

## Editorial

Latin America and the Caribbean (LAC) has enormous potential to secure a stronger and more sustainable development trajectory. To seize this potential, the region needs a more ambitious and comprehensive investment agenda. The 16<sup>th</sup> edition of the *Latin American Economic Outlook: Investing in Sustainable Development* proposes strategies to boost investment in the LAC region, to help support policy makers, the private sector and international partners.

The region has unique assets. LAC boasts a wealth of natural resources, biodiversity and green energy. It has a young and culturally diverse population, and its economy offers opportunities in sectors as varied as agribusiness, sustainable tourism, renewable energies and health-related manufacturing. It has a large untapped internal market and is well-placed to further integrate into global value chains.

Despite these assets, socio-economic progress in the region has stalled in recent years. Poverty, at 29%, and extreme poverty, at 11.2%, remain on average at pre-pandemic levels, and inequalities are high. Persistent structural challenges constrain the LAC region. LAC countries need to invest in education and skills building and create more and better formal jobs, as in around 43% of households in the region all members work informally. They need to implement ambitious production development policies to increase local value added, harness the growth potential of new sectors, maximise the benefits of the digital transformation, and help tackle global challenges, in particular the green transition.

To achieve these goals, LAC countries must massively scale up domestic and foreign investment, from both public and private sources. At just 20% of gross domestic product, total investment in LAC represents one of the lowest shares among all regions globally.

This Outlook highlights how LAC countries can address their investment gaps. Fiscal reforms can increase revenues while rendering tax and expenditure systems more efficient and equitable. Development finance institutions and innovative financing tools can play a key role to help boost investment.

The report emphasises the importance of effective public institutions and a strong dialogue across socio-economic actors to ensure that investment aligns with national development strategies and addresses social priorities.

International partnerships can help promote a new investment agenda, by bringing together governments, international organisations, development finance institutions and the private sector. We welcome the EU-LAC Global Gateway Investment Agenda as a key step forward.

We stand ready to work together to support the LAC region's efforts and trust that this Outlook provides a solid basis for defining an investment agenda that sets the region on a path towards greater well-being for all.

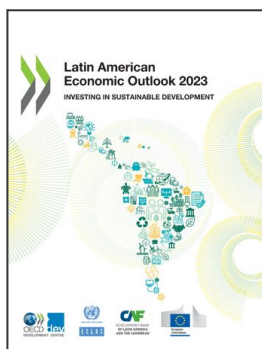
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OECD

Sergio Díaz-Granados  
Executive President  
CAF – Development  
Bank of Latin America  
and the Caribbean

José Manuel  
Salazar-Xirinachs  
Executive Secretary  
ECLAC

Jutta Urpilainen  
European Commissioner  
for International  
Partnerships





**From:**  
**Latin American Economic Outlook 2023**  
Investing in Sustainable Development

**Access the complete publication at:**  
<https://doi.org/10.1787/8c93ff6e-en>

**Please cite this chapter as:**

OECD, *et al.* (2023), "Editorial", in *Latin American Economic Outlook 2023: Investing in Sustainable Development*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/48b27a73-en>

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