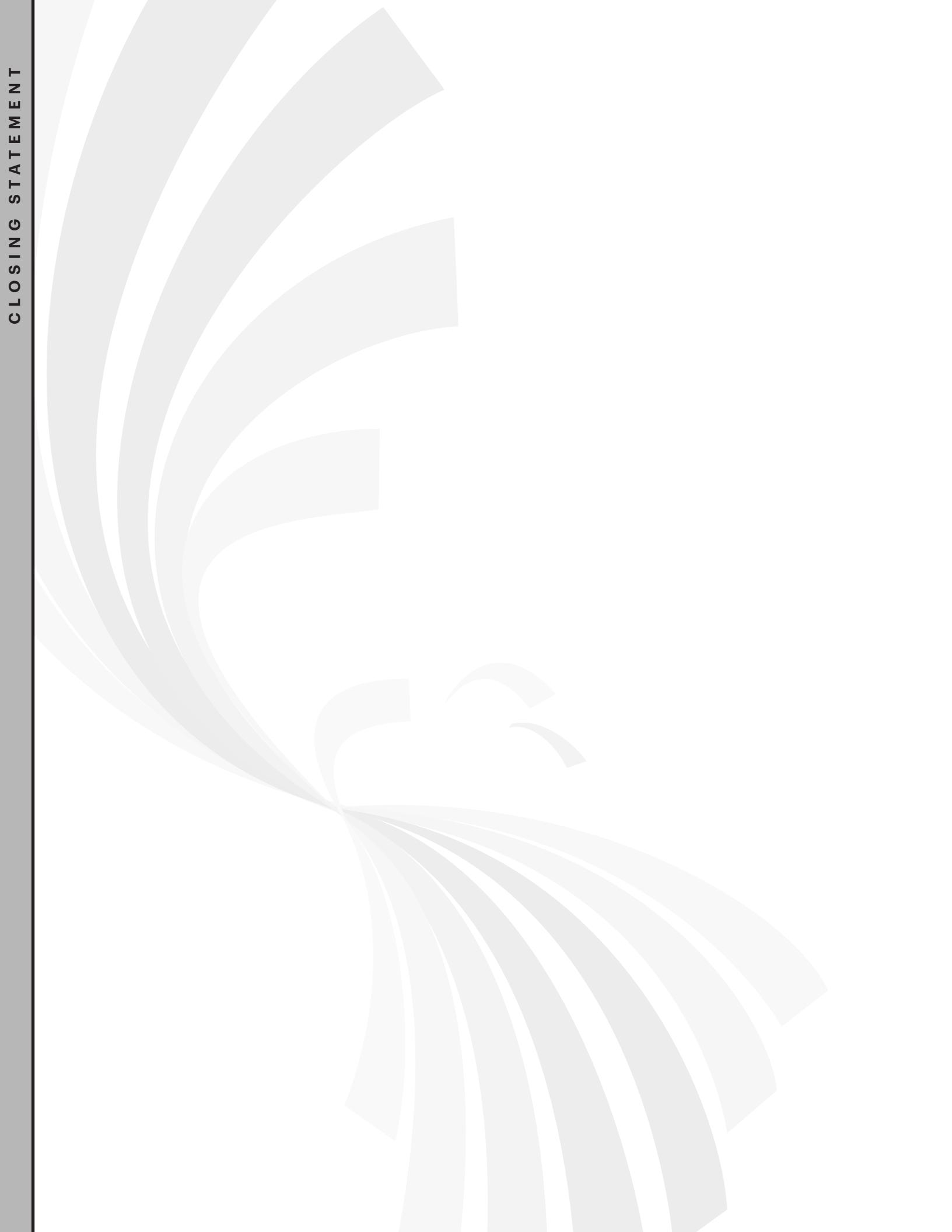
The existence of knowledge-based economies has highlighted the increasing importance of innovation, as well as creative and intellectual assets, as sources of competitiveness and long-term growth. Additionally, studies have shown that increasing investment in knowledge and innovation will spur economic recovery and contribute to the development of new sustainable economic competencies.¹⁸³ To achieve the best results, innovation strategies should focus on long-term goals and be designed with input from all key stakeholders: government, academia and the private sector. Local and regional forums, both existing and new, should be encouraged to create a dialogue on how to achieve a sustainable, long-term innovation strategy for the region.

RECOMMENDATION #42

Improve the transparency of education in LAC, instituting a zero-tolerance approach to corruption in education systems, and ensuring all education-relevant data is proactively shared with all stakeholders.

Education constitutes the largest element in the public sector in many countries of the world, often accounting for over one-fifth of total government expenditure,¹⁸⁴ and is thus particularly prone to corruption. Both public sector actors and private sector companies delivering education and training have a role to play in rooting out corruption in the region's education systems. Proactive tracking and disclosure of information regarding the condition of schools, budgets, and performance is essential for accountability in the fight against corruption. In Mexico, the Mejora Tu Escuela is an online platform providing parents, school administrators, and policymakers with data on school performance, to help increase transparency and empower all stakeholders to take an active part in the quality of education. In 2014, The Instituto Mexicano para la Competitividad (IMCO), a Mexican, nonpartisan non-profit, used the data from Mejora Tu Escuela to highlight corruption within the education system. The findings were backed by Mexico's National Audit Agency and as a result, several policy changes were implemented, including the source of funding for teachers' salaries.¹⁸⁵

CLOSING STATEMENT





The ABD welcomes the opportunity to continue engagement with government leaders in a constructive and collaborative manner on public policies and private sector initiatives. This ongoing exchange has been extremely valuable in crafting the recommendations and will continue to be of the utmost importance as we look towards successful implementation.

In the spirit of this opportunity, the ABD will continue advocating for the implementation of its proposed recommendations and the strengthening of public-private cooperation with the shared goal of increasing opportunities for the Americas and its inhabitants. The ABD members are strongly committed to proactively collaborating with governments and working together to promote transparency and integrity in the region.

In the years ahead, the ABD will continue working with governments and leveraging private sector expertise to carry out joint actions in pursuit of its 2018-2021 recommendations and action plans. The ABD agenda will also continue to evolve as public-private collaborations are established, ensuring that it reflects shared priorities with the public sector to promote economic growth and development.

The ABD believes that the most effective way forward for the region is to forge strong public-private partnerships in pursuit of the goals laid out in this report. In addition, the ABD finds the public-private dialogue in the Summits of the Americas process to be extremely important and looks forward to strengthening this dialogue in the years to come.

The ABD hopes that governments will find its recommendations useful in developing policy agreements that enable sustained economic growth based on increased productivity and competitiveness—ultimately generating greater investment, improved infrastructure, greater access to digital technologies, and sustainable development—all under a framework of transparency and integrity.



www.americasbd.org

ANNEX

IDB CONTRIBUTIONS TO 2015-2018 RECOMMENDATIONS

The ABD was created after the first CEO Summit of the Americas in Cartagena, 2012, organized jointly by the IDB and the Government of Colombia, to open a space for dialogue in support of public-private collaboration and to promote development in the region. Since then, the IDB has been leading the organization of the CEO Summits with the respective host country every three years. In the 2015 build-up to the II CEO Summit of the Americas in Panama, the ABD successfully convened the Hemisphere's private sector around a set of recommendations that was presented to the Heads of State and Government. These proposals are available online at:



www.americasbd.org

From 2015 to 2018, the ABD, with the support of the IDB, continued its firm commitment to support governments with the full conviction that increased public-private cooperation is the most effective tool for improving the lives of the Hemisphere's people. Across all ABD working groups, members participated in high-level, ministerial meetings throughout the region to identify opportunities to implement the ABD's recommendations through new or on-going government initiatives.

For example, in trade facilitation, ABD members participated in a public-private dialogue in Argentina (March 2016, Buenos Aires) during which governments and the private sector agreed on an action plan to promote the early ratification of the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA). In support of this plan, the Inter-American Development Bank (IDB) conducted a gap analysis on the TFA's implementation measures. The analysis was based on a questionnaire distributed among the IDB's borrowing members and was developed with the support of members of the

Trade Facilitation working group. The results of the questionnaire were then used to inform the ABD's recommendations, prioritized by their impact on trade. In Argentina, the ABD and IDB also supported the design of a Single Window for foreign trade that was implemented in 2017.

During the IDB's Annual Meeting of the Board of Governors and the Inter-American Investment Corporation in the Bahamas (March 2016, Nassau) and Paraguay (March 2017, Asuncion), and the Eleventh WTO Ministerial Conference in Argentina (December 2017, Buenos Aires), ABD members shared preliminary recommendations for promoting business and investment in the region with senior government officials.

ABD members participated in the United States-Caribbean and Central American Energy Summit (May 2016, Washington D.C.) and shared the importance of developing affordable and reliable access to energy in an environmentally sustainable way, reforming the energy matrix, and the integration of energy markets between both regions with the Heads of State from Central America and the Caribbean. In addition, the ABD participated in the III Ministerial Meeting of the Energy and Climate Partnership of the Americas (ECPA) in Chile (September 2017, Viña de Mar) to explore opportunities to advance the energy transition of the Americas with the Ministers of Energy.

The ABD's Human Capital and Innovation working group participated in the IDB's Regional Policy Dialogue on Education along with the Americas' Ministers and Vice Ministers of Education (November 2016, Washington D.C.). At this event, ABD members highlighted and reaffirmed the private sector's continued commitment to expanding STEM (science, technology, engineering and math) education and taking advantage of the opportunities in the Hemisphere to promote not

only collaboration among the region's countries for education research, but also greater academic-corporate mobility.

Following the 2015 CEO Summit in Panama, ABD members emphasized the importance of moving forward with the creation of a regional hub to support not only the development and monitoring of infrastructure projects that facilitate private sector participation, but also public-private partnerships (PPPs) for regional infrastructure projects (a recommendation included in the ABD report presented in Panama in 2015). The IDB created the initial foundation of the hub with the IDB PPP Project Preparation Facility for LAC.

As a follow up to the aforementioned 2016 and 2017 activities, ABD members held two plenary meetings in 2017 (March, Asunción and October, Miami) to discuss, agree upon, and prioritize the recommendations from the working groups, and to define action plans with the technical support of the IDB.

In preparation for the VIII Summit of the Americas, the ABD provided technical inputs to governments, through the Summit Implementation Review Group (SIRG), serving as the private sector consultation mechanism. A preliminary version of the recommendations contained in this report was shared with the National Coordinators for each country's Summit representative at the SIRG meeting held in Lima in November 2017 and updated to reflect the feedback received from the governments.



ABD MEMBERS

1. 360 Soluciones
2. 3M
3. AB InBev
4. ABB Group
5. ABCO Global
6. Abengoa
7. Acciona
8. Advanced Medical Technology Association (AdvaMed)
9. Airbnb
10. Albioma
11. Alicorp
12. Alpina Productos Alimenticios
13. Amazon
14. AmCham Argentina
15. American Action Forum
16. American National Standards Institute (ANSI)
17. Anglo American
18. Apple
19. APR Energy
20. Arcos Dorados
21. Asociación Argentina de Carreteras (AAE)
22. Asociación Automotriz del Perú (AAP)
23. Asociación Bancaria y de Entidades Financieras de Colombia (ASOBANCARIA)
24. Asociación Colombiana de Minería (ACM)
25. Asociación Colombiana del Petróleo (ACP)
26. Asociación de Administradoras de Fondos de Pensiones (AFP)
27. Asociación de Bancos de la Argentina (ABA)
28. Asociación de Bancos de México (ABM)
29. Asociación de Bancos del Perú (ASBANC)
30. Asociación de Bancos e Institutos Financieros de Chile (ABIF)
31. Asociación de Bancos Privados de Capital Argentino (ADEBA)
32. Asociación de Bancos Públicos y Privados de la República Argentina (ABAPPRA)
33. Asociación de Exportadores de Frutas de Chile (ASOEX)
34. Asociación de Exportadores del Perú (ADEX)
35. Asociación de Fábricas de Automotores (ADEFA)
36. Asociación de Gremios Productores Agrarios del Perú (AGAP)
37. Asociación de Industriales Latinoamericanos (AILA)
38. Asociación de Transportistas Argentinos de Carga Internacional (ATACI)
39. Asociación Latinoamericana de Internet (ALAI)
40. Asociación Nacional de Comercio Exterior (ANALDEX)
41. Asociación Nacional de Empresarios de Colombia (ANDI)
42. Asociación Nacional de Generadores (ANG)
43. Asociación Nacional de la Empresa Privada (ANEP)
44. Asociación Nacional de Laboratorios Farmacéuticos (ALAFARPE)
45. Asociación para el Fomento de la Infraestructura Nacional (AFIN)
46. Asociación Nacional de Generadores (ANG)

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| 47. | Asociación Nacional de la Empresa Privada (ANEPE) | 75. | Cámara de Exportadores de la República Argentina (CERA) |
| 48. | Asociación Nacional de Laboratorios Farmacéuticos (ALAFARPE) | 76. | Cámara de Importadores de la República de Argentina (CIRA) |
| 49. | Asociación para el Fomento de la Infraestructura Nacional (AFIN) | 77. | Cámara de Industria, Comercio, Servicios y Turismo de Santa Cruz - Bolivia (CAINCO) |
| 50. | Atlantic LNG | 78. | Cámara de Industrias de Guatemala (CIG) |
| 51. | Bahamas Electricity | 79. | Cámara de Industrias y Producción (CIP) |
| 52. | Banque Nationale du Canada | 80. | Cámara de Informática y Comunicaciones de la República Argentina (CICOMRA) |
| 53. | Barbados Private Sector Association (BPSA) | 81. | Cámara Minera de Panamá (CAMIPA) |
| 54. | Barrick Gold Corporation | 82. | Cámara Nacional de Comercio y Servicios del Uruguay |
| 55. | Bechtel | 83. | Camposol |
| 56. | Belize Chamber of Commerce & Industry (BCCI) | 84. | Canadian Council for the Americas (CCA) |
| 57. | BHP Billiton | 85. | Canadian Solar |
| 58. | Blue Mountain Renewables | 86. | Cargill |
| 59. | BMW Group Latin America and the Caribbean | 87. | Caribbean Export Development Agency |
| 60. | Boeing | 88. | Caribbean LED Lighting |
| 61. | Bolsa de Valores de Lima (BVL) | 89. | Caribbean-Central American Action (CCAA) |
| 62. | Bolsa de Valores de Panamá | 90. | Chambre du Commerce et d'industrie d'Haiti (CCIH) |
| 63. | Boundary Stone Partners | 91. | Cheniere Energy |
| 64. | Brazilian Innovative Health Industry Alliance (ABIIS) | 92. | Chevron Corporation |
| 65. | BRF | 93. | Citi |
| 66. | Brigard & Urrutia | 94. | Coca-Cola FEMSA |
| 67. | Cámara Argentina de Comercio y Servicios | 95. | Colombina |
| 68. | Cámara Argentina de Empresarios Mineros (CAEM) | 96. | ComexPeru |
| 69. | Cámara Argentina de la Construcción (CAMARCO) | 97. | Comisión Intergremial para la Facilitación del Comercio e Integración e Integración en El Salvador (CIFACIL) |
| 70. | Cámara Argentina de Prestadores de Servicios Internacionales Aeroexpresos (CAPSIA) | 98. | Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras (CACIF) |
| 71. | Câmara Brasileira de Logística e Infraestrutura (CAMARALOG) | 99. | Compacto |
| 72. | Cámara de Comercio de Lima (CCL) | | |
| 73. | Cámara de Comercio e Industria de El Salvador (CAMARASAL) | | |
| 74. | Cámara de Comercio, Industriales y Agricultura (CCIAP) | | |

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| 100. | Compañía de Minas Buenaventura | 129. | Distribuidora de Electricidad DELSUR |
| 101. | Confederação Nacional da Indústria
(CNI) | 130. | ECODIT LLC |
| 102. | Confederación de Empresarios
Privados de Bolivia (CEPB) | 131. | Ecopetrol |
| 103. | Confederación de la Producción y el
Comercio (CPC) | 132. | Empresa de Transmisión Eléctrica S.A.
(ETESA) |
| 104. | Confederación Nacional de
Instituciones Empresariales Privadas
(CONFIEP) | 133. | Empresa Propietaria de la Red (EPR) |
| 105. | ConocoPhillips | 134. | Enel |
| 106. | Consejo Coordinador Empresarial
(CCE) | 135. | Enel Green Power Argentina |
| 107. | Consejo Empresarial de América
Latina (CEAL) | 136. | Energía del Caribe |
| 108. | Consejo Empresarial Mexicano de
Comercio Exterior, Inversión y
Tecnología (COMCE) | 137. | Energía del Pacífico |
| 109. | Consejo Hondureño de la Empresa
Privada (COHEP) | 138. | Equifax |
| 110. | Consejo Nacional Agropecuario (CNA) | 139. | Estudio Lecueder |
| 111. | Consejo Nacional de la Empresa
Privada (CONEP) - Panamá | 140. | EXIM Inelco |
| 112. | Consejo Nacional de la Empresa
Privada (CONEP) - República
Dominicana | 141. | Experian |
| 113. | Consejo Superior de la Empresa
Privada en Nicaragua (COSEP) | 142. | ExxonMobil |
| 114. | Consorcio Nobis | 143. | Facebook |
| 115. | Continental Gold | 144. | Fasken Martineau |
| 116. | COPA Holdings | 145. | Federação Brasileira de Bancos
(FEBRABAN) |
| 117. | Corporación Dinant | 146. | Federación Argentina de Entidades
Empresarias del Autotransporte de
Cargas
(FADEEAC) |
| 118. | Corporación Lady Lee | 147. | Federación Colombiana de Logística
(FEDELOG) |
| 119. | Corporación Multi Inversiones (CMI) | 148. | Federación de Asociaciones
Nacionales de Agentes de Carga y
Operadores Logísticos Internacionales
de América Latina y el Caribe (ALACAT) |
| 120. | Council of the Americas (COA) | 149. | Federación de Cámaras de Comercio
e Industrias de Honduras
(FEDECAMARA) |
| 121. | Credicorp Capital | 150. | Federación de Entidades Privadas de
Centro América, Panamá y República
Dominicana (FEDEPRICAP) |
| 122. | CT Strategies | 151. | Federación de Instituciones Privadas
de Educación Superior (FIPES) |
| 123. | Danone Group | 152. | Federación de la Producción, la
Industria y el Comercio (FEPRINCO) |
| 124. | Dell | 153. | Federación Latinoamericana de
Bancos (FELABAN) |
| 125. | Delta Air Lines | 154. | FedEx |
| 126. | Dentons, LLP | 155. | Ferreyros |
| 127. | Development Finance International
(DFI) | 156. | Fiat Chrysler Automobiles (FCA) |
| 128. | DHL Express | | |

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| 157. | Frigorífico Guarani | 195. | Invenergy |
| 158. | Fundación para el Desarrollo de
Guatemala (FUNDESA) | 196. | Inversiones Bahía |
| 159. | Gas Natural Fenosa | 197. | Itaú BBA |
| 160. | General Dynamics | 198. | Jamaica Chamber of Commerce |
| 161. | General Electric | 199. | Jamaica Public Service Company |
| 162. | General Motors | 200. | John Deere |
| 163. | Global Alliance for Trade Facilitation
(GATF) | 201. | Kimberly-Clark |
| 164. | Global Bank | 202. | Kinross |
| 165. | Global Express Association | 203. | KIO Networks |
| 166. | Goldcorp | 204. | Laboratorio Productos Éticos |
| 167. | Goldwyn Global Strategies | 205. | LED Roadway Lighting |
| 168. | Google | 206. | LinkedIn |
| 169. | Grenada Chamber of Industry &
Commerce (GCIC) | 207. | Los Grobo SGR |
| 170. | Grupo Arcor | 208. | Lufussa |
| 171. | Grupo Argos | 209. | Lundin Mining Corporation |
| 172. | Grupo Aval | 210. | Manchester Trade |
| 173. | Grupo Aviatur | 211. | Marfrig Global Foods |
| 174. | Grupo Britt | 212. | Mastercard |
| 175. | Grupo de Inversiones Suramericana
(Grupo Sura) | 213. | McKinsey Colombia |
| 176. | Grupo Falabella | 214. | McLarty Associates |
| 177. | Grupo Gloria | 215. | Mercado Libre |
| 178. | Grupo Grasco | 216. | MetLife |
| 179. | Grupo Los Grobo | 217. | Mexichem |
| 180. | Grupo Orbis | 218. | Microsoft Corporation |
| 181. | Grupo Pantaleón | 219. | Minera San Cristóbal |
| 182. | Grupo Puntacana | 220. | Mullikin Law Firm |
| 183. | Grupo Salemma | 221. | Nathan Associates |
| 184. | Hecate Energy | 222. | New Fortress Energy |
| 185. | Hilanderías Fontibon | 223. | Newmont Mining |
| 186. | Iberdrola | 224. | NiQuan Energy |
| 187. | IBM Corporation | 225. | Nissan Mexicana |
| 188. | IC Power | 226. | Nokia |
| 189. | INICIA | 227. | Novus Civitas |
| 190. | Instituto Brasileiro de Mineiração
(IBRAM) | 228. | OpenGov |
| 191. | Intel Corporation | 229. | Orazul |
| 192. | Interconexión Eléctrica S.A. (ISA) | 230. | Organización Carvajal |
| 193. | InterEnergy | 231. | Organización Corona |
| 194. | International Business-Government
Counsellors, Inc. | 232. | Panama Power Holdings, Inc |
| | | 233. | Paypal |
| | | 234. | PepsiCo |
| | | 235. | Peter Goudie Human Resources
Consulting (PGHR) |
| | | 236. | Pricewaterhouse Coopers (PwC) |
| | | 237. | Procter & Gamble |

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| 238. | Promigas | 273. | Tesla |
| 239. | Prudential | 274. | The Adecco Group |
| 240. | PSA Peugeot Citroën | 275. | The AES Corporation |
| 241. | Redondos | 276. | The Bahamas Chamber
of Commerce and Employers
Confederation (BCCEC) |
| 242. | RELX Group | 277. | The Coca-Cola Company |
| 243. | Renault | 278. | The Digit Group |
| 244. | Rio Tinto | 279. | The Dow Chemical Company |
| 245. | Royal Dutch Shell | 280. | The Energy Chamber of T&T |
| 246. | RPC Consulting Group | 281. | The Private Sector Organization of
Jamaica (PSOJ) |
| 247. | S&P Global | 282. | The TSL Group |
| 248. | Salesforce.com | 283. | Thermal Energy Partners |
| 249. | Salog | 284. | TNT |
| 250. | SAP | 285. | Tokai Ventures |
| 251. | Scania | 286. | Trade Facilitation Group |
| 252. | Schweitzer Engineering
Laboratories (SEL) | 287. | Transportes Universales SA (TUSA) |
| 253. | SeaLand | 288. | Trinidad & Tobago Chamber of Industry
and Commerce |
| 254. | Sertrading | 289. | Trinidad & Tobago Manufacturers
Association (TTMA) |
| 255. | Siemens | 290. | U.S. Chamber of Commerce (USCC) |
| 256. | Siemens Gamesa | 291. | Uber |
| 257. | Sociedad de Fomento Fabril
(SOFOFA) | 292. | UBS |
| 258. | Sociedad Nacional de Minería
(SONAMI) | 293. | Unilever Latin America |
| 259. | Sociedad Nacional de Minería
Petróleo y Energía (SNMPE) | 294. | Unión Costarricense de Cámaras y
Asociaciones de la Empresa Privada
(UCCAEP) |
| 260. | Sociedad Portuaria de Cartagena | 295. | Unión Industrial Argentina (UIA) |
| 261. | Softtek | 296. | UPS |
| 262. | Solar Dynamics | 297. | Vale |
| 263. | SolarCity | 298. | Verizon |
| 264. | St. Kitts & Nevis Chamber of
Industry & Commerce | 299. | Vestas Wind Systems |
| 265. | St. Lucia Chamber of Commerce,
Industry and Agriculture | 300. | Visa |
| 266. | St. Vincent & The Grenadines
Chamber of Industry and
Commerce | 301. | Volkswagen |
| 267. | Standard & Poor's | 302. | Walmart |
| 268. | Stefanini IT Solutions | 303. | Wasserman & Associates |
| 269. | Suriname Trade & Industry
Association | 304. | WEG |
| 270. | Teka Capital | 305. | Western Union |
| 271. | Telefónica | 306. | Xignux |
| 272. | Terpel | | |

GLOSSARY OF TERMS

ABD	Americas Business Dialogue
ADB	Asian Development Bank
AEO	Authorized Economic Operator
BIEC	Border Inter-Agency Council of the United States
COAC	Commercial Customs Advisory Committee of the United States
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FATF	Financial Action Task Force on Money Laundering
FCA	Financial Conduct Authority
FinTech	Financial Technology
GDP	Gross Domestic Product
GMO	Genetically Modified Organism
GVC	Global Value Chain
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
IP	Intellectual Property
LAC	Latin America and the Caribbean
MAS	Monetary Authority of Singapore
MOOC	Massively Open Online Course
MW	Megawatts
NTP	National Trade Platform
NQF	National Qualification Framework
OECD	Organization for Economic Cooperation and Development
PPH	Patent Prosecution Highway
PPP	Public-Private Partnership
PROSUR	(Spanish acronym for) Regional Cooperation System for Intellectual Property
REFIT	Regulatory Fitness and Performance
MSME	Micro, Small and Medium Enterprises
UN	United Nations
VAT	Value Added Tax
WB	World Bank
WEF	World Economic Forum
WIPO	World Intellectual Property Organization

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