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WORLD ECONOMIC FORUM

Latin America in the Intelligent Age: A New Path for Growth

WHITE PAPER

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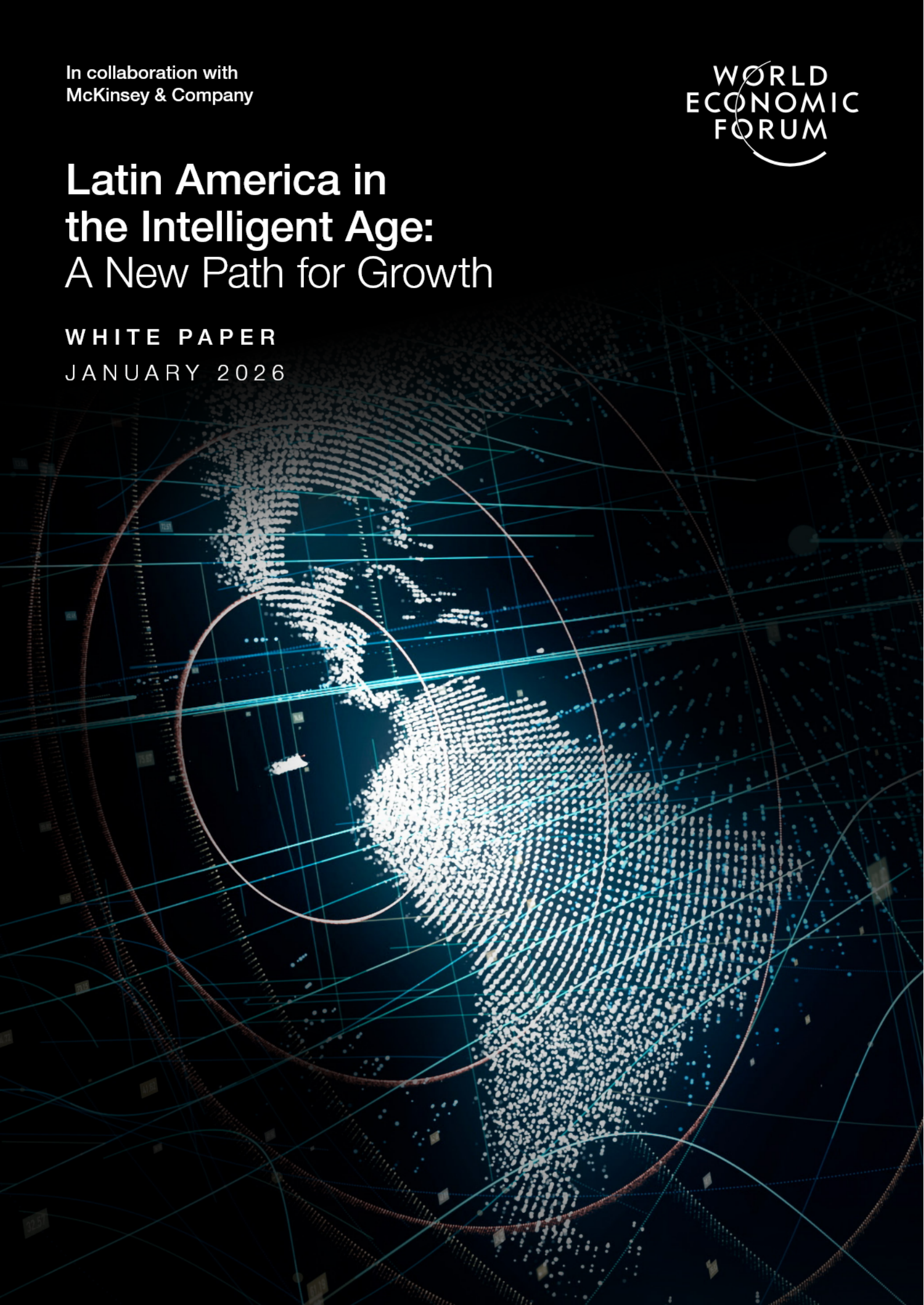

Images: Getty Images

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Marisol Argueta
Head of the Regional Agenda, Latin America; Member of the Executive Committee, World Economic Forum

Tracy Francis
Senior Partner, and Managing Partner, Latin America, McKinsey & Company

Cathy Li
Head, Centre for AI Excellence; Member of the Executive Committee, World Economic Forum

Francisco C. Ortega
Senior Partner, McKinsey & Company

By enabling machines to reason, learn and interact with complex systems, artificial intelligence (AI) is revolutionizing industries, transforming governments and organizations, and shaping a new Intelligent Age with unparalleled opportunities for growth and innovation. This presents a strategic opportunity to boost productivity in Latin America, where competitiveness has historically been lower than in other regions.

This report was developed by the Regional Collaboration initiative of the AI Global Alliance, harnessing the cooperative work of the World Economic Forum's Latin America team, the Centre for AI Excellence and McKinsey & Company. It reflects a shared effort to engage regional stakeholders and identify concrete pathways that strengthen AI competitiveness in Latin America. In combining the teams' expertise, it specifically aims to mobilize investment, develop talent, support responsible innovation and foster knowledge exchange across the region to build resilient, future-ready AI ecosystems.

Our research for this report seeks to understand Latin America's current and potential AI competitiveness by shedding light onto the regional structural foundations, presenting new data on the status and drivers of adoption and sharing examples of people-centric talent programmes and ethical frameworks that have been endorsed by senior leaders locally and globally.

The report outlines 10 strategic actions, consolidated into a comprehensive roadmap designed to enhance AI competitiveness in the Intelligent Age in Latin America. Readers are encouraged to reflect on the findings and collaboratively ensure that the implementation of this roadmap delivers measurable positive outcomes throughout the region. Taking decisive, coordinated measures will position the region for sustained growth, while inaction may result in extended stagnation.

We would like to thank the 30 public- and private-sector senior leaders throughout Latin America who contributed ideas and insights to enrich our report. We are grateful to the approximately 130 senior industry leaders who kindly responded to our survey. Our special gratitude goes to José Manuel Salazar-Xirinachs and his team at the United Nations Economic Commission for Latin America and the Caribbean for hosting our mid-term workshop at the School of Digital Transformation and Innovation in Santiago, Chile, in September 2025.

The region has a unique opportunity to build its own AI ecosystem, strengthen local innovation and drive sustainable economic growth. To seize this moment, leaders across sectors will need to act strategically and collaboratively. While many feel the region has not fully capitalized on previous technological waves, the result can be different this time. By learning from global and local expertise and experience, Latin America can become a creative exemplar of the Intelligent Age.

We invite leaders across sectors and institutions throughout the region to work with us on the journey ahead.

Executive summary

Latin America can leverage AI for positive long-term economic and social impact.

AI has the potential to significantly increase productivity, ultimately redefining how societies work and compete. By automating tasks and workflows and augmenting decision-making, it allows workers and businesses to focus on higher-value activities, boosting output for the same time, labour and capital investment.

AI holds considerable potential for Latin America, where economic growth has historically been propelled by workforce expansion rather than productivity gains. Advancing AI adoption throughout the region may increase productivity by 1.9% to 2.3% per year and create an estimated $1.1 trillion to $1.7 trillion in additional annual economic value. Given that productivity has not typically served as the primary driver of growth in Latin America, this opportunity is particularly significant. Realizing it, however, requires targeted action and sustained investment.

This report assesses Latin America's level of AI readiness and adoption through macro-economic data, company-level analyses and qualitative consultations with a senior multistakeholder group. The framework builds on the layers presented in the World Economic Forum's *Blueprint for Intelligent Economies*.[1] The proposed path forward is summarized in a roadmap with actionable recommendations that position the region strategically in the Intelligent Age.

The research for this report identifies significant progress and opportunities alongside critical gaps:

1. Adoption is increasing across various industries and countries, particularly in domains like customer service and software engineering. However, actual economic impact and value capture remain limited. According to our regional survey conducted for this report, only 23% of Latin American organizations are generating any economic value from AI use, and only 6% across the region report significant value creation from AI.

2. To accelerate value capture, AI strategies need to focus on truly reimagining core business processes and whole business models, rather than simply seeking incremental productivity tools. Only small share of survey respondents report that their AI strategy is systematically linked to their broader business strategy. At a macro-level, AI strategies in the region could focus on adapting technologies and scaling high-impact use cases in sectors where Latin America holds a global competitive edge, such as agriculture, mining and tourism. Currently, the financial sector, which has a history of leveraging technology, boasts the best examples of impactful AI applications in the region.

3. Talent availability remains one of the most significant challenges. While multinational companies are looking to Latin America as a location for their technology delivery centres, local organizations find it hard to compete. Companies in the region must create compelling offers and career paths for AI talent and train their existing employees across all levels. At the same time, it is vital to expand the talent pool to increase the attractiveness of the region as an innovation destination. This includes, for instance, updating educational curricula to align with core skill demands.

4. There have been improvements in foundational infrastructure, such as increased access to high-speed internet and growing data centre and computing capacity. However, a persistent urban-rural connectivity divide threatens to widen inequality and undercut the potential of AI as a democratizing force. In addition, the mounting resource needs for powering AI may create new challenges if not properly addressed.

5. Regional collaboration represents a key opportunity in the public and the private sectors, especially given shared languages and largely common cultural values. Structured regional collaboration remains limited.

Looking ahead, closing these gaps demands an articulated vision and disciplined execution. Progress will require decisive, targeted contributions from every actor, aligned to a shared goal.

Introduction: analysing artificial intelligence in Latin America

Applying the World Economic Forum's *Blueprint for Intelligent Economies: AI Competitiveness through Regional Collaboration*.

AI is not simply a digital innovation; it has the potential to be one of the most consequential technological breakthroughs in recent history with an influence that cuts across sectors and industries, reshaping the foundations of modern economies. Much like other technologies that dramatically lowered fundamental input costs, rapidly spread across sectors and drove productivity growth, such as the steam engine, electricity or the internet,[2] AI is redefining how societies work, produce, consume and compete. AI unlocks new frontiers in productivity, innovation and economic growth. If harnessed correctly, it offers benefits for the whole of society. For Latin America – a region marked by historically lower productivity and persistent inequality – AI represents an opportunity to accelerate economic and social development.

Recognizing these transformative opportunities, the World Economic Forum developed the *Blueprint for Intelligent Economies*.[3] This comprehensive framework for harnessing artificial intelligence to foster sustainable economic development offers guidance for nations and regions at any level of digital and AI maturity. The Blueprint outlines three layers essential for using AI in this way: building the foundations for intelligent economies, growing new intelligent economies and putting people at the heart of intelligent economies.

FIGURE 1 | **World Economic Forum Blueprint for Intelligent Economies**

Putting people at the heart of intelligent economies

Elevate human potential

- AI awareness and literacy
- Personalized and inclusive education
- Workforce training and support
- Talent attraction and retention
- Lifelong learning

Establish guardrails for ethics, safety and security

- Ethical guardrails
- Responsible use guardrails
- Safety and security standards
- AI regulations
- Legal frameworks

Growing new intelligent economies

Accelerate deployment of embedded intelligence

- AI-enhanced experiences
- AI agents in workflows
- AI in robotics
- AI in devices
- AI and emerging technologies

Ignite an AI-powered industrial revolution

- AI adoption in key sectors
- AI adoption in public services
- Reimagined value chains
- Pioneering AI disruptions
- Continuous business model change

Continuous business model change

- Innovation and incubators
- AI entrepreneurship networks
- Collaborative R&D
- Communities of open innovation
- Cooperation on global changes

Building the foundation for intelligent economies

Build sustainable AI infrastructure

- Sustainable and responsible green energy
- Secure networks and resilient AI supply chains
- General access to high-speed connectivity
- Access to scalable and affordable computing
- Access to AI-ready devices

Curate diverse, high-quality datasets

- Available and accessible data
- Diverse and inclusive data
- Data ownership and sharing
- Data protection and privacy
- Data life-cycle management

Develop responsible AI models

- Self-governance
- Multilingual
- Inclusive designs
- Transparency and explainability
- Open innovation

Harness channels of AI investment

- AI investment partnerships
- Public-private partnerships
- AI infrastructure funds
- Regional investment pools
- Multi-fund managements

Source: World Economic Forum. (2025). *Blueprint for Intelligent Economies*, pg. 5.

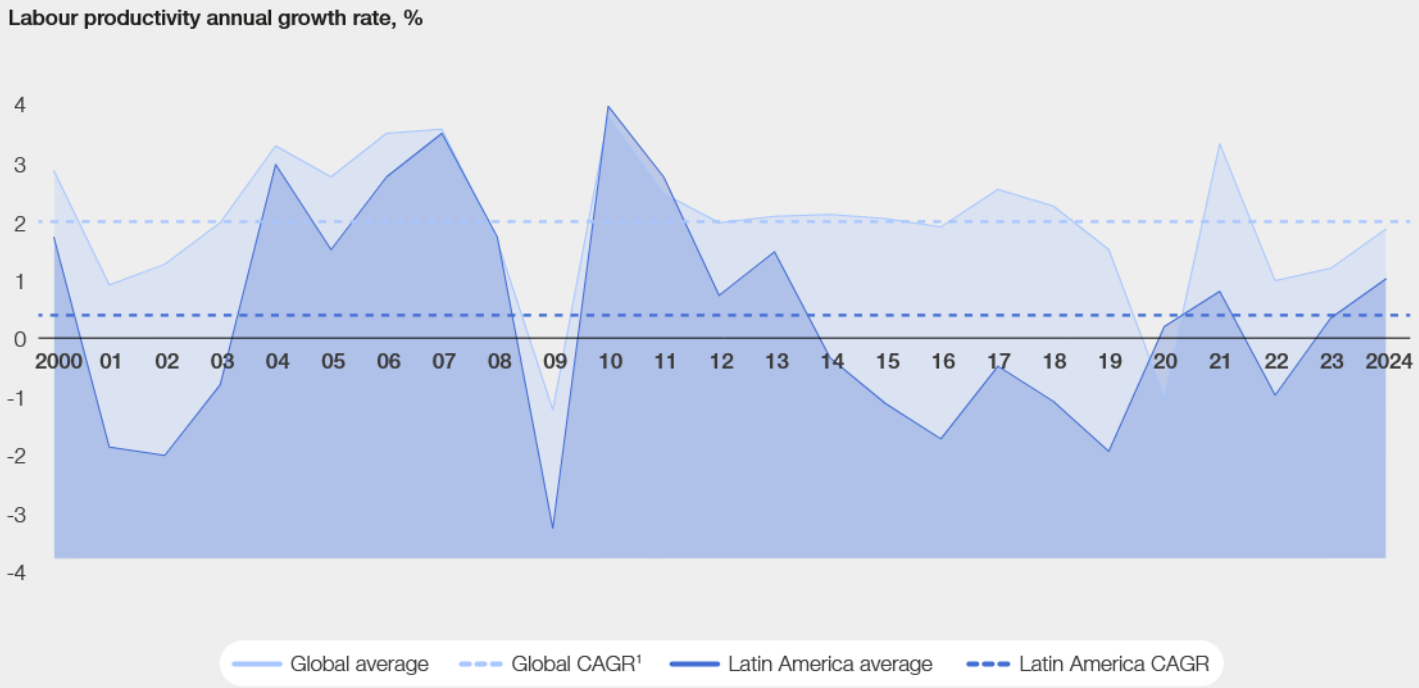
This report examines the current AI landscape of Latin America through the lens of the Blueprint. It assesses the status of each layer through an extensive review of secondary data sources, interviews with influential regional stakeholders across the public and private sectors and academia, and a survey of the AI capabilities of companies across sectors and size in Latin America.

1 Latin America: a region poised for economic and productivity transformation

Productivity in Latin America lags behind the global average.

Historically, productivity in Latin America has trailed significantly behind global benchmarks. As Figure 2 shows, the region's productivity growth has ranked among the slowest worldwide, averaging a 0.3% annual contraction over the past decade (2015 to 2024) and only 0.4% annual growth over the past 25 years (2000 to 2024).[4]

FIGURE 2 **The region's productivity growth has ranked among the slowest worldwide and is below the global average for the past two decades**



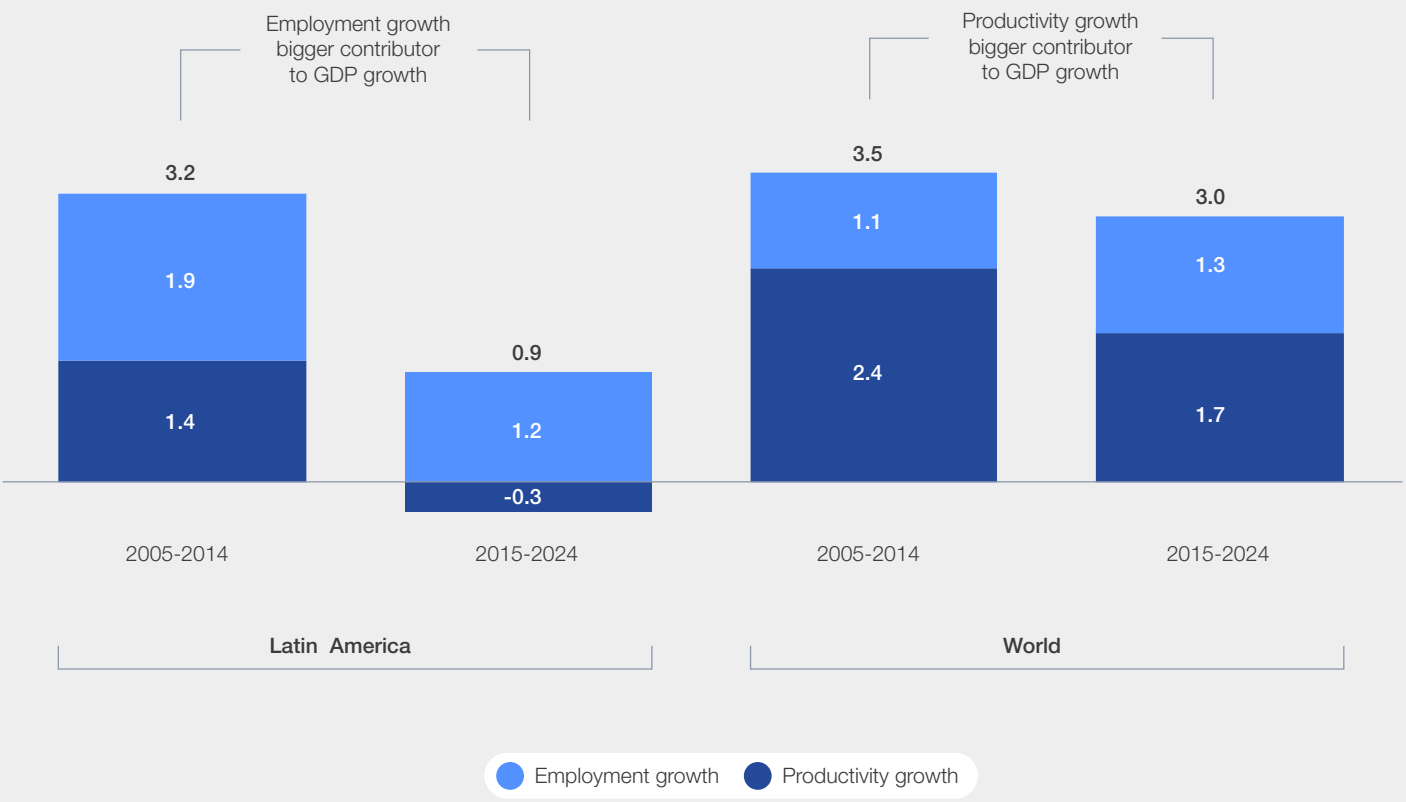
Notes: 1. Compound annual growth rate (CAGR)

Source: International Labour Organization. (2024). *Output per worker (GDP constant 2021 international $ at PPP) -- ILO modelled estimates (Nov. 2024)* [Data set]. https://ilostat.ilo.org/topics/labour-productivity/#elementor-toc__heading-anchor-1

Contrary to the world economy, GDP growth in Latin America has been disproportionally driven by an expansion of the workforce, as illustrated in Figure 3.

FIGURE 3 | **Productivity growth in Latin America has been behind the global average; employment has been the main driver of growth for the past two decades**

Real GDP growth contribution of employment and productivity growth, 2005-2024, CAGR, %



Source: Latin America in the Intelligent Age - AI capabilities survey, October 2025, n=129

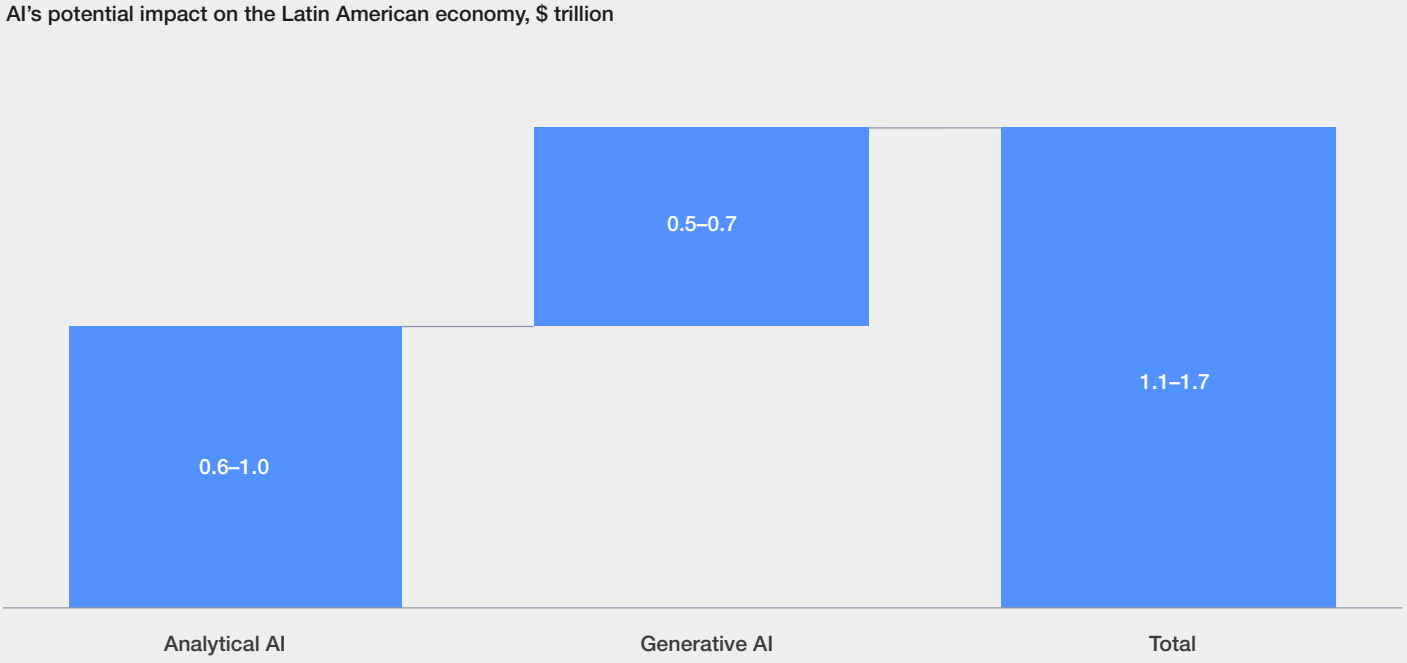
However, Latin America's demographic advantage of a growing young labour force that compensated for its weak productivity is fading: birth rates are falling, and average age is rising. McKinsey estimates suggest that, by 2053, over 25% of the region's population will be aged 60 or older.[5] Without a productivity pivot, slowing labour-force growth is likely to translate into lower GDP growth in the region. One way for the region to achieve that pivot is through the power of emerging digital technologies.

1.1 The economic potential and key drivers of AI adoption in Latin America

The economic potential of AI is substantial. Global estimates suggest that these technologies could contribute between $17 trillion and $26 trillion to the global economy, annually.[6] Generative AI alone may deliver up to $7.9 trillion in annual economic benefits by augmenting knowledge work and accelerating decision-making processes.[7]

To assess the potential economic impact of AI in Latin America, we segmented our analysis to look separately at the impact of analytical AI and generative AI (GenAI). In Latin America, AI could contribute a total of between $1.1 trillion and $1.7 trillion annually to the regional economy; this accounts for roughly 6% of the total worldwide economic potential of AI. We project that approximately 60% of that potential will come from analytical AI, generating $0.6 trillion to $1 trillion in annual value. For GenAI, we estimate an additional $0.5 to $0.7 trillion.

FIGURE 4 | **Emerging technologies, such as analytical AI and generative AI, have the potential to create substantial additional value for Latin America**



Source: McKinsey & Company Analysis, 2025

The economic value of AI stems from its ability to significantly boost productivity. By automating tasks and augmenting complex decision-making processes, AI technologies enable workers and businesses to perform higher-value activities more efficiently, increasing economic output with the same amount of time, labour and capital. This productivity enhancement is vital, as productivity growth is closely correlated with increased wages, higher standards of living and overall economic prosperity. The countries and industries that integrate AI most effectively can achieve sustained competitive advantages, drive innovation and enjoy long-term economic stability. AI has the potential to boost global productivity by 0.5% to 3.4% every year to 2040.[8] In Latin America, this productivity boost could reach between 1.9% and 2.3% annually by 2030, based on our estimates.

For a region where growth has long been driven by labour rather than productivity, AI offers a timely opportunity to leap ahead. As the demographic dividend fades, it can offset the drag by shifting growth towards productivity and enabling more sustainable development. Early signals of progress are emerging across sectors, businesses and countries. Yet, as this momentum builds, structural gaps continue to hold back scale and impact. Without targeted action, the benefits of AI risk being confined to a narrow set of actors and geographies. Decisive, coordinated action can put the region on a path to sustained growth. Inaction risks prolonged stagnation.

2 Navigating Latin America's AI competitiveness

While some sectors are making progress on adopting AI, much more must be done to reap the benefits.

This chapter examines the region's progress across the Blueprint's three layers, highlighting stand-out examples and using survey results and stakeholder interviews to identify gaps that must be closed if AI adoption is to be accelerated.

2.1 Building the foundations for intelligent economies

Latin America has made some progress on the foundational components of AI competitiveness, including establishing data centres and high-performance computing infrastructure that harness sustainable energy sources, although the growing resource needs to power AI innovation could create new challenges. Connectivity is improving in the region, but it remains a challenge that threatens equitable access, particularly in rural and underserved areas. AI Investment is reaching Latin America through venture capitalists, development financiers and hyperscalers, but fragmented regulation continues to restrict scale and regional integration.

Some organizations aim to monitor and increase visibility of this landscape. Globally, the IMF developed the AI Preparedness Index which analyses countries' digital infrastructure, human capital and labour market policies, innovation and economic integration, and regulation and ethics.[9] More regionally, the Latin American Index of Artificial Intelligence is an annual report led by Chile's National Center for Artificial Intelligence (CENIA) that evaluates infrastructure, data and human talent as part of benchmarking AI progress across the region.[10] By utilizing indices such as these, Latin American economies can identify AI competitiveness gaps and develop targeted actions.

Build sustainable AI infrastructure

If AI is to be scaled, there must be electricity to power it and water to cool it. Some countries in Latin America are well positioned in this regard, but many lack clean energy and robust national grids to distribute it.

Argentina, Brazil, Chile and Paraguay have developed a clean-energy sector which can help support sustainable AI infrastructure. As of 2024, 88% of Brazil's electricity comes from renewable sources,[11] meaning data centres and supercomputers could largely run on clean electricity – if the country's grid can connect the places where energy is generated with the locations chosen for digital hubs. However, many Latin American countries do not have the infrastructure or reserve capacity to supply this demand only with clean energy. In Colombia, droughts affect reliability of hydropower generation. In the Caribbean, many countries still rely on diesel or fuel oil.

In addition, AI infrastructure requires water and land for solar panels, wind turbines and new energy plants. While data centres bring investment, it is important that the consequences do not create new inequity challenges for local communities. According to UNDP, even small data centres can require an annual volume of water equivalent to that used by approximately 300,000 people.[12] Keeping up with these demands is a challenge in some Latin American countries, especially those prone to drought. This creates public concern. For example, in Querétaro, Mexico, there have been public discussions about the water use of data centres.[13]

Cross-border collaboration to help balance these issues is still incipient; while examples are emerging, latency issues could limit these efforts. Chile and the Dominican Republic have signed a memorandum with The Development Bank of Latin America and the Caribbean, formally establishing a feasibility study to create a regional network of high-performance computing centres designed to address their shared digital infrastructure gap.[14] This network aims to empower the essential large-scale data processing capabilities required to scale AI utilization across the region.

Other countries have shown how public-private collaboration can drive AI infrastructure development. Stargate UAE, a partnership between the United Arab Emirates and OpenAI that includes establishing a 5GW AI campus, was the first project under the OpenAI for Countries initiative that aims to help build AI infrastructure and capabilities.[15] OpenAI also announced Stargate Argentina in October 2025, its first partnership in Latin America, which includes plans for a data centre powered by renewable energy and floats an opportunity to partner with the Argentinian government to drive AI adoption across the country.[16]

Computing power is one core element of AI infrastructure, another is connectivity – although it is important to acknowledge that compact and efficient AI models, such as Meta's Llama and other large language models (LLMs), are frequently optimized for 'edge computing', enabling autonomous operation even without continuous internet access.

Connectivity has been improving but is still a barrier in the region. The International Telecommunication Union estimates that 15% to 17% of Latin American households still lacked fixed broadband availability in 2024.[17] Moreover, a persistent urban-rural connectivity divide threatens to widen inequality and affect the promise of AI as a democratizing force. World Bank research identified a fixed internet gap of over 30 percentage points between rural and urban households (42% and 74%, respectively).[18] It is worth noting that expanding connectivity without growing digital skills might not solve the issue – a challenge discussed later in this white paper.

Chile's planned Humboldt cable to Australia and Peru's National Broadband Plan are extending connectivity to remote mountain and Amazon regions. Humboldt is a collaboration between the Chilean government and Google that aims to improve regional bandwidth and latency.[19] These types of public-private collaboration could help close Latin America's connectivity gaps more quickly.

Curate diverse, high-quality datasets

Access to open data is improving in Latin America, but coverage and standards differ across the region. Brazil's national portal provides access to more than 12,000 datasets across finance, health, agriculture and education,[20] while Mexico's federal and state portals publish statistics that have improved public safety.[21] These initiatives can provide raw material for local developers and start-ups, although many datasets still lack consistency and metadata, limiting reusability.

Some governments have created interagency councils to encourage interoperability and are experimenting with sector-specific solutions. For instance, financial regulators in Brazil and Mexico are piloting open finance frameworks, enabling banks to share data with customer consent. However, countries still need to develop clear standards for metadata, stronger privacy-preserving mechanisms and robust institutions to steward data beyond pilots and over the long term.

At a company level, our survey results suggest that organizations also have an opportunity to improve their data capabilities. The lack of integration of data sources has inhibited them from obtaining deep insights across datasets. Furthermore, organizations generating no impact from AI are more than three times as likely to have low data maturity, compared to organizations that are generating impact from AI use.

Develop responsible AI models

The region is both implementing home-grown AI models and adapting existing ones. Mexico has announced its own sovereign LLM with the goal of strengthening national AI capabilities. CENIA's regional initiative, Latam-GPT, is a Spanish and Portuguese open-source LLM built in partnership with over 30 institutions. It has been designed to capture the nuances of Latin America's cultures and linguistics, which could be omitted by models from outside the region.[22] Developing initiatives like this can take an extensive amount of time and resources. Commitment, communication and collaboration across the public and private sectors are essential to ensure home-grown models produce useful tools and positive outcomes.

With the resource-intensive nature of creating home-grown models, Latin America, like much of the world, can benefit from adapting existing, open-source AI models to the region's reality and challenges.

Harness channels of AI investment

Attracting and retaining investment requires the right enabling environment. However, AI investments in the region are still below what might be expected. A recent study commissioned by the United Nation's Economic Commission for Latin America and the Caribbean found that Latin America accounts for only 1.6% of global AI investment, while representing nearly 6.3% of global GDP.[23]

Investment flows into AI development in Latin America through venture funds, development financing and hyperscalers. Key tools for attracting investment include clear policies, predictable regulation for AI and digital services, targeted incentives, reduced bureaucracy, strong contract enforcement and streamlined procedures for starting and operating a business.

Venture funds that specialize in early-stage technology have supported AI start-ups. Their importance lies not only in their capital but also in their mentorship and global network that help firms scale and generate interest and confidence from other investors.

Numerous examples in the region underscore how partnering with international and national development organizations can help fund impactful projects. Uruguay has used development financing from the Inter-American Development Bank for projects such as agricultural technology.[24] The Brazilian Development Bank has approved financing to support digital transformation, including the application of generative AI.[25] Chile's Production Development Corporation has also supported AI growth, including through support for the country's supercomputing investment strategy.[26]

Hyperscalers are investing heavily in the region. Amazon Web Services (AWS) plans to invest $4 billion in a new Chilean cloud infrastructure region[27] and has invested in a data centre in Argentina to provide low latency and high data transfer rates.[28] OpenAI has announced $25 billion investments in Argentina as part of its global Stargate project.[29] Microsoft has also announced billion-dollar commitments in Brazil and Mexico to support AI infrastructure and training,[30] while Google is investing in a variety of initiatives to support Latin America's digital future.[31]

2.2 Growing new intelligent economies

Latin American organizations have started to adopt AI. However, adoption is often not at scale. Instead, AI, especially GenAI, is primarily utilized at an individual productivity level. At that level, there are signs Latin American populations can be quick adopters of AI technologies: ChatGPT penetration is higher in Brazil than in the United States.[32] While these numbers are encouraging, illustrating that the population is open to embracing AI, individual adoption of these tools instead of real transformation of core business processes rarely translates into meaningful value capture.

Accelerate deployment of embedded intelligence

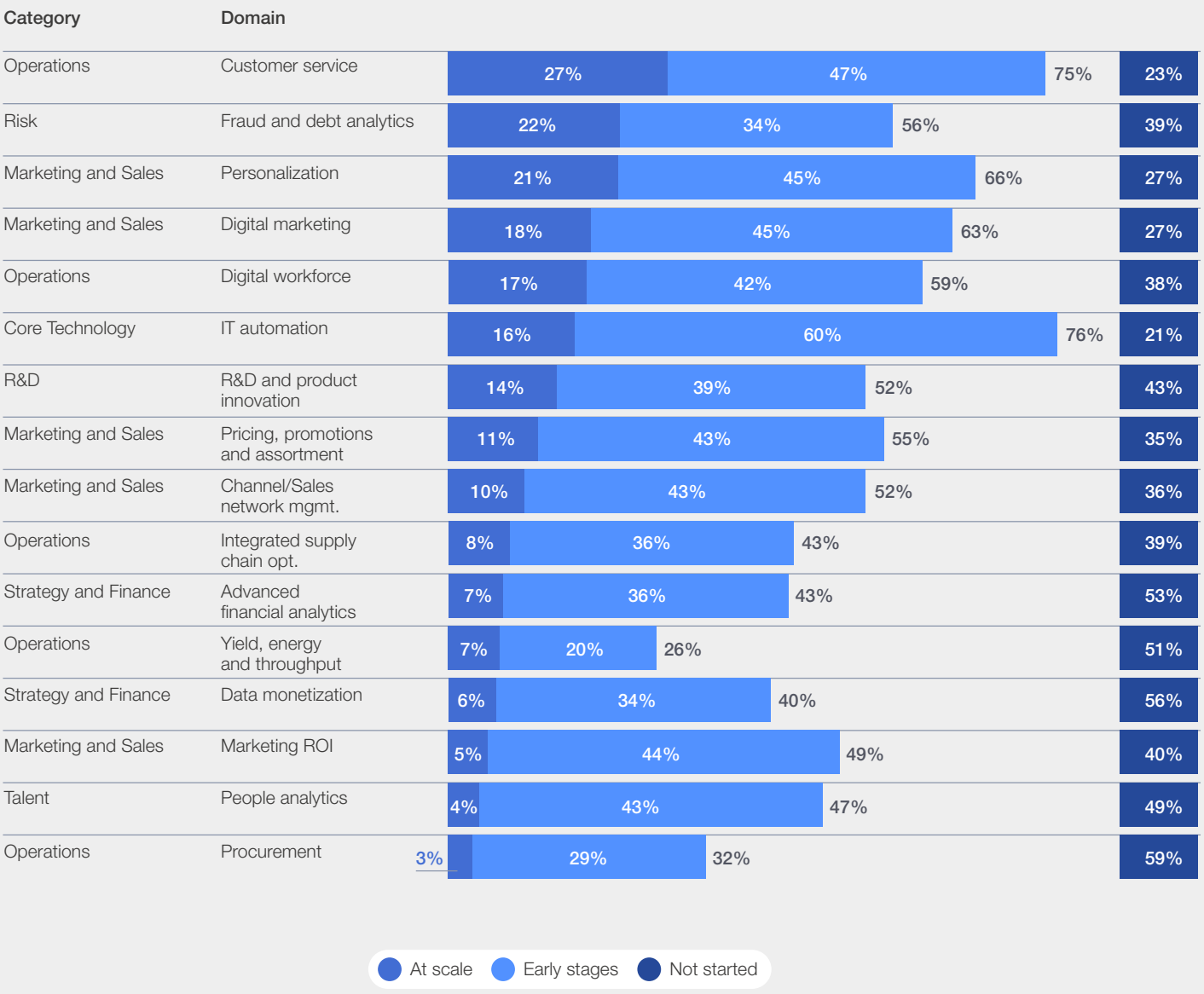
Embedded intelligence refers to the use of AI technology to enhance experiences, the utilization of AI agents in workflows, the leveraging of AI in robotics and devices, and the willingness to embrace emerging AI technologies. Its deployment can be driven by private and public sector leaders that embed AI in their strategies. According to our survey, only 10% of survey respondents in Latin America report that their AI strategy is systematically linked to their broader business strategy at all levels and that senior leaders feel accountable for the outcome of their analytics and AI strategy.

To understand how AI is affecting operations, we looked at analytical AI and GenAI separately. Analytical AI, including advanced analytics and predictive machine learning, remains the primary driver of AI's overall economic potential.

In Latin America, the adoption of analytical AI is still in its early stages across most domains, with notable progress achieved at scale in only a few areas. Customer service leads the way, leveraging AI to enhance operations through behavioural routing and optimized agent scheduling, for example. Similarly, fraud and debt analytics are gaining traction, with analytical AI being used to predict potential fraud and ensure regulatory compliance. Personalization is another area where analytical AI is driving customer engagement and value through segmented retention strategies and upsell or cross-sell initiatives. However, significant opportunities remain untapped, most notably in IT automation (such as analytics-driven mail sorting, IT ticket automation and application rationalization), digital marketing (such as AI-powered digital advertising, e-commerce optimization and lead generation) and people analytics (such as CV screening, predicting employee success and employee churn reduction), where a combined 43% of surveyed participants report being in the early stages of implementing AI, signalling a vast potential for growth and innovation.

FIGURE 5 | **Latin American organizations that consider analytical AI to be at early stages or at scale**

Organization survey responses by percentage[1]



Note: 1. Totals do not sum to 100% as some organizations answered "Not Applicable"

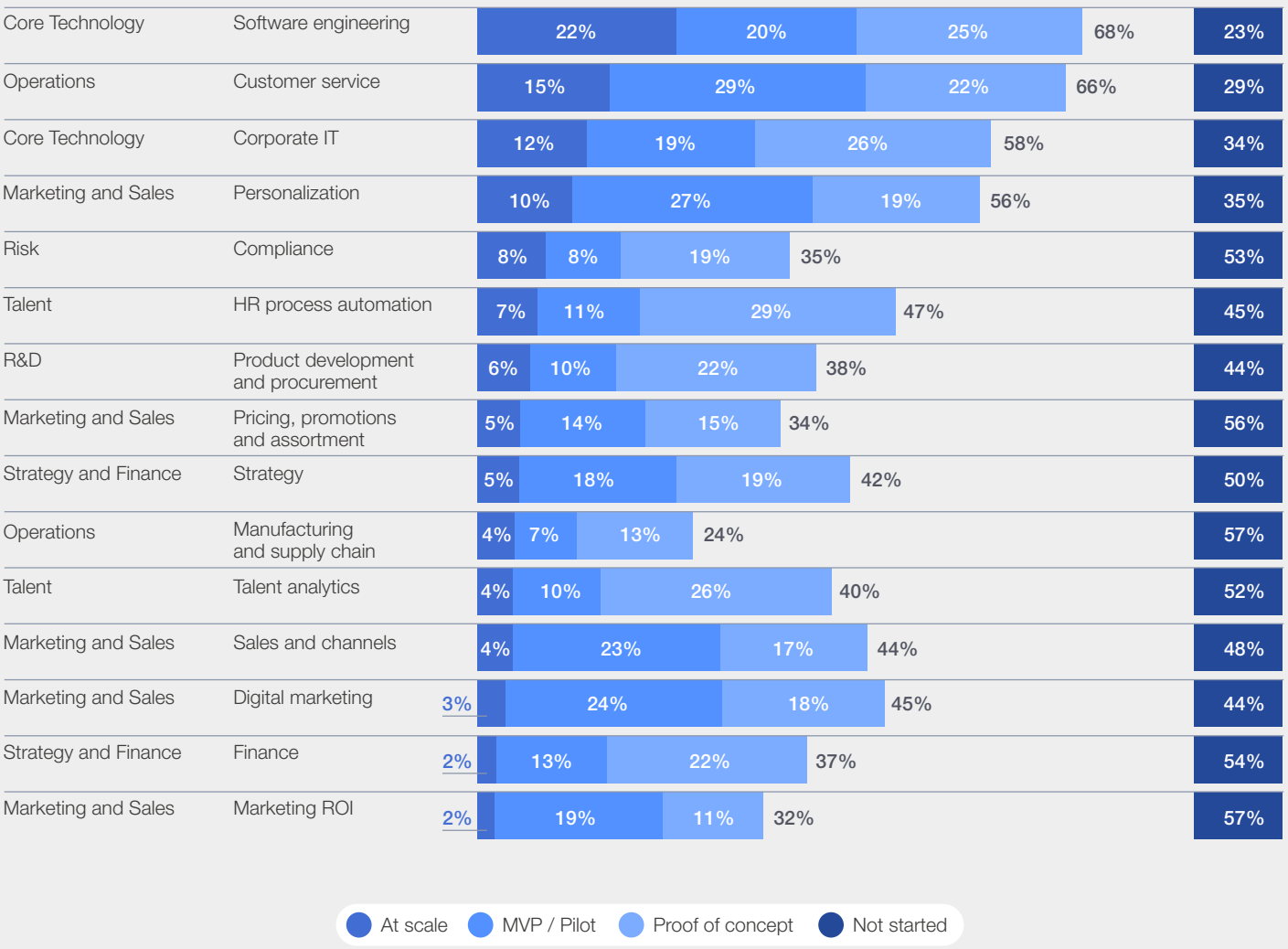
Source: Latin America in the Intelligent Age - AI capabilities survey, August - October 2025, n=129

When it comes to GenAI, Latin America is starting to embrace its potential in a variety of use cases, particularly in software engineering and customer service. In software engineering, 22% of organizations report using GenAI at scale to drive innovation by assisting with code creation, automating data management and generating IT architecture diagrams, while in customer service, AI is streamlining operations with AI chatbots, real-time agent support and call transcript analysis. Approximately 15% of organizations report deploying these customer service solutions at scale.

Meanwhile, approximately a quarter of organizations are advancing GenAI applications in personalization, sales and digital marketing (27%, 23% and 24% respectively), although at smaller scale, through minimum viable products and pilots. Significant untapped potential remains in domains such as manufacturing and supply chain as well as in some back-office functions, such as talent analytics and finance. This highlights a major opportunity for organizations to harness AI-driven innovation that can unlock value across these domains.

FIGURE 6 | **Latin American organizations that consider GenAI to be at early stages or at scale**

Organization survey responses by percentage[1]



Note: 1. Totals do not sum to 100% as some organizations answered "Not Applicable"

Source: Latin America in the Intelligent Age - AI capabilities survey, August - October 2025, n=129

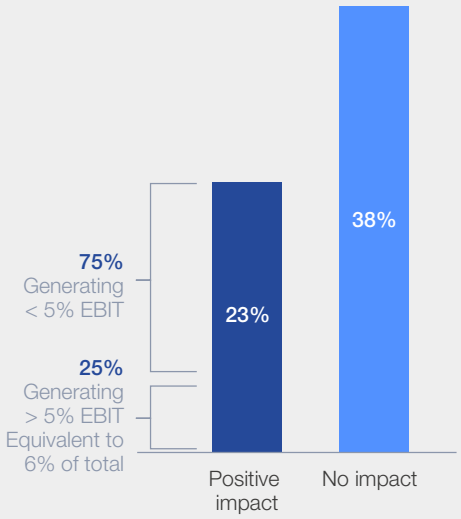
The limited application of analytical AI and GenAI at scale across operations may explain the current low level of value capture from these technologies: only 6% of survey respondents report achieving an improvement of more than 5% in earnings before interest and taxes (EBIT). This impact is also primarily captured by very large and large enterprises, with 59% of small and medium enterprises (SMEs) reporting that they are not generating any measurable value from AI. In a region where, according to OECD figures, SMEs account for 99.5% of all businesses,[33] this may significantly compromise Latin America's AI competitiveness and the impact that can be delivered through productivity gains. For instance, in Latin America's two largest economies, Brazil and Mexico, it is estimated that the productivity gap between SMEs and large firms is 46% and 53% respectively.[34] This gap could increase further if SMEs are unable to embrace AI technologies.

At the same time, the democratization of access to AI tools means there is a sizeable opportunity to drive AI adoption across SMEs, promoting greater competitiveness. To capture this opportunity, SMEs could benefit from awareness driven by industry associations, government and specialized media. Additionally, public-private initiatives can increase accessibility to tools and upskilling opportunities for SMEs by, for example, providing complimentary or discounted access to solutions and upskilling programmes. Designated communities or associations for SME owners and employees to share their AI learning experiences could further promote adoption.

FIGURE 7 | **Latin American organizations achieving EBIT impact from AI' as a starting point.**

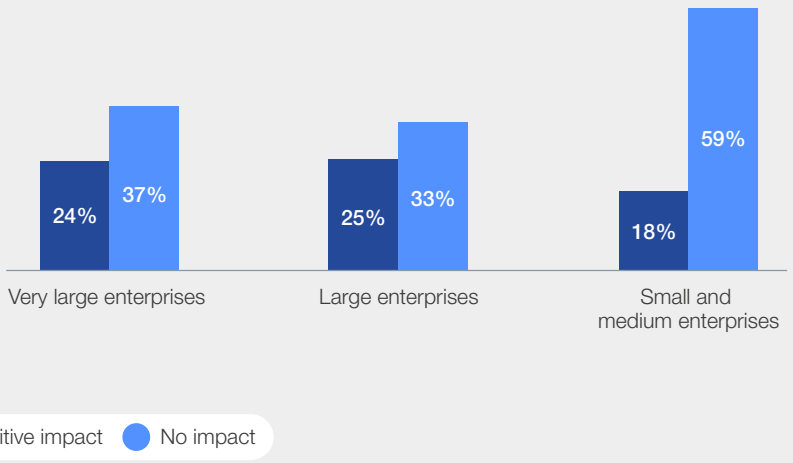
Latin American organizations achieving EBIT impact from use of AI capabilities

Organization survey responses by percentage[1]



Latin American organizations achieving EBIT impact from use of AI capabilities by organization size

Organization survey responses by percentage[2,3]



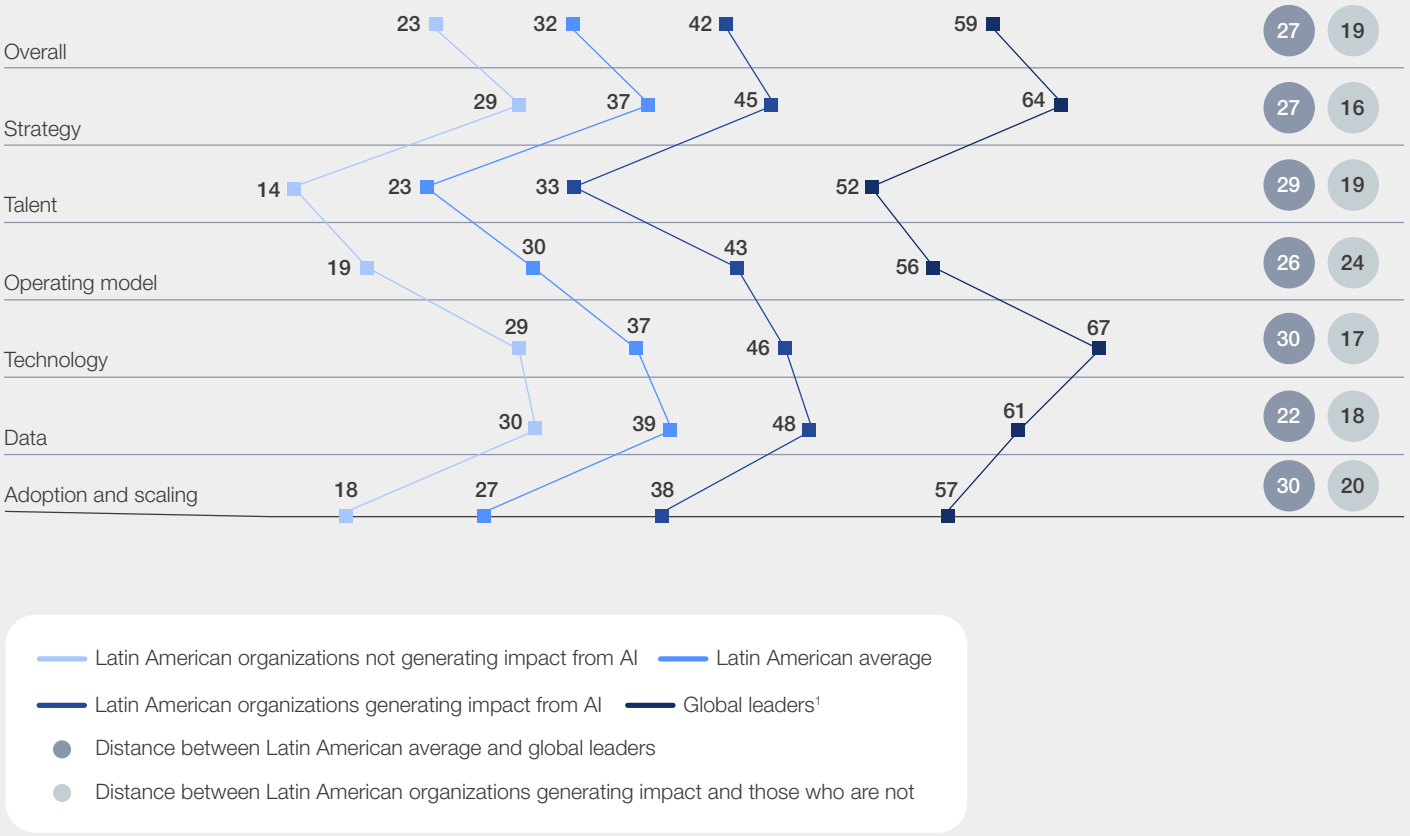
Note: 1. 44% of organizations responded "Don't Know" or "N/A". **2.** Very large enterprise ($1 billion+), large enterprise ($100 million - to $1 billion), small and medium enterprises (less than $100 million). **3.** Do not sum to 100% as some organizations within size category responded "Don't Know" or "N/A": very large enterprises (39%), large enterprises (42%), small and medium enterprises (24%)

Source: Latin America in the Intelligent Age - AI capabilities survey, August - October 2025, n=129

To help understand what may be driving low impact, we can look at survey results examining the core dimensions of successful AI transformations and draw a comparison between Latin America's averages and the performance of global leaders.

The lowest scores in the region are in the same dimensions that challenge global leaders: talent (capabilities and pathways for growth), operating model (agility in technology integration, execution and decision-making), and adoption and scaling (ability to scale and leadership sponsorship). However, in talent, we can see the largest gap between Latin America and global leaders. Within Latin America, operating model and adoption and scaling seem to be the dimensions setting apart organizations generating impact from those who are not, based on score distance.

FIGURE 8 | **Latin American and global leader scores in AI competitiveness dimensions**



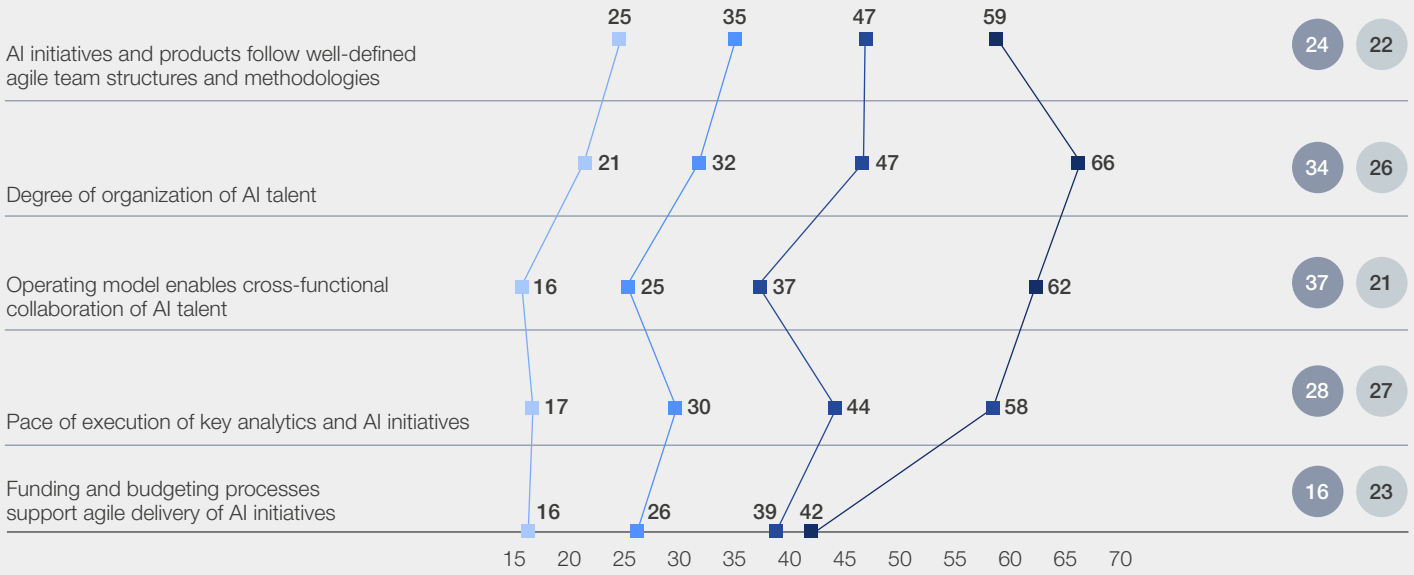
Note: 1. Top quintile of McKinsey Global AI Competitiveness Assessment Survey, excluding Latin America

Source: Latin America in the Intelligent Age - AI capabilities survey, August - October 2025, n=129; McKinsey AI Quotient Survey, 2017-2025, including 750+ companies globally

Within the operating model dimension, survey results suggest that organizations in Latin America have more difficulty enabling cross-functional collaboration of AI talent compared to global leaders. Also, in many Latin American organizations there is little to no clear definition of agile team delivery processes, whereas global leaders tend to have enterprise-wide agile organizations with well-defined delivery processes that allow for flexibility.

Within Latin America, organizations not generating impact from AI are slower at executing AI initiatives, reporting that it typically takes over a year to execute initiatives, whereas organizations generating impact can often do so in six to nine months. Latin American organizations generating impact have the smallest gap between global leaders when it comes to funding and budgeting processes that support agile delivery of AI initiatives, yet these funding and budgeting processes may be focused on experimental AI initiatives (see Figures 5 and 6) which may not be able to be scaled or result in continued impact.

FIGURE 9 | **Latin American and global leader scores in AI competitiveness sub-dimension: operating model**

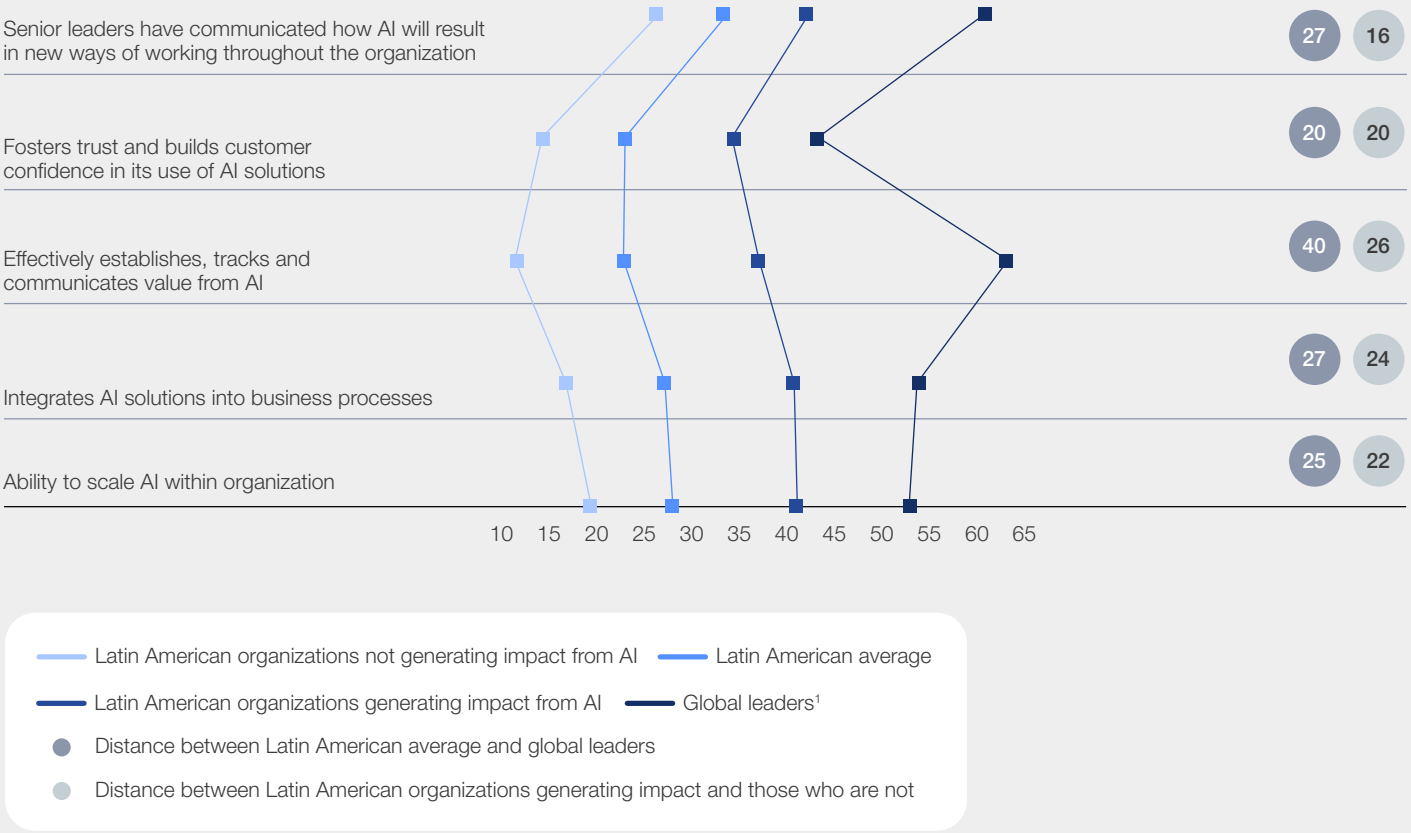


Note: 1. Top quintile of McKinsey Global AI Competitiveness Assessment Survey, excluding Latin America

Source: Latin America in the Intelligent Age - AI capabilities survey, August - October 2025, n=129; McKinsey AI Quotient Survey, 2017-2025, including 750+ companies globally

When examining the adoption and scaling sub-dimension, we see the largest differentiators between global leaders and Latin American organizations is in their scores for the ability to effectively establish, track and communicate value from AI, in explaining how AI will impact the way the organization works in the future and, perhaps not surprisingly, in the integration of AI into core business processes which, as has been discussed above, is a key reason for lower economic impact creation.

FIGURE 10 | **Latin American and global leader scores in AI competitiveness sub-dimension: operating model**



Note: 1. Top quintile of McKinsey Global AI Competitiveness Assessment Survey, excluding Latin America

Source: Latin America in the Intelligent Age - AI capabilities survey, August - October 2025, n=129; McKinsey AI Quotient Survey, 2017-2025, including 750+ companies globally

Ignite an AI-powered industrial revolution

By focusing strategically on sectors where it is globally successful, Latin America can create a sustainable competitive advantage. Agriculture, mining, energy and tourism are important contributors to the regional economy, with their respective shares of Latin America's GDP all above the equivalent sector's average global GDP.[35] The region's agriculture and mining sectors particularly stand out, with GDP shares that are double their corresponding global average.[36] Some companies in these sectors are demonstrating innovative AI use cases, suggesting the region can convert its strengths into lasting competitive advantage.

Uruguay, Argentina and Brazil are employing drones with computer vision for field scouting and targeted spraying in agriculture. Brazil's agribusiness giants use AI analytics to monitor soil health and predict yields at scale, boosting productivity in one of the region's leading export industries. Chile applies AI to mining, the country's most strategic sector, to improve mineral analysis and strengthen worker safety.

These are not the only sectors with leading examples in AI: as an industry that has often been at the forefront of digital innovation, banks in the region are building multi-model platforms, such as a unified AI platform that combines internal systems with multiple external models while ensuring governance and security. Mexico has integrated AI into national Industry 4.0 programmes, connecting research with factory operations focused on predictive maintenance, quality control and supply chain optimization, among other elements.

Even though still mostly isolated cases, these examples highlight AI usage in sectors that are central to national economies and demonstrate that the biggest gains can come from transforming core processes.

Within the public sector, Mexico's national digital strategy proposes legislation to cut waiting times by 50% and digitize 80% of citizen-facing procedures.[37] In Colombia and the Dominican Republic, AI chatbots on citizen-service portals handle routine requests, freeing officials for more complex cases. Some Caribbean governments integrate AI into disaster-management systems that predict hurricane

paths or optimize evacuation logistics, and tourism agencies test analytics that track visitor flows in real time to allocate scarce resources.

Latin America is also home to several start-up unicorns which leverage AI to drive value. In Latin America, the number of AI companies has surged in recent years, rising by 550% between 2018 and 2024,[38] with use cases continuing to emerge. Latin America's largest e-commerce and fintech platform leverages AI-driven credit models, enabling instant loan approvals, seamlessly integrating user data from its e-commerce marketplace and fintech app. One large digital bank from the region has disrupted traditional banking models by offering fee-free, mobile-first financial services, powered by AI-enabled credit scoring, fraud detection and personalization at scale.

Cultivate ecosystems of entrepreneurship

Start-up unicorns and tech ecosystems have been key to turning AI capabilities into market-ready solutions. Tech ecosystems are becoming more developed in Latin America, with a particular focus on fintech, where the ecosystem grew 340% between 2017 and 2023, led by Brazil and Mexico and followed by Colombia, Argentina and Chile. Ecosystems in Peru, Ecuador, the Dominican Republic, Uruguay, Costa Rica and Guatemala are also maturing, albeit at a slower pace of 44% annual growth during the same timeframe.[39]

Early unicorns in Latin America have had a profound impact on growing the start-up ecosystem and entrepreneurialism in the region. The success of start-ups has opened the door for venture capital funding. Demand for their services has impacted the job market and talent pipeline, and numerous alumni have gone on to start their own businesses, with over 130 venture-backed start-ups emerging from these companies.[40]

In smaller markets, regional alliances and diaspora networks play an important role in this endeavour. The Organization of Eastern Caribbean States, an intergovernmental body representing twelve island countries, runs multi-island hackathons and training events while connecting entrepreneurs to mentors and investors in larger markets. These initiatives are significant because they create opportunities for knowledge transfer and access to capital in places where domestic ecosystems are yet to flourish.

While ecosystems vary in maturity, progress is evident across the region. Where funding, mentorship and regulation align, entrepreneurs are building a virtuous cycle of innovation, talent retention and investment that benefit the business community and society at large. As these ecosystems deepen, start-ups are increasingly able to create AI solutions tailored to local challenges, such as financial inclusion, sustainable farming and climate resilience, expanding the region's contribution to the global AI economy.

2.3 Putting people at the heart of intelligent economies

Keeping people at the centre of intelligent economies requires investment in talent development and building public trust in the technologies. As mentioned above, beyond foundational challenges in connectivity and financing, within organizations, talent is a dimension that presents key barriers to development, with organizations struggling to build role-based skills, attract specialists and drive change at speed. Awareness and training programmes are becoming more common, but highly skilled talent is difficult to retain, and a mismatch persists between education curricula and industry needs. Scaling dual education models with internships and apprenticeships could help close this gap and align skills with real-world requirements.

It is anticipated that the core skills needed to succeed in the AI-driven future of work include knowledge of AI, big data, networks and cybersecurity, as well as several non-technical skills including resilience, flexibility and agility.[41] Rapidly evolving skill-needs create a challenge for education systems to update curricula and meet demand. For those seeking continuing education, the landscape is more fragmented, with a variety of credentials offered by public and private universities, as well as some hyperscalers, covering various AI-related skills. This can make it difficult for citizens to know where to start their AI learning journeys and can create challenges for hiring organizations trying to evaluate how these programmes compare.

Elevate human potential

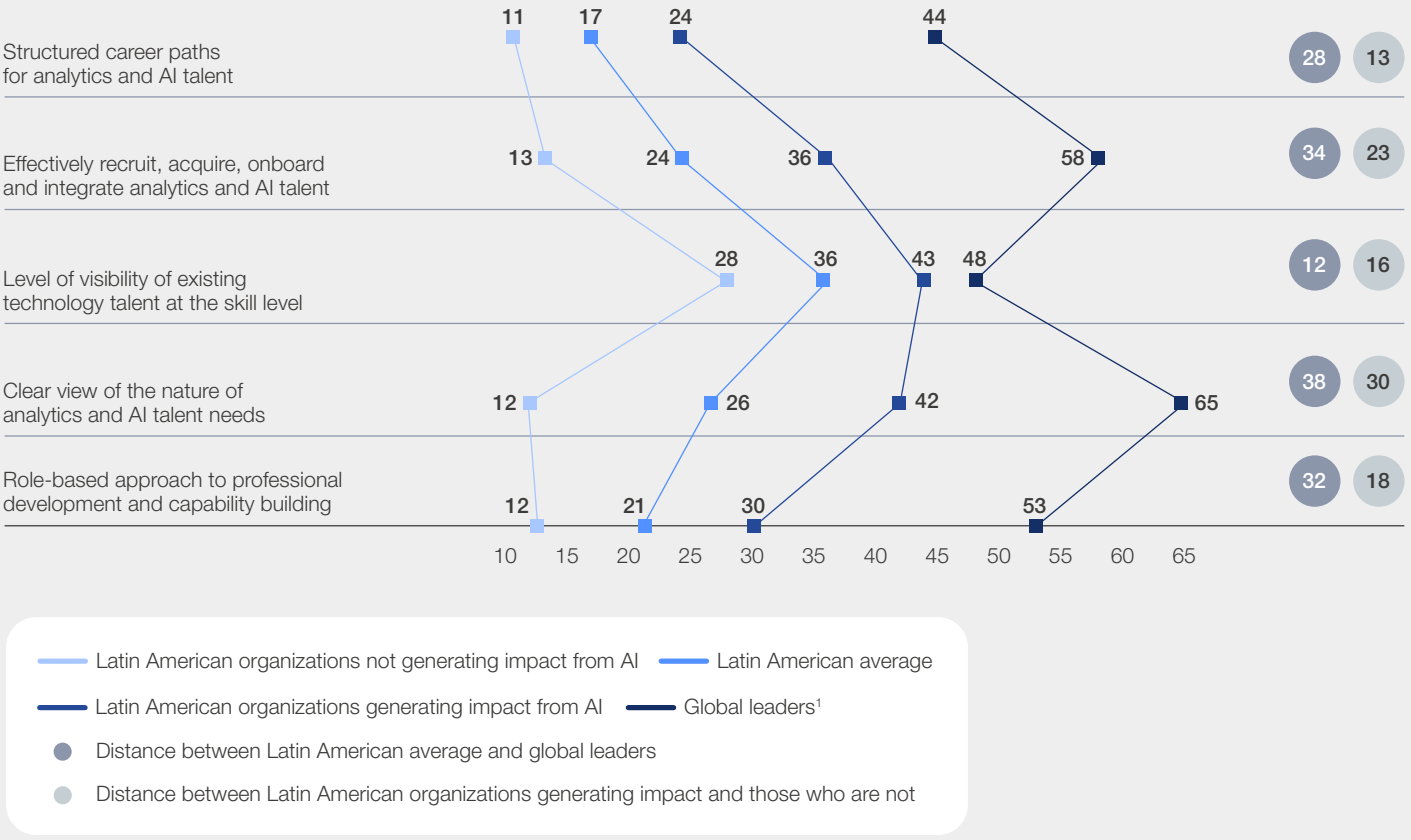
In Latin America, our survey found that the region scored the lowest in talent across the six dimensions critical for AI transformation. Employers perceive skills gaps in the labour market to be a major barrier to organizational transformation, exacerbated by emigration – which has quadrupled from Latin America over the past three decades[42] – and by competition from multinational companies that are opening technology delivery centres in the region.

Our survey results highlight the areas where the region is currently falling short: the lack of a clear vision for talent needs, challenges related to the recruiting process and the lack of clear career

paths to help ensure longer-term retention. These gaps point to needs across the whole employee life cycle in relation to analytics and AI talent. Competitors in an increasingly global talent market are pulling ahead.

Latin American organizations that are generating impact from AI are closer to getting talent right. They score near global leaders in their level of visibility of their existing talent's AI skill levels. This visibility can help companies design reskilling programs to fill talent gaps internally.[43]

FIGURE 11 **Latin American and global leader scores in AI competitiveness sub-dimension: talent**



Note: 1. Top quintile of McKinsey Global AI Competitiveness Assessment Survey, excluding Latin America

Source: Latin America in the Intelligent Age - AI capabilities survey, August - October 2025, n=129; McKinsey AI Quotient Survey, 2017-2025, including 750+ companies globally

Alongside corporate partners, governments are experimenting with programmes to address the lack of upskilling opportunities and help develop and diversify AI talent, but these initiatives are still at an early stage and vary widely in scale.

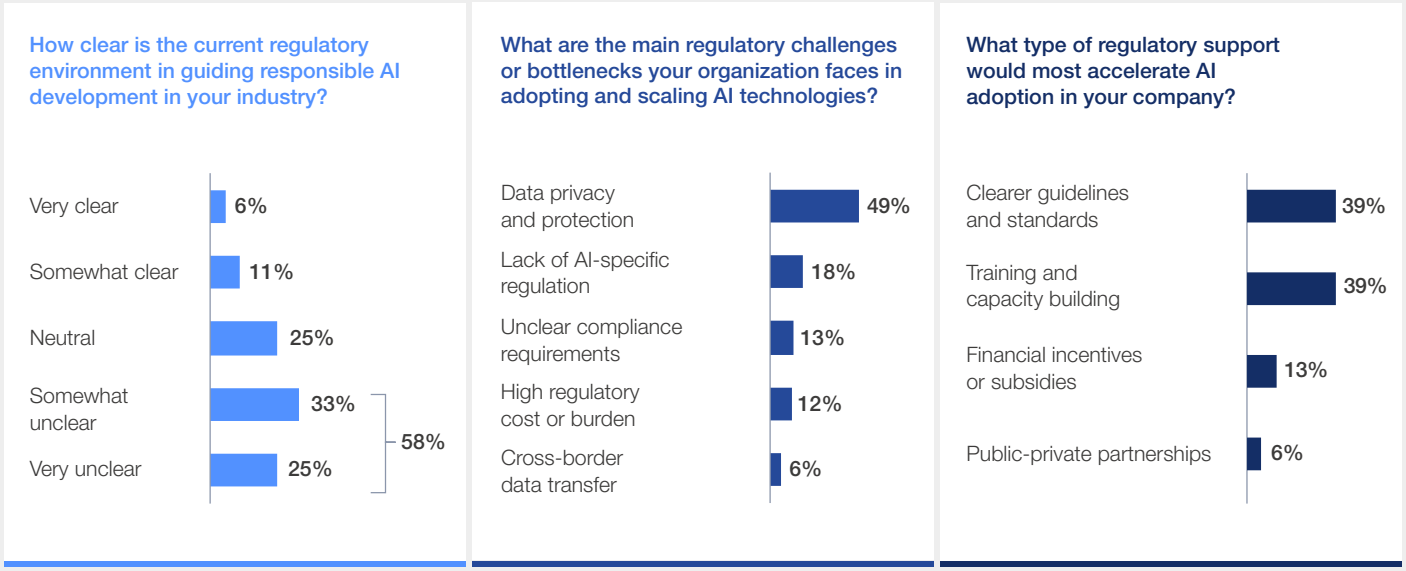
For example, Brazil has launched 11 applied research centres in AI, co-funded through public funds and private company investment, collectively mobilizing around $45 million in shared resources.[44] Additionally, Microsoft's ConnectAI initiative sits within a multi-billion-dollar public-private investment in cloud and AI infrastructure and aims to train 5 million Brazilians in digital and AI skills.[45] In Argentina, business association Argencon and technology school Digital House have launched an online training scheme called IA Argentina, which offers 35,000 free scholarships onto entry-level AI courses.[46] Similar training initiatives are in place across countries including Brazil, Colombia and Mexico. In Mexico, Microsoft and non-governmental partners report they have already trained or re-skilled roughly 1.3 million Mexicans in IT skills.[47] Dual education models in Mexican states such as Nuevo León and Aguascalientes provide in-company experience for students and offer a platform that can be adapted to AI upskilling.

Establish guardrails for ethics, safety and security

AI and digital regulations remain fragmented and inconsistent across regions, often marked by a disconnect between policy-makers and the private sector. This lack of clarity and the absence of standardized frameworks could create friction, hinder innovation from scaling across borders and limit the ability to attract foreign investment.

FIGURE 12 | **Latin American organization leaders' perception of the current regulatory environment**

Percent of total responses from Latin American organization leaders[1]



Note: 1. Some totals do not sum to 100% as some organizations (<2%) answered "Other"; excludes organizations who answered "Do Not Know"

Source: Latin America in the Intelligent Age - AI capabilities survey, August - October 2025, n=129

According to our survey, 58% of respondents across the region feel the regulatory environment is unclear. Nearly half cite navigating data privacy and protection as their main regulatory bottleneck to adopting and scaling AI technologies, followed by 18% reporting the lack of AI-specific regulation as the primary obstacle. Almost two in five feel that clearer guidelines and standards, along with more training and capacity building, could accelerate AI adoption in their organizations.

To unlock AI's potential while safeguarding against risks, such as AI generated misinformation, AI hallucinations, compromised privacy and more, the region could move towards standardizing regulations with international and regional peers, reducing barriers, enabling cross-border growth and fostering a more trusted, inclusive and innovation-friendly environment.

Several countries are leveraging tools from international organizations to develop their AI strategies. Many have looked to UNESCO, which published its *Recommendation on the Ethics of Artificial Intelligence* that includes an actionable framework for the ethical development and use of AI, encompassing the full spectrum of human rights.[48] Brazil, Chile, Mexico, Uruguay and other Central American and Caribbean countries have engaged with UNESCO's Readiness Assessment Methodology,[49] with Paraguay following suit.

Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru have formally adopted the OECD's AI Principles, which establish intergovernmental standards on AI.[50] In 2025, Uruguay, a leader in developing regulation, became the first country in Latin America to sign the Council of Europe's Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law, a legally binding treaty aimed at ensuring the responsible use of AI.[51]

The region could also explore other global efforts, such as the Hiroshima AI Process, which provides a common framework for responsible, safe and trustworthy AI; backed by Japan's G7 presidency, the initiative drives adoption of shared international principles, a code of conduct and a reporting framework for organizations developing advanced AI systems.[52] Its objectives are to reduce regulatory fragmentation, promote international coordination and foster multistakeholder collaboration by convening governments, industry and civil society to align on shared governance standards. Latin America could consider and adapt these principles to regional needs as it develops AI strategies and plans, aligning with global practices to prevent regulatory fragmentation while unlocking prized benefits: boosting economic competitiveness and innovation, improving public services and safety, increasing investor and public trust, and ensuring interoperability with global markets.

Latin America's AI journey is characterized by rapid progress persistent difficulties that need to be addressed in order to scale AI and fully realize its benefits. As we have shown, seven key challenges occur across the layers set out in the Blueprint:

1. **Rising adoption has yet to deliver measurable impact**
2. **Digital infrastructure divides remain acute and resource needs, such as energy demand, can create new challenges**
3. **Talent pipelines are weak**
4. **Data readiness is lagging behind**
5. **Governance and regulation are fragmented**
6. **Capital is limited**
7. **Regional collaboration remains an untapped opportunity**

The substantial economic gains, productivity enhancements and opportunity to address structural economic stagnation outlined in this report are within reach, but so are the risks of falling behind. However, taking advantage of this transformative potential is no easy task. The region must prepare for the rapid acceleration of AI adoption, recognizing that success will require a bold, coordinated and sustained effort. A clear, actionable roadmap is imperative to secure the full value of AI.

3 Strategic path forward: building a competitive AI ecosystem

This chapter outlines a roadmap of actions that could bridge Latin America's AI competitiveness gap. Newly deployed technology takes time to generate measurable returns; while AI may not deliver immediate impact, it is important to take decisive action now to realize future benefits. Driving transformation across the region is also challenging due to the diversity of each nation's size, culture and resources, as well as due to shifts in national priorities over time and political cycles. This underscores the importance of building consensus around key actions that can sustain progress across different administrations. A clear and consistent suite of actions can help maintain focus, develop talent pipelines and attract investment. Yet countries and companies in Latin America are at different stages in their AI adoption, and a one-size-fits-all approach will not achieve the necessary shift. Instead, increasing Latin America's AI competitiveness should be viewed as a journey, where each country and company takes practical measures best suited to its own context yet guided by a common ambition.

3.1 10 targeted actions to drive execution

The roadmap is organized into four groups that cluster actions by purpose:

A Define implementable AI strategies

1. Create strategies focused on measurable outcomes in key sectors

Well-defined AI strategies help ensure resources are directed towards initiatives that result in transformational change; without strategies, stakeholders may lose focus and pursue activities that distract resources and dilute the true value of AI.

In the short term, national AI strategies could focus on creating the right conditions and on driving innovation for strategic economic sectors, such as agriculture, mining, energy and tourism, to help maintain and amplify the region's competitive advantages. This could include creating sector-specific AI centres and designing AI training programmes across all education levels.

In the private sector, AI strategies should translate into measurable economic impact in order not to create the AI fatigue caused by a lack of a return on investment that – according to our survey – many organizations currently experience. Companies must move beyond individual productivity usage and pilots to embed AI at scale in core domains, reimagining from end to end how the organization operates. This work requires a clear prioritization of AI opportunities by domain or journey to avoid fragmentation of these efforts.

Successful AI strategies across sectors depend on leadership sponsorship, clear decision rights, disciplined funding and collaboration models that build trust, align incentives and track measurable outcomes that are tied to societal and operational impact.

B Build the infrastructure and data backbone

2. Fuel AI sustainably

As demand for GenAI surges throughout the region, fuelling the necessary computing power runs the risk of a resource crunch across energy, water and land use.

In the future, the current level of power generation will be insufficient, and investment in capacity expansion is required. While parts of Latin America possess beneficial clean energy resources (Brazil and Paraguay draw heavily on hydropower, Chile offers solar potential, Patagonia is home to strong wind corridors, Central America holds geothermal reserves), there are at least two key challenges of tapping into those reserves. First, the supply is often not where the demand is, so additional investment in grid connectivity will be key. Second, it is of utmost importance that investment into data centres and power generation does not create new equity challenges or negative environmental consequences for the communities and natural ecosystems that are affected by them. This

includes planning for responsible land, water and energy use. Emerging advances in AI efficiency, as highlighted in the World Economic Forum's *AI Energy Paradox* report, can also help reduce the energy footprint of these systems, supporting more sustainable and inclusive infrastructure growth.[53]

3. Build universal connectivity

Addressing persistent connectivity and device access gaps remains essential to ensure equitable participation in the AI economy across Latin America. Delivery of AI systems relies on fixed wireless, accelerated 5G and robust fibre backbones, as well as last-mile solutions to reach underserved urban and rural areas. Cutting-edge systems, such as LEO satellites, can complement these efforts by extending access to remote regions. Annual scorecards that set measurable targets for coverage and rural gap closure, with quality tracked by speed, latency and device affordability, can link investment to adoption and productivity.

4. Create foundations for data and governance

Effective AI depends on easily available, high-quality, interoperable data under clear accountability. Latin America could increase access to open data by creating standardized national portals hosting data segmented by sector. These portals could be complemented by consistent privacy and data-sharing regulations that enable safe flows of data within and across borders, including common schemas, audit checklists and anonymization templates using multilingual standards that reflect Indigenous languages.

Companies should ensure their own data foundations are in place as the basic ingredient for the successful implementation of AI. True value creation will depend on consistent, high-quality data.

5. Adapt and implement frontier AI technologies to local needs

A key element of accelerating Latin America's competitiveness in AI will be to focus on applying frontier technologies to the region's context. Advanced economies outside of the region dominate in building foundational models, semiconductors and other resource-intensive AI technology. To compete, Latin American countries can adapt existing technologies (for example, open source) for priority sectors, benefitting individuals and organizations and driving faster impact. By partnering with global leaders to access cutting-edge tools and fine-tuning them with local data, countries can accelerate deployment and address local challenges at lower cost. To succeed, partnerships should move beyond one-off transfers of knowledge towards joint research initiatives, talent-building programmes and shared technical standards. This approach enables the region to better capture the benefits of global AI while concentrating resources where they deliver the most impact.

C Provide clear paths to develop talent

6. Develop AI literacy in education systems and continuous learning opportunities

To grow a dynamic talent pipeline in Latin America, it is important to build both foundational and advanced AI knowledge. Curricula should teach core technical and adaptability skills across all education levels. This can help both prepare emerging talent for the AI-centred future of work and provide continuous learning opportunities for the current workforce.

Education systems could embed AI literacy and data science at all levels, complemented by scholarships and job placements in research labs and other government and private sector roles. Public funding for R&D centres and AI excellence initiatives can further strengthen this pipeline by expanding opportunities for hands-on learning and research locally, helping emerging talent develop skills without needing to leave the region.

Outside of formal education, the current landscape for upskilling and lifelong learning is fragmented. Workforces face difficulties understanding where to invest their time for professional development in AI, and companies can find it hard to discern which AI skills potential talent possess. To address this, countries could collaborate with universities and other institutions to standardize AI credentialing. This would enhance transparency around acquired skills, streamline the hiring process and give a clearer path to employment.

D Enable trust, capital and coordination

7. Establish AI ethics and safety regimes

Public confidence in AI depends on clear governance. Governments in Latin America could co-design harmonized regulation and frameworks, leveraging regional institutions, public–private partnerships and academia to ensure rules are both technically sound and practical to implement.

To streamline this process, countries could align with widely accepted international principles and frameworks, such as those from UNESCO and the OECD. As shown in the Forum's playbook *Advancing Responsible AI Innovation*, global initiatives like the Hiroshima AI Process build on these principles and provide a practical framework the region can adopt to reduce fragmentation and ensure consistent, trustworthy governance.[54] Such frameworks can incorporate recommendations for both organizations and governments on strategy and value creation, governance and accountability, and development and use.

8. Mobilize AI investment funds and incentives

If Latin American economies increased their level of investment in AI by around five percentage points, they would reach a level that is closer to their share of global GDP. Such investment increase would help to multiply the productivity gains from AI in the region. Dedicated policies to foster adoption by small and medium enterprises are also key.

Innovative financing models can help unlock scale. For instance, public-private funds or fund-of-funds could channel capital into AI innovation and digital infrastructure. These arrangements can expand the pool of available capital for early-stage companies and initiatives while maintaining transparency and effective risk management.

Latin American countries can prioritize securing development funding, as investment from these organizations can de-risk projects, anchor AI-focused funds and direct capital into cross-border infrastructure, research and ecosystem development.

9. Build innovative AI centres and ecosystems

Collaboration among governments, universities and companies, including hyperscalers, accelerates innovation. Together, they can build dedicated technology centres that combine computing centres, research labs, training and start-up incubation. These centres do more than coordinate fragmented partnerships; they create places where talent can learn, experiment and build. By structuring them with joint steering groups, multi-year agendas and pooled funding, countries can align research and development with national priorities. Publicly funded R&D programmes and co-developed projects with academia and industry help ensure that emerging researchers, engineers and entrepreneurs can develop cutting-edge skills locally while having access to clear pathways into industry or start-up creation. In doing so, these centres not only expand AI innovation capacity but also increase the likelihood that highly skilled talent remains in the region, contributing to a growing and self-sustaining AI ecosystem. Joint public-private funders could both help equip these centres and act as early customers, promoting prototypes at scale.

10. Foster regional, cross-sector collaboration

While Latin America could hardly be considered homogeneous, many countries share a language, culture and values, which can make collaboration and partnerships easier. Moreover, with countries at different stages of AI development, there is an opportunity to share knowledge, enabling countries that are more advanced in certain areas to pass on what they have learned, amplifying impact and attracting further funding interest.

Useful playbooks for fostering regional collaboration include the EuroHPC Joint Undertaking for shared supercomputing, RedCLARA's BELLA for research backbones, NIIS for secure cross-border data exchange and LACChain and LACNet for regulation-aligned digital public infrastructure. These existing efforts can be complemented by additional focus on integrating individual countries' relevant digital and physical infrastructures, tapping into the potential of market scale and unlocking further critical AI investment.

Realizing this AI roadmap will demand a collective and coordinated effort among all stakeholders in Latin America. Only through shared commitment and unified action can the region close its AI competitiveness gap and fully capture the benefits of this transformative technology. The time for action is now: Latin America must move decisively from planning to execution to translate its AI ambitions into tangible, inclusive growth. To encourage prompt execution, these actions are categorized into three phases. The first phase contains actions that would benefit from immediate attention, while the second phase expands on these initial actions. Finally, the third phase focuses on working to sustain the scaled efforts in development and collaboration.

FIGURE 13 | **Roadmap for accelerating Latin America's AI competitiveness in the Intelligent Age**

Conclusion

The world stands at the threshold of the Intelligent Age. For Latin America, the potential for AI to transform competitiveness is vast. By harnessing the power of AI, Latin America can shift from relying solely on workforce expansion to driving economic growth through productivity. While progress has been made in AI adoption across various countries and industries, its actual economic impact on the region remains limited. Adoption thus far has been concentrated in individual use as opposed to an AI-enabled transformation of business operations and industries.

To fully capture the value of AI, Latin America must adopt a multi faceted approach that addresses infrastructure, talent, governance and regional collaboration while also tackling the persistent challenges of the urban-rural connectivity divide and talent availability and development. Special consideration should be given to segments likely to experience higher workforce disruption, with a clear preference for ethical deployments, continuous training and re-skilling programmes.

The region can adapt frontier technologies and scale high-impact use cases in sectors where Latin America holds a competitive edge. By updating education curricula, scaling upskilling and re-skilling efforts and fostering structured regional collaboration, Latin America can prepare its workforce and position itself strategically in the global AI landscape.

Seizing this opportunity requires vision and decisive execution. With sustained commitment, Latin America can move from ambition to action and position itself as a reference in the Intelligent Age, ultimately creating a more competitive and prosperous region.

Contributors

World Economic Forum

Agustina Callegari
Initiatives Lead, Technology Governance, Safety and International Cooperation

Edgard Carneiro Vieira
Lead, Government Affairs and Public Policies, Latin America

Karla Yee Amezaga
Initiatives Lead, AI and Data Governance

Samira Gazzane
Policy Lead, Future-Ready Economies

Francesca Zanolla
Lead, Strategic Integration, Artificial Intelligence

McKinsey & Company

Erin Buthman
Consultant

Oscar Gutiérrez
Consultant

Philipp Haugwitz
Partner

Arturo Jiménez
Capability and Insights Specialist

Agustina Reggiani
Consultant

Andres Vargas
Consultant

The authors would also like to acknowledge additional members from McKinsey & Company whose expertise contributed to the development of insights in this report: Carlos Barreto, Michael Chui, Joaquin Mahdjoubian Diaz Cano, Yran Dias, Paula Duran, Darien Ghersinich, Bryce Hall, Georgina Jabbour, Mia Langston, Alonso Lopez, Breno Maciel, Heitor Martins, Claudio Querol, Hector Roldan, Lucho Salcedo, Rafael Scott, Fernando Sinagra, Gurneet Singh Dandona.

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Mauricio Agudelo
Director of Digital Transformation, Development Bank of Latin America

Tram Anh Nguyen
Co-Founder, Centre for Finance, Technology and Entrepreneurship (CFTE)

Valeria Arguello
Director of International Affairs, Ministry of Telecommunications and Information Society of Ecuador

Irene Arias Hofman
Former Chief Executive Officer, IDB Lab

Bruno Barino
Country Manager, BlackRock, Brazil

Oscar Bernal
Vice-President of Technology and Operations, Banco de Bogotá

Estefania Capdeville Jimenez
Director of Special Projects and Global Cooperation, Digital Transformation and Telecommunications Agency, Mexico

Nicolás Comini
Director LatAm Policy Central, Meta

Antonio Córdoba
VP of Digital Transformation, Panama Canal Authority (ACP)

Maria Eugenia del Castillo Cabrera
Ambassador on Special Mission, Vice-Presidency of the Dominican Republic

Rafael Forte Cavalcanti
Chief Data, Analytics and AI Officer, Banco Bradesco SA

Julio Germán Arias
Secretary of Digitalization and Simplification of Processes, Government of Panama

Bruno Gili
Responsible, Uruguay Innova

Wolfgang Harten
Executive VP, Grupo Almar

César Huck
Undersecretary of Information and Communications Technology, Secretariat of Innovation, Science, and Technology of Argentina

Raul Katz
Research Director, Columbia University

Karine Kraemer
International Affairs Advisor, Ministry of Management and Innovation in Public Services of Brazil

Carlos Lemoine
Leader of Digital Appropriation and Digital Transformation Studies, Centro Nacional de Consultoría (CNC)

Rafael Lemor
Head of Artificial Intelligence, Credicorp (BAP)

Diego Molano Vega
Chief Executive Officer, ETB

Ronaldo Lemos
Chief Scientific Officer, Institute for Technology & Society (ITS), Rio de Janeiro

Osmar Lima
Secretary of Economic Development, City Hall of Rio de Janeiro

Vidal Llerenas Morales
Undersecretary of Industry and Commerce, Secretariat of Economy of Mexico

Klaus Pistilli
Vice-Minister of Technologies, Ministry of Information and Communication Technologies of Paraguay

Jaime Quan
Chief Executive Officer, Pantaleon

Catalina Restrepo
Director, Centre for the Fourth Industrial Revolution (C4IR) Medellín

Margarita Rojas
Director General of Digital Inclusion and ICT in Education, Ministry of Information and Communication Technologies of Paraguay

Luis Adrian Salazar Solis
Professor, Lead University

Alkin Saucedo Bernal
National Director of Telecommunications, National Authority of Public Services of Panama

Nicolas Schubert
Government Affairs & Public Policy Manager, Google Inc.

Luis Videgaray Caso
Senior Lecturer and Director of MIT Artificial Intelligence Policy, MIT - Sloan School of Management

Pedro Francisco Vormittag
International Affairs Advisor, City Hall of Rio de Janeiro

Rafael Wandresen
Senior Data Manager, Bradesco

Enrique Zapata
Main Lead, Data Intelligence and New Technologies, CAF - Development Bank of Latin America

Julio Zelaya
Academic Director, University of Pennsylvania

Production

Michela Liberale Dorbolò
Designer, World Economic Forum

Chris Parsons
Editor, chrisparsonswrites.com

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World Economic Forum
91–93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744
contact@weforum.org
www.weforum.org