

## PILLAR BRIEF

### GOVERNANCE<sup>1</sup>



The **Eastern Region<sup>2</sup> Strategic Vision** is a framework for transformation and a living roadmap for a thriving future rooted in sustainability, resilience and shared prosperity. It unites data, design, and collaboration to ensure that growth benefits the region's residents while sustainably leveraging its natural and cultural assets. Developed through rigorous research, extensive stakeholder engagement, and alignment with global best practices, it is grounded in enduring principles that give direction and meaning to the region's development. At its core are values of **shared stewardship, inclusive community engagement, collective responsibility and governance**, recognizing that prosperity must be co-created by the people who live, work, and visit here. It calls for **asset-based community development** that empowers communities, **sustainable destination management** that promotes economic vitality while safeguarding the ecosystems on which life and livelihoods depend. Above all, it embraces **innovation**, not only through adoption of technology, but through new ways of connecting, collaborating, solving problems, and sustaining the places we cherish.

These principles form the moral and operational compass of the Eastern Region Strategic Vision, expressed through four interdependent pillars: ***Transportation and Mobility, Attractions, Human Capital, and Governance***. These pillars will guide how the region will move visitors and residents, attract and distribute visitation, empower its communities, and provide cohesive, shared governance for regionwide strategic initiatives in the decades ahead. Together, we can elevate regional economic development as a multisectoral model that benefits communities, visitors, and future generations alike. Most critical for this effort is addressing the fragmentation and limitations inherent on the Island where multiple state agencies and individual municipalities are tasked with addressing complex, interconnected problems that cross jurisdictional and sectoral boundaries.

### The Case for Regional Governance: Addressing Structural Challenges

The Eastern Region's current reality reveals the costs of fragmentation. With a population of approximately 405,000 that has declined by over fourteen percent in two decades, the region faces significant socioeconomic pressures. Per capita income averaging \$11,500 annually falls well below thresholds for economic security. Poverty rates approach 43% across the region. Labor force participation hovers around 45%, indicating that more than half of working-age adults are neither formally employed nor actively seeking work.

At the same time, the region is uniquely positioned to lead Puerto Rico's next wave of economic

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<sup>1</sup> One of the four pillars of Foundation for Puerto Rico's *Eastern Region Strategic Vision for Sustainable Development*.

<sup>2</sup> The Eastern Region comprises the 15 municipalities of: Canóvanas, Ceiba, Culebra, Fajardo, Juncos, Humacao, Las Piedras, Loíza, Luquillo, Maunabo, Naguabo, Río Grande, San Lorenzo, Vieques, and Yabucoa.



transformation. With strategic port infrastructure, a growing biosciences sector, workforce potential, and available land, the region can harness both the expansion of the visitor economy and the revitalization of industrial and innovation sectors. Yet despite this potential, fragmented governance, limited municipal capacity, and stalled projects have left much of the region's value untapped. Tourism revenues leak outside local economies, infrastructure remains piecemeal, employment gaps persist, and small businesses face barriers to scaling. Federal recovery funds remain available, and national trends increasingly favor regional coordination as a condition for investment. Without institutional reform that enables coordinated strategies to realize this potential, opportunities will remain fragmented and short-lived. Taking a regional approach to governance will empower all actors to work together more effectively, amplifying individual impacts through strategic alignment.

### Vision for Transformational Governance in Puerto Rico's Eastern Region

The Eastern Region Economic Development Council (the Council) is envisioned as a permanent, independent, multisectoral, decision-making body that will unify the region's fifteen municipalities with business leaders, public agencies, nonprofits, academia, and residents around a shared agenda for sustainable, resilient, and inclusive economic development.

**Objective:** To transition from fragmented local resources, efforts and institutions to a coordinated independent regional governance system capable of sustaining investment, co-managing assets, and advancing strategic initiatives that endure beyond political cycles.

**Approach:** Establish an integrative, cross-sector organization that aligns municipalities, agencies, private partners, civil society organizations, and communities to address urgent challenges guided by a comprehensive vision for development, resilience, and shared prosperity. The Council will implement innovative strategies that leverage the region's strengths and assets that include, among other things, high-value natural, cultural, logistical, human, and industrial assets. Quick wins will build trust and capacity for long-term efforts.

**Organizational structure:** Composed of a Board of Directors, professional administrative staff, and permanent advisory and sectoral committees to serve as lasting mechanisms for stakeholder participation and alignment. A municipal advisory committee will provide a forum for the region's mayors or their designated representatives to align strategies and share resources. Community roundtables will foster participation of residents and local leadership, including participatory planning processes. Working groups or special advisory committees led by a board member will be established to support priority initiatives and may include non-members to facilitate necessary leadership and coordination.

**Expected Impact:** The Council will be the vehicle through which the Eastern Region emerges as a recognized model of smart, sustainable, and collaborative development. A region where coordinated governance amplifies local capacity, where strategic investments in infrastructure and human capital create pathways to prosperity, and where the benefits of



economic growth are shared equitably across its communities. The Council will continue to gain institutional capacity to coordinate and adaptively manage complex projects, attract investment, and ensure continuity across electoral transitions.

### Strategic Functions of the Council

The Council will serve as the institutional backbone for regional development. Structured as a professional, nonpartisan, non-profit entity with diversified and recurring funding streams, it is designed to transcend political cycles and deliver long-term impact. Grounded in global best practices, the Council will integrate governance, investment, stewardship and participation to strengthen the visitor economy and regional competitiveness. It will be organized around the following strategic functions:

- Developing and implementing strategic plans for the sustainable development of the region that integrate the visitor economy, manufacturing, biotechnology, agricultural technology, aerospace technology, information technology, and innovation services as complementary drivers of growth.
- Securing and coordinating investment across private, philanthropic, and federal sources.
- Facilitating integrated regional mobility and transportation services planning and operations, including public-private partnerships, to facilitate visitor access, business logistics, and resident mobility.
- Supporting revitalization and sustainable co-management or operation of natural, cultural, recreational, and tourism assets under concession or delegation.
- Advancing workforce and human capital development, talent recruitment, and retention that will address the needs of the visitor economy and emerging industries
- Fostering the creation of multisector clusters and small business support systems for both for-profit and non-profit entities linked to tourism value chains.
- Promoting and implementing innovative services and tools to position the region as a hub for research and development in emergent sectors.
- Collaborating with municipalities, the Government of Puerto Rico, non-governmental organizations, private businesses and communities to advocate for policy and practices that will accelerate regional growth and economic resilience.
- Ensuring outcomes-based decision-making through data integration, civic technology, and robust monitoring and evaluation systems.

### Regional Initiatives Enabled by the Council's Strategic Functions

Through these strategic functions, the Council will be positioned to advance transformative regional initiatives around the Eastern Region Strategic Vision Pillars:

**Integrated Transportation and Mobility Systems** – Coordinating the design and implementation of multimodal transportation networks that integrates ferries, trolleys, micro transit, intercity buses, and other options into a seamless, technology-enabled system (Mobility-as-a-Service platform) that reduces car dependence and improves access. To do this, the Council will work with DTOP, ATI, PRHTA, Ports Authority, USFS (for El Yunque access planning), the Volpe Center, and private companies. FPR will also support a micro-transit pilot that modernizes carros



públicos to provide on-demand collective transportation to facilitate movement of visitors and residents to key sites and corridors in the region.

**Asset Revitalization, Resilience, and Risk Mitigation** –Working with DRNA, DRD, COR3, FEMA, and community organizations, the Council will identify and prioritize regional assets, then guide investment and facilitate concessions, co-management agreements, and nature-based solutions that align with CDBG-DR/MIT and FEMA projects. Support development of attraction clusters that includes community-based experiences, and integration of tourism assets and mobility networks in priority sites; and deployment of smart monitoring systems for oversight of investments including hazard mitigation data from the Puerto Rico Planning Board and PREMB.

**Workforce and Entrepreneurship Development** – Building talent pipelines and supporting entrepreneurs to capture more value from tourism and emerging industries, reducing outmigration, retaining talent, and expanding opportunities. It will collaborate with WIOA Boards (Conexión Laboral Noreste and Sureste), academic institutions, employers, and FPR to launch a Regional Talent Commons to serving as an integrative platform to connect residents to career pathways, training, entrepreneurship support, and lifelong learning opportunities, and employers with regional talent. The establishment of Innovation and Coworking Hubs in selected revitalized *casco urbanos* will serve as nodes for a network of educational, workforce development and entrepreneurship resources designed to broaden economic participation in the region. Foundation for Puerto’s Regional Fellows Program for recent college graduates and current students will initiate the building of a pipeline of future leaders for strategic recovery, mitigation, and development projects in the region.

**Support and Shared Services for Small Enterprises** – A regional incubation program centered on high-potential clusters: (a) gastronomy and agribusiness, connecting producers from Yabucoa, Maunabo, and San Lorenzo with culinary ventures in Luquillo, Loíza, and Río Grande; (b) tourism and the creative economy, supporting service-based microenterprises and cultural initiatives across Fajardo, Ceiba, Vieques, Culebra, Loíza, and Humacao; and (c) digital and innovation services, advancing entrepreneurs in e-commerce, marketing, and technology. The program will offer shared operational services to reduce fixed costs such as collective permitting, insurance, branding, and digital booking systems to strengthen business capacity, expand employment, and embed local enterprises within regional and global value chains. It will work with Discover Puerto Rico, Puerto Rico Tourism Company, DDEC, DRNA, and insurance companies and draw on precedents such as the North Coast Resource Partnership in California and Alentejo’s PACT innovation hub in Portugal.

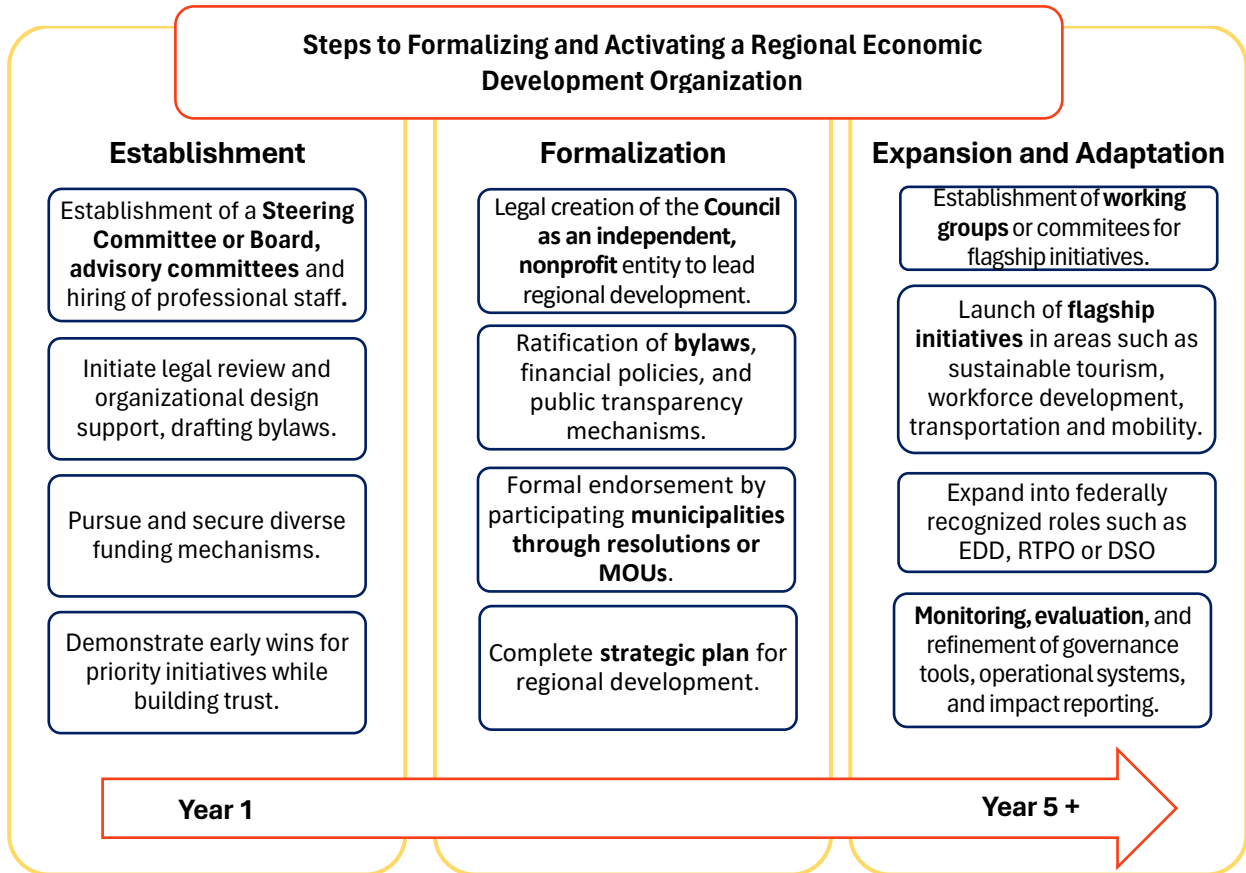
## Socioeconomic and Environmental Benefits

**Economic Growth:** A unified regional strategy is projected to generate over \$2 billion in visitor spending annually by 2030, support more than 27,000 jobs, and position Eastern Puerto Rico as a national model of regional economic development.

**Accessibility:** Regional roundtables, working groups, and advisory committees will ensure inclusive participation in decision-making, with targeted outreach to influential regional leaders, community organizations, and residents.



**Environmental Sustainability:** Deployment of digital dashboards, smart monitoring systems, and nature-based solutions will guide transparent oversight and reinvestment in local assets, ensuring ecological integrity and long-term resilience.



### Implementation Pathways

The establishment of the Council is envisioned in three distinct but connected phases, designed with flexibility so that stakeholders can co-create the institutional framework before its full formalization. During this formative period, the Council can benefit from the accompaniment of an organization like Foundation for Puerto Rico, which is positioned to contribute its experience in administration, finance, compliance and organizational development. This support will enable the Council to operate effectively from its inception while laying out the groundwork for its transition to a self-sufficient and fully autonomous entity. By supporting the structuring of internal processes, strengthening institutional capacity, and providing in-kind resources, FPR’s involvement would greatly accelerate the Council’s progress toward achieving long-term sustainability and independence. In the third phase, the Council can secure federal or broader recognition through one or more pathways, such as, by becoming an EDA-designated Economic Development District (EDD), being designated as a Regional Transportation Planning Organization (RTPO), or as a Destination Stewardship Organization (DSO) allowing it to access other recurring funding. Ultimately, the Council is expected to consolidate that autonomy and evolve into a platform capable of continuous adaptation, innovation, and growth, serving as an enduring institutional anchor in the region for integrated development and resilience.



Additional functions of the Council include:

- **Eastern Region Economic Development Fund (EREDF)** – Establishing this Fund allows the Council to facilitate strategic deployment of capital, seed for local enterprise growth, and matching share for external funding. It will allow for the pooling of public, private, and philanthropic funds to sponsor high-impact regional initiatives.
- **Coordinating Investment and Financial Stewardship** – Deploying diversified financing mechanisms that will include braided federal, state, municipal, and philanthropic funding, the Council can also pursue: private investment; public–private partnerships; destination-based revenue tools such as Tourism or Business Improvement Districts (T/BIDs); destination conservation fees such as the Environmental Preservation Fund of Culebra and Vieques; co-management agreements inspired by USFS models; revolving innovation and talent funds; and mobilization of multilateral financing sources to support community-centered regional development.
- **Coordination across Jurisdictions:** Data-driven decision-making and inclusive participation will strengthen transparency and public trust for intermunicipal initiatives.
- **Community Engagement and Regional Identity** – Institutionalizing advisory committees, community roundtables, and robust engagement strategies will strengthen legitimacy and build a unified identification with the Eastern Region.
- **Regional Data Observatory and Smart Governance** – Establishing transparent, data-driven systems enabled by AI or other civic technology for innovative planning, public engagement, investment, along with performance monitoring, provided through FPR’s Regional Data Observatory that is informed by its Visitor Economy Performance Model insights.
- **Policy Advocacy and Innovation Partnerships** – Serving as the region’s unified voice to secure federal designations, advocate for enabling policies, and piloting new models in mobility, human capital development, asset management, digital governance, and economic resilience.

### Legal and Policy Foundations: Anchoring the Council in Established Frameworks

Puerto Rico’s legal and institutional frameworks already enable the creation of regional governance entities. The Municipal Code (Law No. 107-2020, as amended) authorizes municipalities to form intermunicipal consortia, while the General Corporations Act allows nonprofit entities with independent legal standing, used successfully to form Discover Puerto Rico, Invest Puerto Rico, and the Puerto Rico Science, Technology and Research Trust. Federal frameworks further reinforce this model where the U.S. Economic Development Administration recognizes Economic Development Districts (EDDs), and federal law supports the creation of Regional Transportation Planning Organizations (RTPOs) by state and territorial governments, while the U.S. Department of Labor mandates regional coordination. These mechanisms position the Council to access planning, infrastructure, and workforce development assistance funds, while Puerto Rican policies, including the Incentives Code, and mandates from the Department of Economic Development and Commerce, provide complementary authority ready to be activated through the formation of the Council.



## Puerto Rico, U.S. and International Models

The model proposed for the Eastern Region does not emerge in a vacuum or start from scratch. Puerto Rico already has solid precedents of independent entities with dedicated funding that have proven their effectiveness: Discover Puerto Rico for tourism promotion, Invest Puerto Rico for attracting foreign investment, and the Puerto Rico Science, Technology & Research Trust for innovation and human capital. There are municipal consortia such as the Consorcio Energético de la Montaña (Villalba, Orocovis, Barranquitas, Morovis, Ciales), a municipal energy consortium designed to create a regional microgrid, supported by commonwealth and federal funding commitments. Puerto Rico Techno-Economic Corridor, established under the Autonomous Municipalities Act as a public-private consortium, brings municipalities, universities, and private industry together to enable Western Puerto Rico's economic development, with emphasis in the commercialization of new and innovative technologies. All of these are evidence that our legal framework allows for the creation of institutional vehicles like the Council with autonomy and continuity that generate real economic impact.

Similarly, both in the United States and internationally, there are numerous examples that validate the multifunctional model proposed for the Eastern Region, including the following:

**Emerald Coast Regional Council (Florida)** integrates seven counties under one framework that unites economic, transportation, and resilience planning. Originally focused on mobility, it has evolved into a full-fledged Economic Development District (EDD), administering the region's Comprehensive Economic Development Strategy (CEDS) and multiple Transportation Planning Organizations. Its consolidated model shows how aligning infrastructure, economic, and resilience planning enhances federal funding access and multiplies regional impact.

**Upper Savannah Council of Governments (South Carolina)** coordinates six counties through a regional platform that mobilizes capital for business growth and employment. Its Revolving Loan Fund fills financing gaps for small and medium enterprises, catalyzing private investment, modernizing industrial parks, and expanding job training programs. This model proves that regional entities can translate planning into direct community and business outcomes.

**North Coast Resource Partnership (California)** joins counties, tribes, and municipalities to implement more than 450 projects in water, energy, infrastructure, and economic revitalization. Funded by blended public and private sources, NCRP integrates natural resource management with economic growth and disaster resilience, demonstrating how regions can drive large-scale transformation without relying on local taxes.

**Shasta Cascade Wonderland Association (California)** represents eight rural counties unified by a tourism economy. Sustained through public-private-philanthropic contributions, it integrates with the state's marketing agency, Visit California, ensuring cohesive branding and long-term destination promotion. Its diversified funding, grants, marketing contracts, and visitor services, illustrate how rural areas can sustain tourism development without tourism taxes.



**Alentejo Turismo (Portugal)** implements a regional rural tourism strategy that integrates a UNESCO site (Évora), eco-trails, culture, and gastronomy. They support development and promotion of family lodging, wineries, local crafts, and conduct participatory planning with municipalities. They coordinate with Turismo de Portugal to disperse visitation and diversify the offering, since tourism is Portugal's largest export market.

**Mancomunidad de la Subbética (Spain)** a consortium comprising 14 municipalities is a leading model for sustainable rural tourism that enhances the region's tourism infrastructure and natural assets including improvements to the Vía Verde del Aceite, the Iznájar reservoir, and new geo-tourism experiences. It is diversifying offerings with Destino Starlight certification and birdwatching routes, while strengthening destination branding and digital accessibility.

### Conclusion: The Path to Shared Prosperity

The Eastern Region stands at a critical juncture where extraordinary potential is hampered by structural constraints. A rapidly expanding visitor economy and federal incentives for reshoring create favorable conditions, but without a coordinated governance platform, much of this potential will remain unrealized and the benefits will be captured by external actors rather than local communities.

As proposed here, the Eastern Region Economic Development Council, is the mechanism to reverse this trajectory. By establishing a permanent, professional, multisectoral institution that operates beyond municipal boundaries and political cycles, the Council will enable complex project management, engagement so that diverse perspectives shape decisions, and financial sustainability through multiple revenue streams. It will not replace existing institutions or alter municipal jurisdiction; rather it will convene, align and strengthen them: expanding access to technical expertise, financing, and shared tools that no single municipality can sustain alone. In this way, the Council becomes an institutional asset for local governments, multiplying their collective impact through strategic alignment.

Powered by the Council, a new ecosystem will emerge, where infrastructure, talent, natural and cultural assets, and governance work together. With its dedicated Regional Economic Development Fund, this model shifts from fragmented efforts to a unified landscape of innovation, inclusion, and resilience that will be ready to move from planning to execution, and from vision to measurable impact. Most critically, the Council will deliver outcomes that matter: quality jobs and income for residents, pathways to prosperity for youth, infrastructure that reduces costs and expands access, stewardship protecting treasured resources, empowered community, and a competitive region capable of attracting investment and talent.

**The moment for action is now.** Growth creates both opportunity and urgency. Federal priorities and resources are currently aligned but time limited. Demographic trends threaten to accelerate without intervention. Disaster risks intensify. By establishing the Council, Puerto Rico will demonstrate confidence in the region's potential and commitment to development that is sustainable, inclusive, and resilient. The Eastern Region awaits its transformation, and the Council is the vehicle through which that can be achieved.