

# Design and Execution of Pilot Projects Under fAIr LAC Initiative

## TC Document

### I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Design and Execution of Pilot Projects under fAIr LAC Initiative
▪ TC Number:	RG-T3638
▪ Team Leader/Members:	Pombo Rivera, Cristina (SCL/SCL) Team Leader; Casco, Mario A. (ITE/IPS) Alternate Team Leader; Cecilia Giamb Bruno Michelini (SCL/EDU); Gabriela Gambi (SCL/EDU); Mateo Vasquez (SCL/GDI); Mendoza Benavente, Horacio (LEG/SGO); Tejerina, Luis R. (SCL/SPH); Urquidi Zijderveld, Manuel Enrique (SCL/LMK)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	IDB borrowing member countries
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$150,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	June 2023
▪ Types of consultants:	Individual consultants, and consulting firms
▪ Prepared by Unit:	SCL-Social Sector
▪ Unit of Disbursement Responsibility:	SCL/SCL-Social Sector
▪ TC included in Country Strategy (y/n):	n/a
▪ TC included in CPD (y/n):	n/a
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Diversity; Gender equality; Social inclusion and equality

### II. Objectives and Justification

- 2.1 The TC aims to farther the work of [RG-T3450](#) – [fAIr LAC](#), an initiative that is working to develop standards and structures to support LAC governments in preparing for the ethical and responsible use of AI as part of their digital transformation agendas. The objective of this TC is to deepen knowledge on applied AI solutions for social services among government officials and IDB teams in LAC to identify specific opportunities for improving the provision of social services at scale.
  
- 2.2 One of the components of fAIr LAC is developing pilot projects that will build capacities and knowledge on the adoption of AI and the ethical risks around it in social services. Therefore, there is a need for guaranteeing that AI is deployed responsibly. Before that, and due to the use of data to feed the AI models, it is imperative to understand if the digitalization of some of the services that will use data is including diverse populations.

- 2.3 Since 2019, fAIr LAC witnessed an increasing demand for AI solutions in the region. Governments want to develop and launch cases using automate decision systems for improving their provision of social services. In this sense, we believe that the design and execution of pilots across different countries and sectors represent the best way to learn and understand the potential of AI for social good. For doing so, this TC will increase the consideration of equity in the design of digital social services through gathering information and supporting specific pilot's implementation. This information will be analyzed in a regional publication on digital transformation and equity jointly with ICS.
- 2.4 The digital transformation of government has the potential to make access to government services more inclusive: in theory, it allows anyone to access services 24/7, reduces transfers to government offices, reduces processing times, and limits the possibilities of discrimination based on visually observable characteristics. However, greater digitization does not necessarily translate into greater inclusion. There are factors that prevent government digital services from being taken advantage of by all of society equally. On the one hand, governments must decide what gets digitized-which results, de facto, in a decision of who benefits from digitized services and who does not. Then, for the services that are digitized, there may be some whose design is not adapted to the needs of their users, resulting in a de facto exclusion (e.g., complex language, complex instructions, or high bandwidth consumption). Finally, even when services are available, gaps in connectivity, limited access to devices, design errors, lack of digital skills, and lack of trust in the digital world can prevent effective access. In short, these gaps may cause the digitization of public services to maintain - or amplify - inequalities in the face-to-face world.
- 2.5 Initial evidence on both the demand for and supply of digital public services raises concerns about the possibility of an exclusionary digital transformation. However, the current evidence is nothing more than suggestive; it does not test the extent to which people of different profiles have been able to take advantage of digitized public services. There is a paucity of data on the differences between people of different sexes, ages, ethnicity and/or race, disability status, educational levels, and places of residence, so the regional publication to which this TC will contribute, will analyze these population cutoffs.
- 2.6 **Strategic Alignment.** The TC is consistent with the Bank's Second Institutional Strategy Update (AB-3190-2) and is strategically aligned with the development challenges of (ii) social inclusion and equality, through the generation and accessibility of quality data, which will benefit decision making and policy design to promote equity in access to public services, and by supporting the generation of data that supports equitable digital transformation processes. Additionally, this project is aligned with the Bank's Sector Framework Document on Gender and Diversity, which highlights the need for data on diverse populations. It is also aligned with the fund financing it Window 2 - Social Development (W2E) (GN-2819-14) due to the work on social inclusion and equality gathering data in diversity and gender for digitalization, and with productivity and innovation due to the development of trustworthy automated-decision systems.

### III. Description of activities and outputs

- 3.1 **Component 1 – Generation of data on equity.** This component will finance the implementation and analysis of a survey on citizen experiences with digitalization in one country to complement the work done by ICS with different funding. The survey will be designed to ensure representativeness in the following population characteristics: income level, age, gender, urban/rural, ethnicity, and disability status.
- 3.2 The component will contribute to conduct two surveys in a country to be specified to measure the experience of different population groups with government services and their level of preparedness for digital service delivery. The first survey will be representative of the population, and the second survey will be based on citizens that have conducted a transaction with the government within the last 12 months. With especial interest in collecting information from the following population groups: by gender, age groups (<35,36-60,60+), ethnicity, disability status, urban/rural, education level, and income level.
- 3.3 The results of these surveys will help to encourage an adequate targeting of digitization efforts of services that would help different population groups, those who have faced higher barriers to access in the past. To this end, both surveys will gather citizen's information on:
- Level of connectivity: Involves understanding citizen's access to internet as well as the quality of the internet connection.
  - The possession of digital assets: ownership and use of digital devices such as pcs, smartphones and tablets
  - Digital skills: Involves understanding own perception to perform activities using Internet or digital devices.
  - Government procedures: Familiarity with and experience in carrying out government transactions, most frequent/recent procedures carried out, channel used and preferred channel.
  - Time, costs and satisfaction with government procedures
  - Awareness of digital public services: Assessing the awareness of the availability, accessibility and use of these services.
  - Awareness and experience with the single portal (if available in the country)
  - Experience with specific social services: health, education, social protection, justice, labor
- 3.4 **Component 2. Technical advisory for pilot implementation.** Given that the tools to go from principles to practice were developed and tested under RG-T3450, this component will use those tools for the implementation of specific projects in the social area. Once a pilot is identified jointly with a specialist and a country, this component's objective is to support governments and teams during the conceptualization, data management, AI model design and implementation, as well as in the model use and decision-making processes<sup>1</sup>. The intellectual property of all knowledge products will belong to the Bank. Notwithstanding, the Bank may grant a non-exclusive license for use of beneficiary countries.
- 3.5 **Component 3 - Dissemination.** Activities for knowledge sharing and dissemination

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<sup>1</sup> See documents on tools, documents and initial pilots done under RG-T3450:  
<https://convergence.iadb.org/Operation/RG-T3450>

will be conducted under this component. Also, this component will contribute to the financing of the production of an IDB regional report on digital transformation and equity, including a consultancy for report writing, and documenting on pilots' results.

- 3.6 Specific outputs will be: (i) databases; (ii) learnings on implementation of AI pilots, and (ii) a publication on digital transformation and equity. Once the countries where the survey will be conducted and where the pilots will be performed, the letter from the clients will be included in Convergence.

#### **IV. Budget**

- 4.1 The TC will be funded by the OC SDP Window 2 - Social Development (W2E) with the amount of US\$150,000 and will be executed in 24 months.

<b>Components/Activities</b>	<b>IDB/Fund funding USD</b>	<b>Total Funding USD</b>
<b>Component 1.</b> Generation of data on equity	<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>
<b>Componente 2.</b> Technical advisory	<b>\$ 30,000.00</b>	<b>\$ 30,000.00</b>
<b>Component 3.</b> Knowledge and dissemination	<b>\$20,000</b>	<b>\$20,000</b>
<b>TOTAL</b>	<b>\$ 150,000.00</b>	<b>\$ 150,000.00</b>

#### **V. Executing Agency and execution structure**

- 5.1 The Inter-American Development Bank (IDB), through the Social Sector, will be the Executing Agency, in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and the TC Operating Guidelines (OP-619-4).
- 5.2 The execution by the Social Sector is due to the regional nature of the project and the experience and capacity of the Bank in executing this type of project, its ability to hire high-level international consultancies as a value add, the Bank's additional options for using tools to transfer lessons learned from other countries, and the Bank's capacity to promote the transfer of best practices from within and outside the region. The Bank will supervise the TC, and the beneficiaries will be able to provide technical inputs to the TC's knowledge products.
- 5.3 All activities to be executed under this TC have been included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-28 for logistics and other related services

#### **VI. Project Risks and issues**

- 6.1 The team of this operation has not identified substantial risks at the level of accountability, public administration, macroeconomic, or fiduciary. Due to its nature, the execution of this TC is not expected to result in a significant negative impact on the environment or on a social level.
- 6.2 The main risk is associated with the difficulty of obtaining truthful answers on the survey. The topics of technology can elicit strong biases in survey, thus distorting results. To mitigate this risk, the project team will (i) engage experts with experience executing surveys on these topics to inform survey design; and (ii) conduct cognitive interviews and pilots to identify any remaining sensitivities.

**VII. Exceptions to Bank policies**

- 7.1 There are no exceptions to the Bank's policies.

**VIII. Environmental safeguards**

- 8.1 This TC will not finance feasibility or pre-feasibility studies of investment projects with associated environmental and social studies; therefore, it is excluded from the scope of the Bank's Environmental and Social Policy Framework (ESPF).

**Required Annexes:**

[Results Matrix - RG-T3638](#)

[Terms of Reference - RG-T3638](#)

[Procurement Plan - RG-T3638](#)