

SUMMARY OF THE PROJECT IN DESIGN * (*)

RAI for Growth in LAC

PITCH ELIGIBILITY DATE	COUNTRY(IES)	
02/22/2024	Chile; Ecuador; México; Uruguay	
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
Asociación Española de la Economía Digital		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
N/A (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
	US 2,750,000	

DESCRIPTION

The problem The integration of Artificial Intelligence (AI) in the innovation ecosystem of Latin America and the Caribbean (LAC) presents both vast potential and significant challenges that need urgent attention. The broad-reaching benefits of AI for economic, spanning critical sectors like health, agriculture, education, and public services, are evident development globally and regionally. In 2023, AI has become a fundamental component of various applications deployed in such sectors, with businesses recognizing its economic advantages. A recent survey conducted by NTT Data and MIT Technology Review showed that the interest in the usage of AI among Latin American companies increased from 58% in 2020 to 71% in 2023. However, the LAC region is still lagging the global average: while the overall rate of effective implementation of AI in companies in the region is 37%, it is 42% globally. The report mentions that Colombia and Mexico are leaders in recognizing the potential of Artificial Intelligence, with 84% and 83% respectively. Chile and Brazil follow with a rate above 67%, while Peru and Argentina emerge as countries that show some caution regarding the potential of AI. Fostering AI

adoption is not only crucial for the region's development but also imperative for enhancing the competitiveness of companies in a global context.

While there is a clear intention to adopt AI in the regional private sector, the risk of algorithmic discrimination looms large, with AI systems perpetuating human biases and prejudices, particularly in sectors affecting individuals' rights such as finance, justice, education, employment and health. What these trends show is that global and regional companies are but this momentum requires a steering that allows developing and using AI, companies to maximize the benefits of the technology while managing its risks to develop trustworthy and inclusive products and services that end up improving their competitiveness.

The solution This integrated program seeks to encourage the widespread use of responsible AI standards and tools among AI companies in the LAC region, so that they can benefit from this powerful technology for greater efficiency and competitiveness, while also reducing its significant risks. The proposed solution involves leveraging the groundwork established by both [Adigital](#) and the [fAIr LAC+ initiative](#). This approach seeks to stimulate the growth Adigital fAIr LAC+ initiative of a strong RAI ecosystem for startups, scaleups, MSMEs and investors in the region and beyond that improves their businesses without sacrificing the need for inclusion and equity. The main goal is to create a benchmark for the wider

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**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

innovation ecosystem by using the tools and practical knowledge that fAIr LAC+ has promoted at a regional level. This program seeks to establish a norm for the mindful development and use of AI, becoming a model for responsible practices within the innovation ecosystem.

This will be achieved by creating an integrated program led by entrepreneurial support actors with three main objectives:

- Foster an ecosystem of Responsible AI within the LAC region connecting with ecosystems in Europe and the US to enable knowledge exchange and alignment with international standards and frameworks, improving the regulatory readiness of companies.
- Collaborate with in-country partners to develop local resources, training, talent and capacities that support the responsible AI transformation of innovation ecosystems, while mainstreaming fAIr LAC's tools for startups, scaleups, MSMEs, and investors, upskilling the talent of these organizations.
- Accelerate companies of the region to be compliant and responsible in the usage and development of AI systems and create resources likely to be adopted by public sector actors, propelling the competitiveness of participating companies.

The project will meet these objectives by creating an integrated program based on fAIr LAC's own branding. The core of this program will be supporting AI companies, investors, and other relevant entities (entrepreneurial support organizations) to meet their ongoing needs in AI risk management and assurance. Additional services, defined by members of the program based on market needs, including training, impact assessments, audits, and more, will be developed within this program. Adigital and fAIr LAC+, along with project partners and emerging third-party responsible AI providers in the expanding ecosystem, will contribute to these supplementary offerings. The program model ensures aligned incentives between Adigital, fAIr LAC+ and the ecosystem, in other words, the more third-party offerings are available, the more attractive the program becomes to AI companies, fostering a virtuous circle that drives growth in the Responsible AI ecosystem.

The beneficiaries Launching initially in five countries—Chile, Mexico, Colombia, Uruguay, and Ecuador—the program targets more than 250 startups & scaleups and 1,000 MSMEs utilizing AI in high-risk, high-impact domains for development, with a ripple effect expected to reach thousands of users and citizens. It will also work directly with at least 20 entrepreneurial support organizations like business incubators and accelerators, national development and innovation agencies, tech innovation ecosystem builders, investors like angel investors, venture capital funds, corporate venture funds, and other development support entities to reach a broader audience of companies, users, and citizens. While the public sector is not a direct intended beneficiary, it is relevant to acknowledge the importance of public-private initiatives revolving around regulation and standard setting to enhance the impact of this project. The goal is to promote responsible AI practices in these organizations to address discrimination and exclusion based on protected attributes like gender, ethnicity, and age, among other AI risks, that in turn support the overall development of inclusive AI technologies.

The partner Adigital is the Spanish Association of the Digital Economy, a non-profit organization made up of more than 550 digital companies in Spain from key sectors of the digital economy united by a common objective: create an optimal environment for the development and growth of the digital economy, which allows achieving a more open society, competitive and sustainable, with special attention to digital ethics.

The IDB Lab's contribution of US\$1.5 million Technical Cooperation during an estimated period of 3 years.

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