americas business dialogue

Policy Recommendations

Boosting Productivity: The Pathway to Long-Term Growth and Resilience in an Era of Change

KNOWLEDGE PARTNER McKinsey & Company

Policy Recommendations

Boosting Productivity:
The Pathway to Long-Term Growth
and Resilience in an Era of Change

About the Americas Business Dialogue

The Americas Business Dialogue (ABD) is an initiative led by the private sector and facilitated by the Inter-American Development Bank (IDB) that fosters high-level dialogue between governments and the private sector across the Americas on policies that promote development and economic growth.

ABD represents more than 460 companies and business organizations from a wide range of sectors operating throughout the Americas. Its mission is to help create a business environment that encourages investment, fosters innovation and productivity, generates more and better jobs, and supports economic growth in the region.

To that end, ABD develops and publishes policy recommendations and supports governments across the Americas in implementing them.

ABD carries out a sustained high-level exchange with the governments in the Americas, seeking to develop a collaborative relationship in the design and implementation of public policies. As a core part of its mission, ABD serves as the private-sector consultation mechanism for the Summit of the Americas.

About This Document

This document was developed and adopted by consensus among ABD members. To arrive at this consensus, ABD drew on the ideas, discussions, and technical expertise shared by members through its Artificial Intelligence Task Force and ten working groups: i) Trade Facilitation, ii) Digital Trade and Economy, iii) Finance, iv) Energy and Natural Resources, v) Food and Agribusiness, vi) Transparency and Regulatory, vii) Human Capital and Innovation, viii) Health, ix) Infrastructure and Logistics, and x) Tourism.

These recommendations were enriched through engagement with governments from the region over the past three years, private-sector consultation dialogues, and technical feedback from specialists at the IDB Group.

McKinsey & Company served as Knowledge Partner of this Report, providing the research foundation and strategic framework that supported structuring and consolidation of the views of ABD members.

Originally prepared for the 10th Summit of the Americas — previously scheduled for December 2025 in the Dominican Republic and subsequently postponed — this document reflects the consensus views of all ABD members, who were able to comment on and provide input into the recommendations and proposed initiatives it contains before approving it.

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For more information, please visit us at **www.americasbd.org**.

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01

Acronyms and Abbreviations

ABD	Americas Business Dialogue
AI	Artificial Intelligence
APEC	Asia-Pacific Economic Cooperation
DFI	Development Finance Institutions
ECLAC	Economic Commission for Latin America and the Caribbean
ESG	Environmental, Social, and Governance
GRPs	Good Regulatory Practices
IDB	Inter-American Development Bank
IDG Group	Inter-American Development Bank Group
IMF	International Monetary Fund
IP	Intellectual Property
JISDR	Joint Initiative on Services Domestic Regulation
LAC	Latin America and the Caribbean
LNG	Liquefied Natural Gas
MDB	Multilateral Development Banks
MMRV	Monitoring, Measuring, Reporting, and Verification
MSME	Micro, Small, and Medium-sized Enterprises
NGO	Non-governmental Organizations
OECD	Organization for Economic Co-operation and Development
PAHO	Pan American Health Organization
PPP	Public–Private Partnerships
R&D	Research and Development
STI	Science, Technology, and Innovation
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
USMCA	United States-Mexico-Canada Agreement
VAT	Value-Added Tax
WCO	World Customs Organization
WTO	World Trade Organization

02

Key Messages

As the world evolves, new realities are creating both challenges and opportunities for the Americas. Rapid technological innovation and shifting geopolitical dynamics pose hurdles that should be addressed, but they also offer countries in the region potential for accelerated, long-term economic development.

While this part of the world has an unmatched endowment of natural resources and human capital, it faces longstanding challenges. In Latin America and the Caribbean (LAC), in particular, economic growth has lagged behind other regions for decades, while pressing social needs persist.

The main reason for this stagnation is low productivity. Numerous studies have identified both the causes of and possible solutions to the problem, yet it remains unsolved. The need to provide effective answers has become even more urgent with the advent of innovations such as artificial intelligence (AI), which create additional demands.

ABD acknowledges that boosting productivity is the pathway to long-term growth and resilience in a rapidly changing world. Advancing the right policies and decisions will unlock a more prosperous future for the Americas. Bringing about this change requires progress on areas such as infrastructure, integration, and finance, to name a few of the factors that are indispensable to development.

Within this framework, **the private sector plays a critical role in success.** Tens of millions of large, medium-sized, and small enterprises operate in the Americas, from shopkeepers who open their doors early each morning to technologically sophisticated industries. The private sector generates most of the region's employment and investment, often under difficult circumstances.

Resilience is a valuable asset that signals the promise of a more favorable business climate. In the meantime, shocks from various sources have become the norm on a more fragmented planet, while new risks continue to emerge.

Therefore, **more public–private partnerships and greater coordination are needed.** Better rules and the right environment will open the door to more investment, greater capabilities, and better solutions. The private sector is key to improving productivity and creating a virtuous circle that benefits the people of the Americas.

Acting now is of the utmost importance. Average growth in LAC over the past 60 years has been 1.8% a year, below the world average (Ayres and Juvenal, 2026). Between 2014 and 2024, income per capita stagnated, giving new meaning to the term "lost decade," coined during the 1980s. Frustration and disillusionment often follow weak economic performances.

In many ways, the region has fallen into a middle-income trap and remains stuck there. The main reason is not a lack of capital or labor but rather low productivity and the misallocation of resources. For example, investments in research and development (R&D) amount to 0.65% of GDP compared to 2.7% in Organization for Economic Co-operation and Development (OECD) countries (UIS Data Browser n.d.).

It is true that progress has been made in macroeconomic stability, democratic governance, and poverty reduction, but improvements in efficiency, innovation, and integration remain pending. **The urgency of such initiatives is heightened by the fact that the demographic window of opportunity is closing as birth rates fall and populations age.**

At the same time, **today's international context is different.** Concerns shaped by the pandemic crisis have given way to geopolitical shifts and the rapid advent of technological change. These new realities are reconfiguring value chains and opening up opportunities such as reshoring or nearshoring. Closing the readiness gap has thus become a priority in overcoming the rigidities of the past.

Long-term resilience remains an important priority across the Americas. As in other parts of the globe, the region has embraced alternative electricity sources while becoming a key provider of critical minerals. In these and other fields, such as regenerative agriculture, LAC is part of the solution needed to support an orderly transition and a sustainable future.

The private sector is committed to building a better tomorrow for all. Identifying opportunities, investing, opening new markets, exporting, and boosting employment are all part of the development process. Financial solutions and capital mobilization are also essential.

No less important is constructive dialogue with governments to achieve the best possible regulatory frameworks. Guidelines for best practices and successful experiences from other regions can help modernize public administration and improve the services it provides.

Shared responsibility for citizens' well-being must also be recognized. Investing in human capital and reskilling is crucial in times of change, as is fostering integrity and transparency. Translating these objectives into effective action will expand the collective gains derived from pursuing specific opportunities.

The range of opportunities is broad. In its discussions, ABD focused on areas that show particular promise. These include high-growth sectors such as the digital economy, tourism, agribusiness, energy, mining, healthcare, infrastructure, and international trade more generally.

In each case, in-depth analysis was conducted using relevant information from technical sources. Frank, practical exchanges with government leaders were key to refining points of view. This process confirmed that open dialogue and cooperation between the private and public sectors are essential to comparing points of view, identifying specific actions, and, above all, ensuring timely implementation.

Implementing an ambitious set of recommendations will require persistence. Some tasks will demand greater effort than others, but giving up is not an option.

The promise of building a better future, one in which opportunities abound for the people of the Americas, more than justifies moving from words to action as quickly as possible. ABD therefore remains committed to continuing as an enthusiastic partner in this effort while following up on each step taken.

To maximize the impact of public–private engagement in this productivity-led transformation, ABD has defined **three pillars** and identified **six strategic priorities**. This roadmap for development converges in **15 actionable recommendations** to strengthen growth and resilience across the region.

The **first pillar** focuses on establishing an enabling environment for businesses to thrive through stronger institutions, regulatory predictability, and deeper regional integration. The **second pillar** seeks to unlock higher-potential drivers of growth by advancing productivity, innovation, digital transformation, and the participation of MSMEs in regional and global value chains. The **third pillar** aims to ensure the region has the capabilities and resources needed to sustain resilient economic growth through investments in education, workforce development, digital skills, infrastructure, and long-term financing.

All the proposals in this document share a common goal: improving the lives of all the inhabitants of the Americas. The private sector's commitment must be understood as part of a broader collective effort that requires persistence, effectiveness and, above all, implementation capacity. Translating words into tangible actions has always been important, but now there is a new sense of urgency that demands concrete responses.

These unifying themes highlight critical issues in advancing the identified priorities. ABD members reaffirm their commitment to acting as proactive partners to governments, helping guide policymakers as they work to foster and sustain progress across the Americas. They do so with the firm conviction that **boosting productivity is the pathway to long-term growth and resilience in an era of change.**

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Report Overview

ABD underscores the importance of **strengthening productivity** to accelerate economic growth and enhance global competitiveness.

To this end, **ABD presents 15 recommendations to the leaders of the Americas** that promote economic development through improved productivity, resilience, and connectivity across the region. These recommendations are organized around **three growth pillars** that define a strategic roadmap for economic progress and are further structured into **six priority areas** for targeted actions. Each recommendation is accompanied by a set of proposed initiatives to facilitate its implementation.

First Growth Pillar

Establish an Enabling Environment for Businesses to Thrive

PRIORITY AREA I: Build Transparency and Effective Governance

1. **Promote an ethical environment and strengthen integrity across the public and private sectors** to enhance transparency and accountability, while applying best practices and digital technologies to public procurement.

2. **Modernize regulatory frameworks for new and innovative business models** to remove institutional and procedural barriers, address conflicts of interest, ensure competitive neutrality, and support innovation.

3. **Implement and strengthen good regulatory practices (GRPs) and use digital tools** to streamline sector-specific regulations, promote regulatory convergence, and reduce nontariff technical barriers to trade.

PRIORITY AREA II: Build an Interconnected Region

4. **Streamline and harmonize cross-border trade in line with international standards** by simplifying and digitizing processes to improve government efficiency, interoperability, business operations, and compliance.

5. **Apply international standards and best practices to develop high-quality regional infrastructure**, including logistics hubs, ports, energy systems, and tourism assets.

6. **Enhance resilience by developing integrated energy matrixes and supply chains** and fostering commercially viable beneficiation initiatives in the mining sector.

“The promise of building a better future, one in which opportunities abound for the people of the Americas, more than justifies moving from words to action as quickly as possible.”

Second Growth Pillar

Unlock Higher-Potential Drivers of Growth

PRIORITY AREA III: Adopt Advanced and Emerging Technologies to Enable Productivity Growth

7. **Accelerate public and private investment in resilient digital infrastructure** by closing connectivity gaps, adopting public cloud solutions, removing barriers to regional digital integration, and promoting the free flow of data across borders.

8. **Support the mass adoption of AI and digital solutions in public services and the private sector** by establishing national and regional AI frameworks, strengthening capacity-building programs, and promoting incentives, partnerships, and digital skills development.

PRIORITY AREA IV: Empower Micro, Small, and Medium-sized Enterprises (MSMEs) and Rural Economies

9. **Support the formalization and financial inclusion of MSMEs and self-employed individuals** by streamlining and digitizing registration and tax processes, expanding access to credit, and strengthening rural and digital financial infrastructure.

10. **Facilitate MSME participation in regional and global markets** by enhancing trade facilitation mechanisms, simplifying customs and compliance procedures, and promoting trusted trader and risk management programs.

Third Growth Pillar

Ensure the Region Has the Necessary Capabilities and Resources

PRIORITY AREA V: Prepare the Workforce of Tomorrow

11. **Strengthen regional cooperation in research, data sharing, and skills development** to accelerate innovation, build local capacity, and establish regional learning hubs and talent mobility across key sectors.

12. **Leverage AI and new technologies** to build educators' capacity for delivering modern, technology-enabled, personalized, adaptive learning experiences to students, align learning with evolving industry needs, and support lifelong learning for professional upskilling and requalification.

13. **Expand financial literacy and digital skills programs for vulnerable and underserved populations** through accessible, on-demand, and interactive learning platforms.

PRIORITY AREA VI: Enable Capital Deployment

14. **Foster stability and investor confidence to enable public–private collaborations on large-scale investments** by providing consistent, transparent, and long-term policy frameworks.

15. **Develop innovative financing mechanisms** such as blended finance, credit guarantees, and sector-specific funds to address industry-specific needs, support technology adoption, and strengthen the development of interconnected infrastructure with private-sector participation.

POLICY
RECOMMENDATIONS

04

Context and Priorities for Economic Development

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LAC has completed much of the hard, preliminary work required to unleash a thriving, dynamic private sector. Over the last three decades, countries have made historic gains in macroeconomic stability, democratic governance, and poverty reduction. Vast expansions in access to education, healthcare, social protection, and digital connectivity have fueled the rise of a more stable middle class and broadened opportunities for individuals and firms across the region.

The Big Challenge

However, **unless the region closes its persistent productivity gap, these gains cannot be sustained, and growth will not reach the levels needed to eliminate remaining poverty**. For over six decades, average growth in LAC has been anemic, at around 1.8% annually (Ayres and Juvenal 2026). This modest growth has been driven largely by capital accumulation and labor force expansion, with comparatively limited gains in efficiency, innovation, and international integration. These limitations have left the region in what is often described as a "middle-income trap"—a situation where growth can no longer be sustained by simply adding more workers or physical capital.

As the International Monetary Fund (IMF 2025) has noted, despite periods of strong capital accumulation and labor force expansion, **the region has struggled to achieve sustained convergence with advanced economies**, unlike other emerging market economies that are gradually closing the productivity gap. Various studies also show that total factor productivity remains low and that its evolution is far from satisfactory. Part of the explanation is that resources are persistently misallocated.

The IMF further notes that **high-productivity firms consistently face barriers to expansion**, preventing them from reaching more efficient scales. By contrast, low-productivity firms remain active for too long. Misallocation also inhibits the movement of resources across firms. Together, these margins hold back productivity growth in LAC.

This situation tends to affect all sectors. Firms face a range of constraints, including limited access to financial institutions, heavy national and regional regulations, and restricted market access. These factors limit the growth of potentially successful firms. Even those that survive face obstacles to investing and upgrading to more advanced practices and technologies, while R&D is low when compared to other regions.

Avoiding further divergence requires greater innovation, more competitive entrepreneurial ecosystems, and deeper integration into international markets. Currently, R&D investment—a key driver of productivity growth—amounts to only about 25% of OECD levels (ECLAC 2024b), while most small and medium-sized enterprises in LAC lack the means to innovate or adopt emerging technologies, reinforcing a low-growth equilibrium.

Furthermore, **tight fiscal space limits the region's ability to seize opportunities for productive transformation.** With fiscal deficits above pre-pandemic averages and debt levels among the highest in emerging regions, LAC is vulnerable to shifts in global financing conditions. These constraints underscore the urgency of pro-growth reforms that remove barriers to productivity, streamline investment timelines, and mobilize capital through public–private partnerships and blended finance.

Persistent structural challenges in the Americas intersect with opportunities in high-growth sectors, such as the digital economy, tourism, agribusiness, energy, mining, healthcare, infrastructure, and international trade. While the world is evolving rapidly, adapting to new conditions is feasible if the right decisions are made.

The Road Ahead

As these sectors show, the combination of shifting geopolitical dynamics and rapid technological change **offers the region significant potential for accelerated, long-term economic development,** especially if it can leverage its human capital efficiently, use natural resources responsibly, and strengthen value creation across consumer markets. However, turning that promise into achievement will require overcoming significant challenges.

There are two fundamental drivers of growth: labor force expansion and productivity improvement. Although in recent decades economic growth in LAC has been supported by population growth and labor market participation, these factors are projected to peak in the coming years (ECLAC 2024a), after which a gradual decline is expected. As a result, **ABD acknowledges that boosting productivity is the pathway to long-term growth and resilience in an era of change.**

Productivity can be increased by allocating capital more efficiently, prioritizing science-based innovation, directing resources toward critical areas that reinforce competitiveness—including infrastructure, education, and health—and deploying monitoring, reporting, and verification systems that track outcomes and guide investments across sectors. In return, productivity enables industries to expand competitively and capture opportunities in global markets. It allows companies to generate more value with the same resources, decrease costs, improve quality, and create space for reinvestment. As efficiency rises, businesses unlock new avenues for growth. Workers, in turn, benefit from better jobs, higher wages, and healthier lifestyles. **Productivity translates into thriving companies, stronger economies, and more resilient communities.**

The Americas have already taken important steps toward building more competitive, dynamic economies. The region has developed a diversified manufacturing base and is beginning to seize opportunities in high-technology sectors such as renewable energy and digital services, signaling positive momentum. However, these trends remain uneven and require greater scale and integration. If the region leverages its competitive advantages through science-based innovations and policies that enable public–private partnerships, the Americas, particularly LAC, can achieve **long-term prosperity and increase global relevance**.

The following sections outline a private sector-driven roadmap to strengthen competitiveness, productivity, and long-term resilience across the Americas.

First Growth Pillar

Establish an Enabling Environment for Businesses to Thrive

This vertical serves as the foundation of the roadmap, with reliable institutions and predictable governance as prerequisites for growth. It focuses on building the institutional and regulatory frameworks necessary for economic expansion. Transparent governance, predictable legal frameworks, and effective regulations create trust and stability, attracting investment and enabling companies to compete globally. Establishing an environment where both domestic and international companies can operate confidently is an important step toward unlocking the region's potential.

PRIORITY AREA I: Build Transparency and Effective Governance

Transparent, predictable, and accountable governance is essential for creating the stability and trust needed for economic growth and for enabling both public and private actors to operate confidently.

Rule of law, legal certainty, reliable, independent institutions, and a culture of accountability are essential to building trust and predictability, which attract investment and empower companies to grow.

There is a significant opportunity across LAC to strengthen institutional integrity and modernize governance systems in ways that reinforce confidence among citizens, companies, and investors. Currently, limited access to information, uneven enforcement of rules, and fragmented regulatory frameworks continue to create uncertainty and raise the cost of doing business. However, greater openness, clearer regulatory frameworks, and more reliable institutions can help rebuild trust and support better decision-making across sectors.

PRIORITY AREA I:
Build Transparency and Effective Governance

To ensure that businesses can truly thrive in a dynamic environment, it is indispensable that regulatory modernization processes be carried out inclusively, with the private sector participating in the design and updating of regulations. This approach makes it easier to anticipate impacts, avoids unnecessary administrative burdens, and promotes proportional, evidence-based regulations aligned with international standards, thereby protecting competitiveness and fostering innovation.

Recommendations

1. **Promote an ethical environment and strengthen integrity across the public and private sectors** to enhance transparency and accountability, while applying best practices and digital technologies to public procurement.

2. **Modernize regulatory frameworks for new and innovative business models** to remove institutional and procedural barriers, address conflicts of interest, ensure competitive neutrality, and support innovation.

3. **Implement and strengthen GRPs and use digital tools** to streamline sector-specific regulations, promote regulatory convergence, and reduce nontariff technical barriers to trade.

PRIORITY AREA II: Build an Interconnected Region

Regional collaboration and deeper cross-border integration can leverage LAC's complementary strengths and foster a more competitive, diversified economic landscape.

Deepening regional connections in supply chains, energy systems, and infrastructure is essential to reduce costs, improve efficiency, and unlock scale.

Stronger regional integration can significantly reduce costs and expand economic opportunities by streamlining the movement of goods, services, energy, and data. Improved connectivity strengthens supply chains, accelerates trade, and helps countries attract long-term investment. Today, however, LAC remains only partially interconnected. Power grids, data networks, transportation systems, and logistics chains often operate with limited coordination, which raises costs and limits the region's ability to fully participate in global value chains.

Recommendations

4. **Streamline and harmonize cross-border trade in line with international standards by simplifying and digitizing processes** to improve government efficiency, interoperability, business operations, and compliance.

5. **Apply international standards and best practices to develop high-quality regional infrastructure**, including logistics hubs, ports, energy systems, and tourism assets.

6. **Enhance resilience by developing integrated energy matrixes and supply chains** and fostering commercially viable beneficiation initiatives in the mining sector.

Second Growth Pillar

Unlock Higher-Potential Drivers of Growth

This pillar positions productivity and innovation as the main drivers of regional competitiveness. It focuses on the levers that can move economies up the value chain by accelerating technology adoption and enabling digital transformation. It also seeks to empower MSMEs and rural economies. Through these drivers, the Americas can expand their productive frontier, strengthen participation in global markets, and ensure that innovation and entrepreneurship fuel broad-based prosperity.

PRIORITY AREA III: Adopt Advanced and Emerging Technologies to Enable Productivity Growth

Advanced and emerging technologies offer the region a powerful opportunity to boost productivity, improve competitiveness, and support more dynamic and innovative economies.

Embracing digital tools, automation, and AI can help modernize processes, boost international trade, and position the Americas as a key player in the global digital economy.

Digital tools, automation, AI, and modern data systems have the potential to transform production, reduce costs, and create higher-value goods and services. **Many countries across the region are making progress, yet adoption remains uneven**, and infrastructure gaps, limited digital skills, and underdeveloped innovation ecosystems continue to constrain broader impact. Strengthening digital and energy infrastructure, improving access to technology, and expanding the skills needed to apply these tools can help accelerate productivity gains across sectors.

Recommendations

7. **Accelerate public and private investment in resilient digital infrastructure** by closing connectivity gaps, adopting public cloud solutions, removing barriers to regional digital integration, and promoting the free flow of data across borders.

8. **Support the mass adoption of AI and digital solutions in public services and the private sector** by establishing national and regional AI frameworks, strengthening capacity-building programs, and promoting incentives, partnerships, and digital skills development.

PRIORITY AREA IV: Empower MSMEs and Rural Economies

Enhancing the productivity and competitiveness of MSMEs and rural communities will expand economic opportunities across the Americas.

Increasing access to financing, technology, and markets is essential to strengthening competitiveness and creating opportunities across the economy, enabling these actors to scale and participate more effectively in regional and global value chains.

Statistics show that **MSMEs form the backbone of the regional economy**. They represent more than 95% of businesses, generate around 60% formal employment, and contribute roughly a quarter of GDP in the region (Sciarra 2024; OECD, CAF, and SELA 2024). **Rural communities contribute to essential sectors such as agriculture** but continue to face significant development and infrastructure gaps that limit their ability to participate fully in modern markets. Improving access to finance and technology, simplifying administrative processes, and strengthening conditions that support fair participation in trade are vital to helping these actors grow more confidently, increase productivity, and connect more effectively to regional and global value chains.

Recommendations

9. **Support the formalization and financial inclusion of MSMEs and self-employed individuals** by streamlining and digitizing registration and tax processes, expanding access to credit, and strengthening rural and digital financial infrastructure.

10. **Facilitate MSME participation in regional and global markets** by enhancing trade facilitation mechanisms, simplifying customs and compliance procedures, and promoting trusted trader and risk management programs.

Third Growth Pillar

Ensure the Region Has the Necessary Capabilities and Resources

This pillar secures the enablers that sustain long-term prosperity. It focuses on **preparing the workforce of tomorrow and mobilizing investment** for transformative projects that convert innovation into measurable impact.

Private firms in LAC must do their part to unleash productivity gains by investing much more in technology adoption and human capital formation to fully leverage the digital transformation. The private sector should partner with governments, academic institutions, and other development actors to promote focused training programs in digital and science, technology, engineering, and mathematics skills to widen the talent base.

EdTech models have been shown to open new business niches by addressing gaps in formal education systems, supporting workforce reskilling and enabling knowledge-intensive services.

PRIORITY AREA V: Prepare the Workforce of Tomorrow

Equipping workers with the skills needed for a rapidly changing economy presents a major opportunity to strengthen competitiveness and support long-term growth across the region.

Expanding access to high-quality education and upskilling and reskilling programs is critical to building a future-ready workforce. Strengthening digital and AI literacy across all segments of society will enhance productivity, helping the region remain competitive in a rapidly evolving global economy.

A skilled and adaptable workforce is essential for countries to innovate, adopt new technologies, and participate in higher-value industries. However, education and training systems in many parts of the Americas have not adapted quickly enough to meet new labor market needs, so workers often lack access to the digital, technical, and financial skills required to succeed in emerging sectors. Limited opportunities for reskilling and lifelong learning also prevent workers from moving into more productive roles. By modernizing education systems, improving teaching quality, strengthening links between training and industry, and expanding access to continuous learning, countries can help workers transition into higher-value opportunities and create a more resilient and future-ready labor force.

Recommendations

11. **Strengthen regional cooperation in research, data sharing, and skills development** to accelerate innovation, build local capacity, and establish regional learning hubs and talent mobility across key sectors.

12. **Leverage AI and new technologies** to build educators' capacity for delivering modern, technology-enabled, personalized, adaptive learning experiences to students, align learning with evolving industry needs, and support lifelong learning for professional upskilling and requalification.

13. **Expand financial literacy and digital skills programs for vulnerable and underserved populations** through accessible, on-demand, and interactive learning platforms.

PRIORITY AREA VI: Enable Capital Deployment

Access to capital and derisking financing are essential to unlock new drivers of growth, diversify industries, and strengthen competitiveness.

Investment is essential to expand infrastructure, scale new technologies, and support the development of high-value-added sectors. Yet many LAC countries continue to face challenges in channeling resources efficiently toward long-term opportunities. Limited depth in capital markets, uneven investor confidence, and a constrained pipeline of bankable projects can slow progress and restrict access to the financing needed for modernization. By strengthening the investment environment, improving regulatory predictability, and expanding mechanisms that mobilize private and public capital, **countries can direct resources toward projects with the greatest economic and social impact**. This strategy can help diversify industries, enhance resilience, and convert financial capacity into sustained development.

Recommendations

14. **Foster stability and investor confidence to enable public–private collaborations on large-scale investments** by providing consistent, transparent, and long-term policy frameworks.

15. **Develop innovative financing mechanisms** such as blended finance, credit guarantees, and sector-specific funds to address industry-specific needs, support technology adoption, and strengthen the development of interconnected infrastructure with private-sector participation.

The Americas can unlock a trajectory of resilient growth by acting on the proposed priorities, which together can increase productivity, attract investment, and generate long-term prosperity.

05

Proposed Initiatives for Implementing the Recommendations

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To translate these six strategic priorities into tangible results, ABD proposes a series of tactical initiatives to turn the recommendations into actionable programs that enhance productivity. The following section outlines these initiatives, detailing the concrete actions needed to transform strategic intent into real economic opportunity and long-term prosperity for the Americas. All of the issues included were developed through a series of thematic working groups involving ABD members.

Of course, these specific measures must be adapted to national realities. The Americas include countries at multiple stages of development. This list aims to cover as much ground as possible to provide both policymakers and the private sector with a toolkit that can be translated into actions, strategies, and regulations. The objective is to signal a way forward that enables the region to achieve its economic potential while improving people's lives. At the core of this effort is one truth: **boosting productivity is the pathway to long-term growth and resilience in an era of change.** Three key pillars are central to achieving that objective.

Establish an Enabling Environment for Businesses to Thrive

PRIORITY AREA I: Build Transparency and Effective Governance

1. **Promote an ethical environment and strengthen integrity across the public and private sectors** to enhance transparency and accountability, while applying best practices and digital technologies to public procurement.

Proposed initiatives to strengthen governance, oversight, and accountability:

- Encourage public reporting of ethics and compliance frameworks across public and private organizations.

Proposed initiatives to improve procurement practices and institutional capabilities:

- Adopt value-based procurement practices aligned with Value for Money principles used by leading multilateral development banks, to improve efficiency, fairness, and long-term impact.
- Build institutional capacity by training procurement officials and auditors to apply best practices and digital tools that prevent corruption and inefficiency.
- Align national procurement systems with international benchmarks—such as those of the World Bank, OECD, and APEC—to strengthen governance and comparability.
- Encourage the adoption of procurement codes of conduct, and provide incentives for public entities and suppliers that uphold high ethical and compliance standards.

2. **Modernize regulatory frameworks for new and innovative business models** to remove institutional and procedural barriers, address conflicts of interest, ensure competitive neutrality, and support innovation.

Proposed initiatives to remove institutional and procedural barriers:

- Engage the private sector systematically in the design of governance and regulatory standards to reflect global best practices and foster innovation.
- Promote regional cooperation and technical exchange programs on regulatory modernization and market oversight standards in coordination with multilateral institutions and the private sector.

Proposed initiatives to address conflicts of interest and strengthen regulatory integrity:

- Strengthen governance frameworks for market infrastructure services (e.g., digital payments, fintech ecosystems) by defining clear lines of accountability, decision-making, and oversight to prevent conflicts of interest between regulatory and operational functions.
- Encourage clear functional separation and safeguards within regulatory agencies across supervisory, operational, and policy responsibilities, supported by transparent reporting and audit procedures.
- Establish independent review and compliance mechanisms to ensure that regulatory decisions remain impartial and aligned with public-interest objectives.

Proposed initiatives to support competitive neutrality and fair access:

- Encourage responsible access to and the reuse of public data, ensuring respect for intellectual property (IP) and privacy rights while adopting internationally recognized AI standards (e.g., ISO 42001).
- Streamline IP and regulatory frameworks to shorten patent and approval timelines, ensure fair patentability standards, and strengthen data protection and dispute resolution mechanisms.

Proposed initiatives to support technological innovation and business models:

- Strengthen and modernize IP frameworks to protect creative and technology-based assets, facilitate technology transfer, and align regional standards with international benchmarks, such as those of the World Intellectual Property Organization and the United States–Mexico–Canada Agreement.

Proposed initiatives to modernize licensing and permitting systems:

- Develop the necessary regulatory environment to enable adoption and enhance transparency, predictability, and efficiency across licensing and permitting processes.
- Implement a shared, digital platform at the national level and, where relevant, across countries to streamline how subnational governments manage business licensing, permitting, and investment approval applications, providing secure, interoperable systems that reduce administrative burdens and improve transparency and predictability for investors.

3. **Implement and strengthen GRPs and use digital tools** to streamline sector-specific regulations, promote regulatory convergence, and reduce nontariff technical barriers to trade.

Proposed initiatives to establish national GRP foundations:

- Adopt GRP frameworks at the national level, aligned with international benchmarks such as APEC's 2023 Declaration on Good Regulatory Practices, stakeholder participation, and evidence-based rulemaking, and ensure their consistent application across agencies.
- Establish or strengthen a central coordinating body to oversee the implementation of GRPs and drive regulatory coherence across ministries and sectors.
- Create multistakeholder governance mechanisms (such as a permanent Digital Economy Council) to monitor execution and ensure accountability.

Proposed initiatives to build regulatory capabilities and guidance:

- Provide continuous capacity-building and technical cooperation programs to promote regulatory convergence with international standards and best practices.
- Publish government-wide guidance for regulators on compliance with the World Trade Organization (WTO) Technical Barriers to Trade (TBT) Agreement, the Joint Initiative on Services Domestic Regulation (JISDR), and related legal obligations.
- Encourage collaboration with international bodies (e.g., OECD, G7, UNESCO) to ensure regional AI governance frameworks remain interoperable with global standards.
- Identify regional enablers and frameworks to support cross-sector AI implementation and regulatory convergence.

- Ensure whole-of-government participation in the Americas RISE for Health initiative to coordinate national contributions, regulatory alignment, and cross-regional project execution.
- Designate a national liaison (e.g., within trade ministries) to coordinate participation in the Americas RISE for Health initiative and align domestic efforts.
- Join regional capacity-building networks (e.g., RISE Network for Regulatory Capacity Building) to align technical and regulatory capabilities.

PRIORITY AREA II: Build an Interconnected Region

4. **Streamline and harmonize cross-border trade in line with international standards by simplifying and digitizing processes** to improve government efficiency, interoperability, business operations, and compliance.

Proposed initiatives to strengthen digital and physical trade infrastructure:

- Modernize trade-related information and communication technology systems by enabling paperless procedures, digitizing import and export requirements, strengthening customs automation, upgrading existing hardware and software, and ensuring interoperability across customs, logistics, and data-exchange platforms to reduce transaction costs and improve the resilience of cross-border operations.
- Develop open digital platforms and common technical standards for information exchange among logistics, customs, and transportation stakeholders to reduce transaction costs and improve efficiency.
- Simplify access to e-commerce and digital trade platforms by developing regional interoperability standards and ensuring fair competition.

Proposed initiatives to simplify and harmonize trade procedures:

- Accelerate full implementation of the WTO Trade Facilitation Agreement (TFA) and other international trade standards, such as those developed by the World Customs Organization (WCO).
- Deepen regional coordination to converge customs procedures, risk management systems, and the mutual recognition of authorized economic operators (or trusted traders).
- Expand single window and electronic-certification systems (e.g., digital certificates of origin, electronic phytosanitary certification) to reduce transaction time and costs.

Proposed initiatives for sector-specific needs:

Agriculture

- Harmonize agricultural standards and certifications to reduce technical barriers, ensure food safety, and facilitate trade in agrifood products.
- Promote public–private innovation in logistics and traceability by adopting digital platforms and blockchain systems to strengthen provenance, food safety, and competitiveness.

Health

- Establish an environment that promotes trade, incentivizes investment, and generates jobs in the global health supply chain, while refraining from imposing tariffs on health products and implementing regulatory convergence.
- Enhance health supply resilience by maintaining the uninterrupted and equitable flow of critical medical products, diversifying sourcing, and coordinating emergency stockpiles.
- Eliminate nontariff barriers to health-related trade and harmonize import procedures and documentation requirements.
- Adopt and implement regional ethical collaboration frameworks to ensure transparency, data integrity, and equitable partnerships in the health sector.

"There is a significant opportunity across the Americas to strengthen institutional integrity and modernize governance systems in ways that reinforce confidence among citizens, companies, and investors."

5. **Apply international standards and best practices to develop high-quality regional infrastructure**, including logistics hubs, ports, energy systems, and tourism assets.

Proposed initiatives to strengthen governance and planning for infrastructure development:

- Advocate for regulatory frameworks and investments in infrastructure in border zones that promote formal trade, connectivity, industrial development, and job creation.
- Establish long-term national and regional plans that integrate logistics hubs, ports, and transport corridors to enhance domestic connectivity, regional integration, and participation in global value chains.
- Create a regional pipeline of bankable infrastructure initiatives that enable development banks and private investors to participate in blended finance.

Proposed initiatives to ensure quality, competition, and safeguards across infrastructure projects:

- Require that all infrastructure projects undergo open and competitive procurement, an independent feasibility review, and compliance with environmental, social, and climate sustainability safeguards.
- Set clear quality and service performance standards for logistics operators, avoid anticompetitive domestic regulations (such as fixed freight rates), and align national frameworks with regional competition rules.

Proposed initiatives to enhance infrastructure resilience and cross-network reliability:

- Develop shared maintenance and resilience standards for regional transport and energy networks to improve reliability and reduce downtime.

Proposed initiatives for sector-specific needs in agriculture and water-resilience infrastructure:

- Finance efficient irrigation and water-storage projects (e.g., reservoirs, rainwater harvesting, modern networks) and promote the adoption of water-saving technologies through subsidies and demonstration sites.

6. **Enhance resilience by developing integrated energy matrixes and supply chains** and fostering commercially viable beneficiation initiatives in the mining sector.

Proposed initiatives to support integrated and resilient energy planning:

- Promote cooperation and coordination in transmission grid integration and energy infrastructure planning.
- Develop adaptive, technology-neutral energy policies through ongoing public–private dialogue to accommodate innovation and smart-grid advances.

Proposed initiatives to strengthen energy security and diversification:

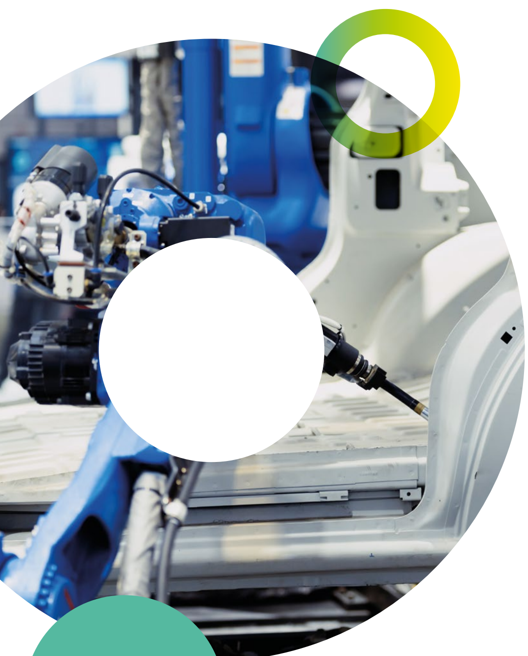
- Strengthen energy security through diversified energy systems that reflect countries’ resource endowments, infrastructure, market conditions, and development priorities.
- Promote diversified generation portfolios (e.g., solar, wind, natural gas, hydro, nuclear, storage, and other flexible resources) based on long-term system planning and country circumstances to strengthen reliability, affordability, and resilience.

Proposed initiatives to accelerate electrification and integration of new technologies:

- Promote cost-effective electrification and energy efficiency, where appropriate, alongside investments that improve access, reliability, affordability, flexibility, and system resilience.
- Expand energy storage and other flexibility resources, as appropriate, to strengthen grid reliability, facilitate the efficient integration of new technologies, and improve system resilience.

Proposed initiatives to improve regional energy connectivity and investment:

- Mobilize investment in transmission and cross-border interconnection to improve energy security, reduce costs, and support regional integration.
- Leverage natural gas and liquefied natural gas (LNG) as export assets, establishing regional trade corridors and LNG-to-power hubs.



Proposed initiatives for sector-specific needs in mining value chains and beneficiation:

- Adopt transparent royalty and tax-sharing frameworks to ensure fair distribution of mining revenues and strengthen accountability at national, regional, and local levels.
- Promote independent third-party audits to improve due diligence, reduce operational risks, and uphold environmental and social standards in the mining sector.
- Foster regional specialization and beneficiation by leveraging each country's comparative advantages in mining to develop pragmatic, commercially viable value chains.

Unlock Higher-Potential Drivers of Growth

PRIORITY AREA III: Adopt Advanced and Emerging Technologies to Enable Productivity Growth

7. **Accelerate public and private investment in resilient digital infrastructure** by closing connectivity gaps, adopting public cloud solutions, removing barriers to regional digital integration, and promoting the free flow of data across borders.

Proposed initiatives to strengthen the enabling environment for digital infrastructure investment:

- Implement enabling regulatory frameworks and public policies to attract investment, promote fair competition, and foster diverse and innovative technologies in the telecommunications sector to expand meaningful and resilient connectivity for all.
- Adopt USMCA Chapter 19 as a regional benchmark for interoperable standards on cross-border data flows, cybersecurity, and technology neutrality.

Proposed initiatives to expand digital infrastructure through public–private collaboration:

- Promote public–private partnerships (PPPs) to expand high-speed broadband, next-generation networks, and cloud infrastructure across the region.
- Promote voluntary infrastructure sharing and increase spectrum availability at reasonable costs, as scarcity and problems with bidding for new spectrum bands limit the expansion of telecommunication networks and the use of new technologies.
- Promote the efficient deployment of telecommunications infrastructure, using international best practices to accelerate connectivity.

Proposed initiatives to close connectivity gaps and promote inclusive access:

- Prioritize investments that close social disparities in access to electricity, broadband connectivity, and devices in rural and underserved areas to bridge the digital divide, foster economic inclusion, and ensure equitable access to digital transformation.

8. **Support the mass adoption of AI and digital solutions in public services and the private sector** by establishing national and regional AI frameworks, strengthening capacity-building programs, and promoting incentives, partnerships, and digital skills development.

Proposed initiatives to establish national and regional AI governance frameworks:

- Develop and implement national AI strategies outlining ethical principles, sectoral priorities, and institutional responsibilities for AI deployment.
- Create regulatory sandboxes to pilot emerging AI applications in controlled environments, generating evidence for safe, scalable implementation.
- Establish multistakeholder forums that bring together governments, academic institutions, industry, and civil society to address the ethical, social, and regulatory dimensions of AI deployment.
- Develop voluntary regional principles for responsible AI use in key areas such as health and agriculture, aligned with international best practices.
- Promote international collaboration to establish consistent global standards and cross-border initiatives that ensure the responsible, democratic, and ethical use of AI.
- Link AI governance to digital trade disciplines to ensure regulatory convergence on data protection, algorithmic transparency, and IP rights.
- Support regionwide AI governance and cybersecurity cooperation mechanisms to harmonize risk management practices, incident response protocols, and trusted supplier criteria.

Proposed initiatives to strengthen institutional and workforce capabilities for AI adoption:

- Strengthen public-sector capabilities by building AI and data skills among policymakers and technical staff and promoting open-source solutions for transparency and adaptability.
- Partner with ABD member companies, educational institutions, and nonprofits to deliver accessible, large-scale AI skilling programs that align with regional priorities and promote inclusion.
- Encourage the customization of open-source AI models and software to meet local needs while reducing reliance on third-party, proprietary technologies.

Proposed initiatives to deploy AI-enabled public-sector and service delivery improvements:

- Leverage AI and cloud technologies to enhance service delivery, streamline administrative processes, and improve the citizen experience in accessing public services.

Proposed initiatives for sector-specific needs:

Agriculture

- Deploy AI, satellite data, and sensor networks to enable scalable monitoring, measuring, reporting, and verification (MMRV) platforms that track soil health, emissions, and yield improvements in real time.
- Provide technical assistance, digital tools, and capacity-building programs to help farmers participate in and benefit from ecosystem-service markets that reward verified environmental outcomes.
- Enhance productivity through sustainable intensification, science-based innovation, and efficient resource use supported by interoperable MMRV systems that track outcomes and guide investments across sectors.

Health

- Enhance health and agricultural outcomes by adopting risk-based AI aligned with international standards for safety and efficacy.
- Adopt and promote shared terminology and standards by endorsing the Americas RISE for Health Digital Health Nomenclature Handbook on a voluntary basis.

PRIORITY AREA IV: Empower MSMEs and Rural Economies

9. **Support the formalization and financial inclusion of MSMEs and self-employed individuals** by streamlining and digitizing registration and tax processes, expanding access to credit, and strengthening rural and digital financial infrastructure.

Proposed initiatives to simplify registration and tax compliance:

- Implement or expand simplified tax regimes (*monotributo* models) tailored to micro- and small-scale entrepreneurs to encourage formalization.
- Introduce targeted tax exemptions or simplified value-added tax (VAT) schemes for self-employed workers and microenterprises to lower entry barriers into the formal economy.
- Regularly review and calibrate tax-regime thresholds and incentives to ensure fairness, avoid arbitrage, and reward the adoption of electronic payment systems (e.g., linking participation to credit guarantee or social security benefits).
- Apply a “functional equivalence” principle in taxation, ensuring similar tax treatment across payment methods (e.g., real-time transfers, cards, wallets, QR codes) based on the underlying transaction.
- Mandate electronic invoicing and other digital-compliance tools to enhance transparency and broaden the tax base, especially among higher-income service providers.

- Digitize registration and licensing procedures for MSMEs to reduce the time and costs of formalization, integrating these processes into national e-government platforms.
- Support the adoption of the OECD Standard Audit File for Tax and real-time digital tax-reporting systems to improve compliance and transparency.
- Simplify and harmonize VAT structures to reduce compliance burdens and enhance transparency in tax administration.

Proposed initiatives to expand financial inclusion and access to credit:

- Deliver training and advisory programs that enhance MSMEs' creditworthiness, financial management, and ability to meet investor and lender requirements.
- Develop a regional MSME Digital Adoption Index to track progress on digitization and guide targeted support programs.
- Foster investment, expand access to credit, and create a business-friendly environment that encourages the formalization of informal vendors and service providers and integrates small businesses into productive value chains.
- Streamline administrative requirements and reduce compliance costs for informal operators and small suppliers to support their transition into the formal economy.
- Monitor the evolving role of central banks and regulators in payment systems to ensure that operational responsibilities do not compromise market neutrality or public trust.

Proposed initiatives to accelerate MSME digital transformation and market participation:

- Accelerate the digital transformation of MSMEs by facilitating public–private partnerships that deliver essential resources such as cloud computing, developer tools, and open data sets, as well as technical support, mentorship, and market access.

10. **Facilitate MSME participation in regional and global markets** by enhancing trade facilitation mechanisms, simplifying customs and compliance procedures, and promoting trusted trader and risk management programs.

Proposed initiatives to strengthen governance and coordination for MSME-friendly trade:

- Reaffirm commitment to effective public–private partnerships through active, well-functioning national trade facilitation committees that include strong MSME representation.
- Establish monitoring frameworks to track the implementation and impact of trade facilitation reforms, including MSME participation indicators.

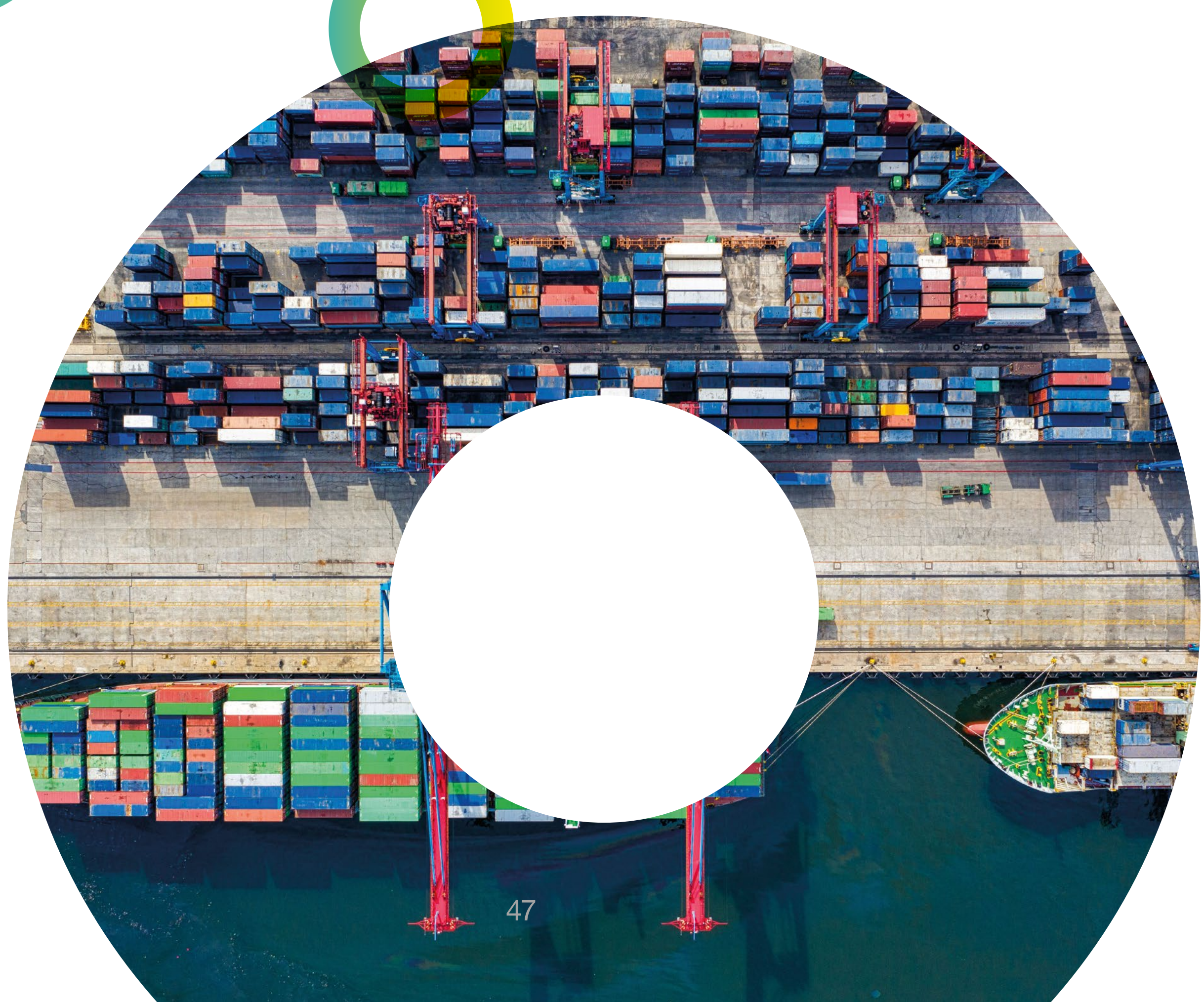
Proposed initiatives to simplify customs and compliance procedures for MSME market access:

- Simplify customs procedures and trusted trader programs to facilitate market access for MSMEs and underrepresented groups, including women-owned businesses.
- Create capacity-building programs to help MSMEs comply with rules of origin, product standards, and digital documentation requirements, enabling them to participate more effectively in cross-border trade.

Proposed initiatives to enhance MSME integration into regional and global value chains:

- Promote the use of digital platforms and data-exchange systems that connect MSMEs to regional and global value chains, thereby reducing transaction costs.
- Advance a scaled approach to digitizing rural and agricultural systems by investing in modern infrastructure, reliable connectivity, and technology access to retain skilled talent and expand rural opportunities.

- Support MSMEs and cooperatives (particularly farmer cooperatives and peer-learning networks) in meeting traceability standards through training, financing, and the adoption of AI tools.
- Launch targeted programs providing digital tools, open data, training, and financial support to MSMEs to facilitate participation in cross-border e-commerce and logistics networks.
- Foster investment, facilitate access to credit, create a business-friendly environment, and formalize the informal sector by integrating local vendors and service providers (especially MSMEs) into the tourism value chain.



“Productivity translates into thriving companies, stronger economies, and more resilient communities.”

Ensure the Region Has the Necessary Capabilities and Resources

PRIORITY AREA V: Prepare the Workforce of Tomorrow

11. **Strengthen regional cooperation in research, data sharing, and skills development** to accelerate innovation, build local capacity, and establish regional learning hubs and talent mobility across key sectors.

Proposed initiatives to align training systems with evolving labor market and sector needs:

- Update national and regional curricula in tourism, agriculture, and digital economy programs within technical institutes, vocational schools, and universities to align training with evolving labor market demand and emerging technologies.
- Develop continuous learning programs and peer farmer networks to share regenerative techniques, encourage science-based seed innovation, and promote resilience and yield stability.
- Promote applied research and knowledge exchange that take into account the local realities of farmers, who are the backbone of our food systems, expanding access to extension services and agronomists, especially in partnership with industry.
- Expand centers of excellence for vocational and technical training to develop employable talent regionally, focusing on tourism, sustainability, digital, and AI skills.

Proposed initiatives to promote regional talent mobility and skills development partnerships:

- Facilitate regional labor mobility and the mutual recognition of qualifications to enable faster recruitment and cross-border deployment of skilled workers.
- Foster public–private partnerships in skills development through co-investment by governments, industry, and academic institutions, and use digital platforms to match training with employer demand in real time.

Proposed initiatives to modernize labor frameworks and support an adaptable workforce:

- Modernize labor and social protection frameworks to reflect new forms of digital and remote work, promoting inclusion, fair treatment, and adaptability.
- Consolidate labor market research and data to identify inclusion gaps and inform evidence-based policymaking.

Proposed initiatives to promote inclusive and equitable labor markets:

- Combat workplace discrimination and pay inequities while avoiding overly burdensome regulations that could limit job creation.
- Encourage private-sector leadership on diversity and inclusion, ensuring transparent recruitment, equal pay, and fair career advancement for all workers.
- Enforce and strengthen policies that promote inclusive labor markets, address inequality, and support the fair participation of women, youth, and underrepresented groups.

Proposed initiatives to promote applied research and strengthen innovation ecosystems:

- Enforce patent and IP legislation in alignment with international standards and encourage collaboration among academic institutions, government, and industry to translate research into marketable solutions.

Proposed initiatives for sector-specific needs in agrifood innovation:

- Invest in biotechnology and crop-improvement R&D to enhance drought tolerance and nutrient-use efficiency, while strengthening food processing and storage infrastructure to reduce postharvest losses and improve nutrition.

12.

Leverage AI and new technologies to build educators' capacity for delivering modern, technology-enabled, personalized, adaptive learning experiences to students, align learning with evolving industry needs, and support lifelong learning for professional upskilling and requalification.

Proposed initiatives to align education systems with labor market and technology needs:

- Guarantee the quality and relevance of education and training by establishing standards that align learning outcomes with labor market needs and emerging technologies.
- Promote cross-sector collaboration between governments, academic institutions, industry, and civil society organizations to design reskilling and upskilling pathways for the digital workforce.

Proposed initiatives to integrate AI and digital tools into teaching and learning:

- Leverage digital and AI technologies to deliver personalized, interactive, adaptive learning experiences for students and lifelong learners.
- Integrate AI and digital tools into teacher training programs to build educators' capacity for delivering modern, technology-enabled instruction.
- Integrate AI literacy across levels, from schools to professional training, to build the digital competencies required for sustainable AI adoption.

Proposed initiatives to expand access to high-quality digital learning resources:

- Create public repositories of open educational resources to support continuous learning and equitable access to digital education content.

13. **Expand financial literacy and digital skills programs for vulnerable and underserved populations** through accessible, on-demand, and interactive learning platforms.

Proposed initiatives to expand access to financial literacy and digital skills training:

- Develop and deploy digital platforms that offer modular, on-demand financial literacy and digital skills training that is accessible to rural communities, youth, and women entrepreneurs.
- Integrate financial literacy and digital skills programs into existing national education and workforce strategies to ensure sustainability and institutional ownership.

Proposed initiatives to scale delivery through partnerships and digital inclusion ecosystems:

- Partner with the private sector, development banks, and NGOs to scale digital learning initiatives that build financial capability and promote the safe adoption of online financial services.
- Modernize and strengthen innovation agencies to improve coordination of financial literacy and digital inclusion programs, streamline resource allocation, and enhance service delivery.

Proposed initiatives to promote inclusive participation and evidence-based policymaking:

- Improve policies to reduce inequality and promote inclusive development by consolidating research and data to enhance policymaking and expand access to opportunities for underrepresented groups.
- Measure progress through gender- and geography-disaggregated indicators to evaluate inclusion outcomes and ensure equitable participation in the digital economy.

PRIORITY AREA VI: Enable Capital Deployment

14. **Foster stability and investor confidence to enable public–private collaborations on large-scale investments** by providing consistent, transparent, and long-term policy frameworks.

Proposed initiatives to strengthen long-term policy and regulatory certainty:

- Adopt stable, transparent, and long-term policy frameworks that empower technical regulators, ensure predictable permitting, and create technology-neutral conditions for investment in capital-intensive sectors.
- Establish transparent mechanisms to monitor environmental and social performance in large-scale investments, ensuring compliance with environmental, social, and governance (ESG) and due diligence standards.
- Establish clear and stable rules for contracting, risk allocation, environmental licensing, and land acquisition to strengthen investor confidence and reduce project delays.

Proposed initiatives to expand financing tools and derisking mechanisms:

- Expand fiscal incentives and derisking tools for resilient infrastructure and innovation.
- Enable development finance institutions (DFIs) and multilateral organizations to support investments that improve system flexibility, reliability, resilience, while complementing broader efforts to modernize energy systems.
- Create market signals (e.g., capacity, ancillary services) to make storage, grid upgrades, demand response, and fast-start assets investable without relying on blanket subsidies.

Proposed initiatives to strengthen public–private collaboration and community engagement:

- Strengthen public–private partnership frameworks and co-investment mechanisms that mobilize private capital for public priorities, ensuring clear regulations, transparent procurement processes, and standardized contracting procedures that enable investment at scale and accelerate innovation, infrastructure development, and agricultural resilience.
- Require early, continuous community engagement, shared-value models, and workforce upskilling with private-sector partners.

Proposed initiatives to improve project design and resilience:

- Assess projects not only for financial viability but also for operational sustainability, territorial benefits, and logistic efficiency.
- Integrate resilience measures into project design and risk management to enhance the resilience of health, water, and energy infrastructure.
- Promote regional cooperation to accelerate the growth of the travel and tourism sector across LAC and position the region as a world-class destination.

15. **Develop innovative financing mechanisms** such as blended finance, credit guarantees, and sector-specific funds to address industry-specific needs, support technology adoption, and strengthen the development of interconnected infrastructure with private-sector participation.

Proposed initiatives to strengthen multilateral development banks (MDBs) and government financing frameworks and risk-sharing instruments:

- Develop a framework that enables MDBs to scale up the adoption of risk-sharing instruments and promote project implementation by simplifying approval processes and engaging the private sector.
- Encourage MDBs and governments to publish draft policies and term sheets, solicit market feedback, iterate approval processes, and standardize templates for guarantees, insurance, and blended finance.
- Deploy guarantees, insurance, and results-based instruments, such as sustainability or resilience bonds that reward verified improvements in productivity, environmental performance, and community benefits.

Proposed initiatives to expand blended-finance vehicles and public–private investment platforms:

- Expand private-initiative PPPs, logistics, infrastructure funds, and blended-finance vehicles to channel investment into resilient infrastructure.
- Create a regional center with a dedicated financing window to prepare, fund, and steward cross-border, science-based projects from development through construction and operation.

Proposed initiatives to strengthen innovation systems and research financing:

- Foster public–private partnerships for applied research and innovation, supported by protected science, technology, and innovation (STI) budgets, targeted tax incentives, and a strong IP system that promotes creativity and innovation, including AI.
- Increase and safeguard budgets for STI, modernize innovation agencies' resources and systems, and foster public–private partnerships for applied research.

Proposed initiatives to develop resiliency-aligned financing instruments:

- Develop financing instruments that align resiliency outcomes—such as energy portfolio diversification and circular-economy practices—with credit-access incentives for businesses.

Proposed initiatives for sector-specific innovative financing to strengthen resilience:

- Expand investment in public health to meet Pan American Health Organization (PAHO) benchmarks, apply value-based procurement, and pilot innovative financing models (e.g., RISE Health Primer) to strengthen system resilience.

06

Final Remarks

ABD welcomes the opportunity to continue engaging with government leaders in a constructive, practical dialogue on public policies and private-sector initiatives. This ongoing exchange has been invaluable in shaping the recommendations in this document and will remain essential to successful implementation.

In this spirit, ABD will continue to advocate for the implementation of these recommendations and for stronger public–private cooperation, with the shared goal of increasing opportunities across the Americas. It believes the most effective way forward for the region is to forge strong public–private partnerships to pursue the goals outlined in this report.

ABD hopes that governments will find these recommendations useful in developing public policies that enable sustainable economic growth through increased productivity and competitiveness. In turn, this can help generate greater investment, improved infrastructure, greater access to digital technologies, and economic development within a framework of transparency and integrity.

07

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