

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Accelerating AI Adoption in Latin America and the Caribbean: Aligning Regulations, Deploying Pilots, And Conducting Training
▪ TC Number:	RG-T4439
▪ Team Leader/Members:	Hernandez Carrion, Jose Luis (IFD/ICS) Team Leader; Porrua Vigon, Miguel Angel (IFD/ICS) Alternate Team Leader; Muente Kunigami, Arturo (IFD/ICS); Florencia Baudino (IFD/ICS); Koo, Hyo-Sun (IFD/ICS); Martinez, Ynty Koyllor (IFD/ICS)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	26 Jan 2024
▪ Beneficiary:	Borrowing member countries, in particular Bolivia, Perú, Colombia and Paraguay.
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/ICS - Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS - Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Social inclusion and equality ; Productivity and innovation ; Institutional capacity and rule of law; Gender equality

II. Objective and Justification

- 2.1 The main objective is to boost the Artificial Intelligence (AI) adoption by the public sector in Latin America and the Caribbean (LAC) through: (i) creation and deployment of an advanced AI-based system with the primary goal of serving as a cornerstone for digital government development in LAC; (ii) deploying pilots of AI systems in public administration, what aims to enhance citizen services by leveraging advanced technologies to streamline processes, improve efficiency, and provide more personalized and effective solutions; and (iii) conducting training for both officials and citizens is to enhance their understanding of this technology and promote its widespread use.
- 2.2 In LAC it is necessary to simplify regulatory processes and bridge the gap between a digital government reference framework and the current status in the region. Deployment of AI systems in public administration is intended to improve citizen services by streamlining processes, enhancing efficiency, and providing personalized solutions. This approach facilitates data-driven decision-making and contributes to a more responsive, cost-effective, and citizen-centric government. Training initiatives for both officials and citizens are designed to enhance understanding of AI technology, empowering government employees to use AI effectively. Simultaneously, educating citizens enables them to make informed decisions, participate in public discussions, and unlock opportunities, creating a well-informed, AI-savvy society. Despite progress,

LAC remains below its digital potential, with only five countries among the top 50 in the UN's 2022 ranking of digital public services. The COVID-19 crisis has further highlighted the need for transparent, evidence-based, internationally coordinated, and well-enforced regulation. Regulatory development in the region is heterogeneous, with variations in electronic signatures, personal data protection, and digital strategy. The absence of regulatory interoperability contributes to informality, unemployment, and loss of competitiveness in countries.

The initiative aims to unlock public value by harmonizing digital government regulatory procedures, creating a seamless environment for cross-border interactions, and diminishing transactional complexities within the LAC landscape. The 2019 Government AI Readiness Index highlights challenges in policies, capacity, and resources in LAC. While some countries are in the process of developing AI policies, there is an absence of thorough knowledge of AI in economic sectors and a lack of understanding about its applicability in the public sector. The LAC region lacks cohesive strategies, commitments, or agreements for the regulatory framework of groundbreaking technologies like AI. Despite this, governments have shown coordination through the Electronic Government Network of Latin America and the Caribbean (Red GEALC). Establishing a collective vision for AI could enhance collaborative efforts and amplify the region's influence. Korea's Digital Government Strategy provides insights for LAC, with initiatives focused on collaborative data sharing and the reduction of isolation among government departments. Korea's Legal Framework for Digital Government holds potential for contributing to the development of the LAC Digital Government Regulatory Reference Model.

International cooperation with South Korea and digital policy organizations offers valuable perspectives, bringing insights and enhancing collective efforts. The proposed Technical Cooperation (TC), financed through Korean Funds and managed by the Inter-American Development Bank (IDB), has a budget of US\$500,000 targeting implementation from 2024 to 2026. The proposal aligns with the Institutional Strategy Update 2020-2023, addressing challenges related to productivity, innovation, social inclusion, equality, gender diversity, institutional capacity, and rule of law. The TC aims to strengthen the capacity of the State, establish intelligent institutional frameworks, and provide adequate knowledge and innovation systems.

III. Description of Activities and Outputs

- 3.1 **Component I: Establish a Digital Government Regulatory Reference Model (US\$200,000).** The objective of this component is to design a reference framework for the regulatory of a Digital Government in LAC.
- 3.2 **Component II: Artificial Intelligence based system pilot projects based on the Korean experience (US\$200,000).** This component will finance the implementation of at least two pilot projects that leverage AI techniques to improve public digital service delivery. These pilots will consider results from the component one and will be building upon Korea's advancements in AI.
- 3.3 **Component III: Strengthening capacity on education and human capital development in LAC (US\$100,000).** This component will finance: (i) Support of the design of AI educational frameworks in the region; (ii) advance AI training from lead institution to create tailor-made training activities with the agencies in charge of the IA public policy; and (iii) AI knowledge material development. This objective of this component is to reduce the knowledge gap among public sector in LAC countries in term of AI.

IV. Budget

Indicative Budget

Activity/Component	Total Funding (IDB) (US\$)
Component I: Establish a Digital Government Regulatory Reference Model	US\$200,000.00
Component II: Artificial Intelligence based system pilot projects based on the Korean experience	US\$200,000.00
Component III: Strengthening capacity on education and human capital development in LAC	US\$100,000.00
Total	US\$500,000.00

V. Executing Agency and Execution Structure

- 5.1 The TC will be executed by the Inter-American Development Bank (IDB). The general coordination and technical supervision of the operation will be in charge of the Innovation in Citizen Service's Division of the Institutions for Development's Department (IFD/ICS) of the Bank, since is the Bank's own initiative that was developed due to its expertise in the sector.
- 5.2 The Bank through the IFD/ICS Division is in the unique position to execute this TC; and its technical capacity, expertise and direct involvement on institutional strengthening will enhance the achievement of the outcomes included in this TC. The coordinator of this TC will be the team leader of the project. Specifically, the Data and Digital Government Cluster in ICS will be responsible for the execution of this TC since it has: (i) a proven track record in providing technical assistance in these areas, supported by extensive technical and operational expertise in the execution of projects of this kind in the region; and (ii) experience in selecting international experts in this field to successfully implement the envisaged activities.

Some examples of this expertise are Strengthening of Cybersecurity in Uruguay (4843/OC-UR); Strengthening Cybersecurity Capacity in LAC (ATN/FG 16633-RG and ATN/CF-19154-RG); Improving human resources capacity in cybersecurity (ATN/CF 15598-RG); Generation of Knowledge and Support to Governments in LAC in Cybersecurity (ATN/OC-18936-RG); Fostering Public Sector Capacity and Human Talent on Digital Government in LAC (ATN/KR-17592-RG); Accelerating the adoption of digital technologies to improve government services (ATN/KK-20237-RG), among others.

VI. Project Risks and Issues

- 6.1 The team does not identify any substantial risk associated with the implementation of this TC. However, it is also possible that the national counterparts do not have the technical capacity to implement the digital solutions and the proposed policies that are included in this TC.

VII. Environmental and Social Aspects

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).