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AI regulation: A primer for Latin American lawmakers

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Abstract

Artificial intelligence (AI), particularly generative AI, has evolved rapidly, capturing the attention of policy makers, and raising important questions about regulation. This primer provides Latin American lawmakers a comprehensive overview of global AI regulatory efforts, proposes a taxonomy that categorizes the diverse approaches within the region's socio-economic context, together with a set of guidelines and a toolkit of innovative strategies to address AI regulation in a flexible and forward-thinking manner.

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Executive Summary

Artificial intelligence (AI), particularly generative AI, has evolved rapidly, capturing the attention of policy makers, and raising important questions about regulation. This primer provides Latin American lawmakers a comprehensive overview of global AI regulatory efforts, proposes a taxonomy that categorizes the diverse approaches within the region's socio-economic context, together with a set of guidelines and a toolkit of innovative strategies to address AI regulation in a flexible and forward-thinking manner.

An Evolving Global AI Regulatory Landscape

AI regulations across the world have been diverse in their approaches. Some countries, like the European Union, have adopted a comprehensive risk-based regulatory framework with stringent requirements for high-risk AI applications. Others, such as Japan and Singapore, emphasize voluntary guidelines, promoting agile and ethical AI governance. Latin American countries have started to draw inspiration from these global benchmarks, while adapting regulations to local needs, including digital governance and data sovereignty.

Challenges in Regulating AI

We identify the following tradeoffs when facing AI regulation:





- **Balancing innovation and safety:** Regulation must maintain a balance between encouraging technological advancement and safeguarding fundamental rights, privacy, and security.
- **Enforcing principles while preserving versatility and adaptability:** Given the fast-paced evolution of AI technology, regulations need to be adaptable to new AI forms and emerging effects that are not yet fully understood.
- **Combining harmonization with a context-specific approach:** Regulatory efforts must consider the socio-economic conditions of individual countries, which limits the scope for a uniform global standard. A regional approach appears a more realistic first stage, especially in Latin America, where shared challenges and goals can guide harmonization.
- **Weighing geopolitical and national interests:** How countries position towards AI will be critical in influencing their global standing, giving many nations the possibility to leapfrog traditional development paths and reshape power dynamics. A fertile policy environment for AI will further attract capital and investment, positioning these nations as innovation hubs. However, this positioning also raises concerns around digital sovereignty, ethics, and the potential for an AI divide.

A Taxonomy for AI Regulation in Latin America

As AI systems become more advanced and intertwined with critical aspects of society, regulating them effectively requires a sophisticated, multifaceted approach. Traditional taxonomies generally emphasize exclusivity, classifying items or concepts into single, distinct categories to maintain clarity. However, the complexity and multi-dimensional nature of AI—touching on ethics, economics, safety, and more—demands a more flexible and non-exclusive framework. In such cases, overlapping or **polyhierarchical structures** are beneficial, allowing for nuanced classifications that account for the full scope of AI's impact.

To address this challenge, this document introduces a taxonomy to guide Latin American policymakers by grouping current regulatory efforts into four key categories, based on: **1) Purpose, 2) Risk, 3) Approach,** and **4) Context.** Each category provides a unique perspective for understanding and managing the complexities of AI technology.

Developing regulations that are both comprehensive and adaptable will require using all these categories—Purpose, Risk, Approach, and Context—as essential lenses for navigating AI’s evolving landscape.

 <p>Purpose</p>	<p>Regulations aligned with specific societal or governmental goals, such as prioritizing ethics and human rights, promoting economic growth, or ensuring public safety and national security. This approach tailors regulatory focus to the intended purpose and impact of AI, emphasizing the alignment of AI development with overarching policy objectives.</p>
 <p>Risks</p>	<p>Risk-tiered approach that assesses AI systems based on their potential for harm, assigning more stringent regulatory oversight to high-risk applications in areas such as healthcare, law enforcement, or financial services. By targeting regulations according to risk level, this framework helps policymakers balance innovation with the need to safeguard sensitive areas.</p>
 <p>Approach</p>	<p>This includes diverse regulatory philosophies, from principles-based approaches grounded in core values (like transparency or fairness) to prescriptive compliance requirements that specify exact standards, and adaptive frameworks such as regulatory sandboxes that allow AI testing in controlled environments. Each approach provides flexibility and structure, offering policymakers different levels of intervention based on regulatory goals.</p>
	<p>Emphasizing harmonization with global standards while adapting to local legal, cultural, and economic realities, this framework helps align AI regulations internationally while ensuring they are relevant and effective within Latin America’s unique contexts.</p>

Contex	
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Policy Recommendations for Latin America

The main policy messages from the paper could be summarized succinctly in the following recommendations:

- **Emphasize human rights and data privacy:** Align AI policies with global standards like the OECD AI Principles to protect civil liberties and ensure data security.
- **Adopt a risk-based approach:** Build a regulatory framework inspired by the EU AI Act, categorizing AI applications based on risk to prioritize safety and rights.
- **Encourage innovation with flexibility:** Establish regulatory sandboxes to allow experimentation while developing rules (as in the UK model).
- **Incorporate context-specific elements:** Address regional challenges such as unequal digital access, language barriers, and socioeconomic disparities.
- **Leverage regional cooperation:** Collaborate with neighboring countries to establish common standards, share best practices, and create a regional AI strategy.
- **Focus on public awareness and transparency:** Include transparency obligations in AI regulations, ensuring that AI applications disclose their nature and purpose to users.
- **Emphasize continued public engagement:** Promote a debate with the civil society to ensure that regulations remain fair, effective, and reflective of societal needs.
- **Secure funding and resources:** Foster public-private partnerships and international grants to support regulatory activities and capacity building.

Annex I proposes a six-phase implementation roadmap for AI regulation in Latin America.

1. Introduction

The advance of artificial intelligence, particularly in its latest, generative incarnation (gen AI) has sparked both interest and concern among policymakers regarding its potential downsides and negative externalities. With AI technologies now impacting society in various ways, the urgency to establish comprehensive regulatory frameworks has intensified.

These efforts, however, face several challenges:

- Regulation should strike be **balanced** in at least two different fronts: it should preserve innovation incentives while safeguarding fundamental rights, privacy, and personal and national security, and it should address a trade²off between desirability and practicality, ensuring that what is intended in policy can be actionable and enforceable in practice.
- Because technology is evolving rapidly, regulation must be **versatile** to adapt to new forms of AI and unforeseen effects.
- Coordination of regulatory efforts needs to consider the **country-specific contexts**, which limits the scope for a global consensus at this stage, as opposed to national or, ideally, regional attempts to reconcile AI regulatory frameworks.
- Regulation should be **geopolitically sensitive**, as countries' positions on AI will shape their global standing.

Against this still uncertain and moving backdrop, countries have taken diverse approaches to regulate AI, ranging from risk-based frameworks and ethical guidelines to sector-specific regulations and adaptive governance models.

Latin American countries are also embarking on their regulatory journeys, drawing inspiration from global benchmarks while addressing region-specific challenges such as digital governance and data sovereignty. These journeys can be characterized by three distinct, albeit overlapping stages:

1. **National Responsible Tech Guidelines:** primarily focused on positioning AI as a tool for ethical innovation, with several countries in the region adopting national broad AI strategies to guide responsible technological development (Argentina's [Plan Nacional de Inteligencia Artificial](#) and Uruguay's [National AI strategy](#), for example, aimed at sustainable development and inclusive growth).
2. **National AI Legislation:** as AI's incidence in daily life and its societal impacts became clearer, many Latin American countries shifted focus toward legislation. This second, ongoing wave was marked by efforts to regulate AI more formally through parliamentary discussions and proposed bills. For example, Brazil's [Marco Legal da Inteligência Artificial](#) addresses issues like transparency,

² Specifically, nations that invest in AI infrastructure and ethical governance can boost economic growth, enhance security, and become innovation hubs. However, this also raises concerns about digital sovereignty, ethics, and an AI divide. As major powers like the U.S. and China lead in AI, other nations must strategically align through partnerships and regulatory frameworks to remain competitive, addressing risks such as data privacy, cybersecurity, and workforce displacement.

accountability, and the need to safeguard human rights in AI apps; Chile launched its [National AI Policy](#) in 2021 and is now pushing forward with UN-inspired [legal frameworks](#) to regulate AI's impact, particularly on data privacy and ethical standards.

3. **Regional AI Standards:** wave reflects the growing recognition that AI governance in Latin America requires a coordinated, regional response. With AI superpowers like the US, EU, and China setting their standards, regional cooperation is crucial to ensure that AI development aligns with local values and needs. A key example is the [2024 Digital Agenda](#) by ECLAC (Economic Commission for Latin America and the Caribbean) where several countries³ have signed onto an initiative to harmonize AI regulations, share knowledge, and build regional capacity in AI research and development.

Building on these efforts, this policy brief examines existing AI regulatory proposals both within the region and globally and proposes a taxonomy to categorize them based on their purpose, risk focus, regulatory approaches, and geographical contexts. It aims to provide an easier pathway to navigate the emerging global regulatory landscape while offering Latin American policymakers a comparative tool to develop their national AI strategies.

The paper is organized as follows. First, we explore various regulatory initiatives, both in Latin America and internationally. In section 3, we present a taxonomy tailored to the needs of developing economies, particularly Latin America. Section 4 provides guidelines for policymakers, highlighting challenges related to institutional capacity and resources, and concludes with a summary of key takeaways and recommendations for advancing a regional AI governance strategy. (Annex I proposes a six-phase implementation roadmap for AI regulation in Latin America.)

2. AI Regulation Around The Globe: A Moving Map

As the landscape of AI governance evolves, countries around the world are adopting diverse regulatory approaches to shape the future of artificial intelligence. The following table offers a snapshot of current existing efforts as of this writing,⁴ organized into overarching national strategies, specific legislative proposals, and broader digital transformation agendas. This “moving map” provides an eagle-eye view of how nations are aligning their regulatory frameworks to harness AI responsibly while addressing critical challenges like transparency, fairness, and security (Annex II describes these initiatives in more detail).

³ Members include Uruguay (Presidency), Argentina, Brazil, Chile, Costa Rica, Dominican Republic, and Ecuador.

⁴ Naturally, the map changes constantly: a good tracker of regulations can be found [here](#). Trackers do not extensively cover Latin American AI regulations in their existing frameworks, as they mainly focus on regulations from Europe, North America, and Asia-Pacific regions. For a detailed look at Latin American regulations within a global taxonomy, there are separate region-specific reports and observatories like [Access Now](#) or [EGA reports on AI regulation in Latin America](#) that address regional developments.

Table 1. AI regulation initiatives

Group	Country/Initiative	Description	Reason for Grouping
AI Strategies & National Frameworks	Dominican Republic	Focuses on integrating AI into public services to improve transparency and governance.	It is a government-led, comprehensive strategy outlining the high-level goals for AI adoption.
	Ecuador	Developing a national AI strategy emphasizing ethics and responsible public sector AI use.	Represents a national plan with a broad focus on responsible AI use in the public sector.
	European Union	The EU AI Act stands out as the first extensive framework regulating AI, focusing on categorizing systems based on risk levels, with obligations on transparency and human rights. ⁵	A comprehensive, government-led framework providing high-level goals and specific obligations for AI adoption.
	India	The proposed Digital India Act aims to regulate high-risk AI systems and protect citizens' rights, focusing on creating a citizen-centric, inclusive AI environment.	An upcoming framework that aims to regulate AI comprehensively within the context of digital governance.
	Japan	Emphasizes "agile governance" through guidelines and voluntary industry standards, promoting fairness and transparency.	Represents a national plan with a focus on human-centric and agile governance.
	Uruguay	Aims to integrate AI into public administration to enhance transparency and governance.	Emphasizes fostering responsible AI adoption through public sector transformation, like other AI strategies.
Regulatory Proposals & Draft Laws	Brazil - Bill 2338/2023	Focuses on risk assessments, civil liability, and user protections in AI systems.	A draft law regulating AI, inspired by similar frameworks like the EU AI Act.
	Canada	Artificial Intelligence and Data Act (AIDA) aims to regulate AI while prioritizing fairness and accountability, targeting sectors like finance and healthcare.	A draft law regulating AI with specific requirements for fairness, audits, and accountability in key sectors.

⁵ Annex III presents a succinct summary of the EU AI Act.


	China	Strict regulatory framework emphasizing national security and state control, focusing on compliance for high-risk technologies like surveillance and biometric data.	Regulations that emphasize state oversight and national security for high-risk AI technologies.
	Paraguay	Proposed AI use in education, focusing on minimizing biases and ensuring fairness.	Specific legal proposal targeting educational AI use, aligning with other regional draft regulations.
	Peru	Proposed regulations focusing on data privacy and accountability in AI deployment.	Like Brazil, this proposal aims to regulate AI with a strong emphasis on data privacy and risk management.
	South Korea	AI Framework Act focuses on ethical AI development and oversight of high-risk systems, particularly in sectors like education and defense.	A regulatory proposal targeting specific sectors, emphasizing national security and ethical AI development.
	United States	AI Bill of Rights, alongside sector-specific guidelines, focuses on fairness and transparency. Federal agencies are adopting rules within their jurisdictions.	A set of draft and proposed regulations targeting specific sectors without a unified federal AI law.
Broader Digital Transformation & Governance Initiatives	Australia	AI Action Plan outlines guidelines for responsible AI innovation, prioritizing human rights and aligning development with national safety standards.	A broader digital transformation effort focusing on responsible AI use and safety.
	El Salvador	AI-driven credit scoring framework, focusing on data privacy and accountability for financial inclusion.	Part of a larger digital transformation effort targeting financial services and governance, not just AI-specific.
	Israel	Formulating a uniform risk management tool for AI with sectoral regulations, balancing innovation with ethical governance.	Part of a broader strategy to balance sectoral innovation with AI regulation.
	Kenya	Robotics and Artificial Intelligence Society Bill aims to establish a regulatory framework for AI development while addressing data protection and sector-specific risks.	Part of a national digital transformation strategy focusing on creating a regulatory environment for AI.


	New Zealand	The Algorithm Charter establishes a risk matrix for trustworthy and human-centric AI while prioritizing Māori data sovereignty.	A non-binding governance initiative targeting government AI use and incorporating cultural data protection.
	Panama	Broader strategy that includes guidelines for AI ethics, transparency, and bias prevention.	AI forms a supportive role in a more extensive digital transformation policy.
	Singapore	Model AI Governance Framework offers voluntary guidelines emphasizing transparency, accountability, and fairness, gaining traction across sectors like finance and healthcare.	A broader governance initiative with voluntary, non-binding guidelines applicable to various industries.
	South Africa	AI and Digital Policy aim to promote economic growth while addressing inequality through ethical AI guidelines and data sovereignty principles.	A digital transformation initiative with an emphasis on ethical AI for societal benefits.

3. A Preliminary Taxonomy For Latin American Policymakers


Lawmakers in Latin America willing to write AI regulation may benefit from a simple **taxonomy** with the view of tailoring regulation to the unique social, political, and economic context of the region. Such a taxonomy should be flexible enough to incorporate insights from more mature regulatory frameworks while accommodating the specific challenges and needs of Latin American countries.


In what follows, we outline the categories of our suggested taxonomy.

 <p>Purpose</p>	<p>This category focuses on why regulations are being implemented and it is useful to identify strategic goals and align policies with national priorities.</p> <p>For example, ethics and human rights, which cover frameworks designed to uphold human rights, address biases, and protect civil liberties, as in the case of the AI Bill of Rights in the US, the ethical guidelines in Canada’s AIDA or, in Latin America, the focus on data privacy and non-discrimination in Brazil’s Bill 2338/2023.</p> <p>Alternatively, the regulation could be innovation- and economic growth-oriented, aimed at stimulating technological advancement while managing risks, as, for instance, Brazil’s regulatory framework, which is partially modeled to foster a supportive AI environment, encouraging the development of AI technology.</p> <p>It could also prioritize public safety and national security concerns and the safe deployment of AI in critical sectors, as in China’s strict oversight of AI systems deemed risky for state security.</p>
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 <p>Risk</p>	<p>The focus of regulation could be on identifying and categorizing different levels of risks posed by AI systems and establishing regulations accordingly.</p> <p>Examples include high-risk app regulations, tailored to govern AI systems used in critical domains like healthcare, law enforcement, and education. The EU AI Act is a prime example, classifying AI systems into unacceptable, high, limited, and minimal risk categories; Brazil’s ongoing regulations draw from the EU’s risk-based approach as well.</p> <p>Regulation could be alternatively directed to mitigate sectoral risk, entailing rules for specific sectors, and focusing on minimizing harm within those domains. Examples</p>
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	include the US sector-specific regulations in finance and healthcare or Japan’s agile governance approach where different sectors adopt tailored AI guidelines.
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 <p>Approach</p>	<p>This categorizes regulations by how they are implemented or enforced, and it is useful to compare different regulatory philosophies and models.</p> <p>A principles-based approach grounds regulations in core ethical values and human rights protections, as in Canada’s AIDA, the US AI Bill of Rights, or Chile’s draft AI law.</p> <p>A prescriptive or compliance-oriented approach prescribes specific technical and operational requirements for compliance, as in the EU AI Act compliance obligations for high-risk AI systems, including audits, documentation, and penalties.</p> <p>Finally, a flexible or adaptive approach includes experimental frameworks like regulatory sandboxes to test AI applications before establishing permanent regulations. The UK’s flexible approach and South Korea’s regulatory sandbox experiments are good examples of these adaptive methods.</p>
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 <p>Context</p>	<p>A taxonomy cannot ignore the geographical context, linking international efforts with local regulations. Harmonization with global standards is important to align regulation with global benchmarks such as the OECD AI Principles or the EU AI Act. Brazil, Chile, and Argentina have begun referencing these standards in their drafts. Regional harmonization is as important: in a multipolar world with a latent technological “cold war”, a regional AI regulatory coordination effort is a more realistic aspiration at this stage than a global regulatory standard.</p> <p>The national or regional context also matters to specialize regulation to local challenges and timing. For example, Uruguay’s AI strategy focuses on digital government, while Argentina’s discussions on AI emerged during national elections.</p> <p>More generally, while the sectors where AI regulation could be most impactful in Latin America vary across countries, there are five that come to mind almost everywhere:</p> <ul style="list-style-type: none"> • In agriculture AI can play a crucial role in improving productivity, optimizing resource use, and reducing environmental impacts –regulatory frameworks should ensure that AI technologies are accessible to smallholder farmers, do not exacerbate existing inequalities, and are aligned with sustainable practices. • The healthcare sector can benefit significantly from AI applications in diagnostics, treatment planning, and resource management. Here, regulations should focus on ensuring data privacy, addressing biases in AI systems, and providing clear guidelines for the safe deployment of AI to promote equity in access to healthcare services.
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	<ul style="list-style-type: none"> • AI is transforming the financial sector through applications in credit scoring, fraud detection, and customer service. Again, effective regulation needs to ensure transparency, mitigate biases, and protect consumer rights, particularly for populations that face barriers to accessing financial services. • AI has enormous potential to improve efficiency, transparency, and service delivery in public administration. Regulatory frameworks should focus on ensuring accountability, preventing biases, and safeguarding data privacy in AI applications used by government institutions. • If gen AI puts into question the very definition of knowledge, its deskilling nature can be crucial in complementing teachers and enhancing the quality of education, including through the personalization of learning and the improvement in administrative efficiency. Regulations should again address issues of data privacy, fairness, and the potential biases in AI-driven educational tools, ensuring that they contribute to reducing educational inequalities.
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The following **Table**, which groups global and regional regulatory strategies according to the proposed taxonomy, provides a structured overview for policymakers to analyze and compare approaches. Predictably, individual initiatives relate to more than one category. We come back to the distinction between categories and the connection of the augmented taxonomy with existing ones in the next section.

Table 2. AI regulatory efforts: A preliminary taxonomy (LAC initiatives in bold)

Category	Sub-Category	Description	Examples
Purpose	Ethics & Human Rights	Regulations that focus on protecting human rights, eliminating biases, and upholding transparency.	AI Bill of Rights (USA), Brazil’s Bill 2338/2023
	Innovation & Economic Growth	Frameworks prioritizing technological advancement while balancing risk mitigation.	Japan’s Agile Governance, Digital India Act
	Public Safety & National Security	Regulations addressing security risks posed by AI, such as surveillance and critical infrastructure.	China’s AI Regulations, Brazil’s Data Protection Act , Israel’s AI Regulations in Defense & Cybersecurity

Risk	High-Risk Applications	AI systems are categorized based on their risks to fundamental rights and safety.	EU AI Act, Canada’s AIDA, Colombia’s Draft Laws (LAC), Israel’s AI Regulations for Defense, Healthcare, and Law Enforcement
	Sectoral Risk Regulations	Tailored guidelines for specific sectors where AI poses distinct challenges.	FTC Guidelines (USA), Uruguay’s AI Strategy
Approach	Principles-Based	Regulations anchored in core ethical values and transparency requirements.	OECD AI Principles, Chile’s Draft Law
	Prescriptive or Compliance-Oriented	Regulations with specific technical and operational requirements for compliance.	EU AI Act, AIDA (Canada), Costa Rica’s Bills
	Flexible or Adaptive	Regulatory sandboxes or frameworks allow for experimentation before permanent regulation.	UK’s Regulatory Sandboxes, South Korea’s AI Act, Israel’s Regulatory Sandboxes for Fintech, and Cybersecurity
Context	Harmonization with Global Standards	Efforts to align with international norms or frameworks.	OECD AI Policy, Brazil’s AI Bill (drafted after EU Act)
	National or Regional Context	Regulations developed with local challenges in mind, such as digital governance or data sovereignty.	Uruguay’s Digital Government AI, Argentina’s evolving discussions

The previous taxonomy is not intended as a formal standard but rather as a useful framework that builds on global practices, the academic literature, and organizations like the OECD, the EU, as well as various

national governments that have developed frameworks based on their regulatory and policy priorities, to help Latin American policymakers tackle a complex task that demands a transdisciplinary approach.⁶

Moreover, categories are not mutually exclusive: countries and regions use different combinations based on their cultural, political, and economic contexts (for instance, the [EU AI Act](#) and [OECD's AI Principles](#) have emphasized risk and principles, respectively, while countries like the US have leaned toward sector-specific regulations).

Our classification allows comparisons across jurisdictions and helps in understanding regulatory strategies by intent, risk profile, sectoral focus, and local idiosyncrasies, based on categories that are frequently used in academia to compare how different countries approach AI governance.

Ultimately, the taxonomy serves as a practical and meaningful framework, where each component plays a distinct role. **Purpose** provides the overarching direction that guides AI development and deployment, much like the framework outlined by the OECD AI Principles: it sets the "why" behind AI practices, ensuring they align with societal goals. **Risk**-based regulation is concerned with the "what": it focuses on identifying and managing the risks inherent in AI applications, as exemplified by the EU AI Act, and the challenges of critical sectors such as finance, healthcare, or public safety. The **approach**-based concerns the "how" within the taxonomy: how regulations related to its principles, how it is enforced and it should be revised and augmented based on experimentation and evidence. Last, **context** refers to regional or national conditions, specifically, the way it should be tailored to address local idiosyncratic aspects, including cultural norms, economic conditions, or legislation, so that it ensures that regulations –and AI policy in general– are not only consistent but also contextually appropriate across different countries.

4. Shaping AI regulation in Latin America: what needs to be addressed?

While AI offers transformative opportunities for industries, governance, and economic growth, it also brings ethical challenges, regulatory gaps, and societal risks. Policymakers face the pressing task of navigating this shift, addressing local complexities while unlocking AI's potential.

This section provides a high-level overview of key issues to be considered, including:

- Ethical development and bias mitigation to ensure AI systems are inclusive and fair.
- Data sovereignty and privacy challenges.
- Institutional capacity building to support the development and enforcement of robust regulatory frameworks.
- Harmonization of local and regional –and, eventually, global– regulations to balance innovation and sovereignty while avoiding regulatory arbitrage.


⁶ Thus, the EU AI Act formalizes the risk-based approach, and the OECD AI Principles are centered on ethical guidelines, which indicates that these categories are influential in shaping global regulation. Also, reports like those from Deloitte, the World Economic Forum, and Virtue AI often group regulations into these categories for analytical clarity.

- Engagement with civil society, academia and the private sector to foster collaboration and trust.
- Evaluation through verifiable metrics to measure the impact and effectiveness of regulatory efforts, and identify new demands.
- Barriers to AI Regulation that are specific to Latin America.

Ethical AI Development and Bias Mitigation

The evolving **ethical considerations** surrounding AI regulation are increasingly complex. As AI systems become more integrated into decision-making processes, emerging ethical issues such as biases, the dynamics of human-AI interaction, and the potential for AI to influence democracy are coming to the forefront.

Biases in AI models remain a significant concern, especially in Latin America, given the region's historical inequities and diverse socio-cultural dynamics. Ethical AI development must therefore prioritize fairness, transparency, and cultural alignment, ensuring that these systems do not perpetuate existing biases or create new forms of inequality.

 **Addressing Bias Across Sectors.** Poorly designed AI systems risk perpetuating social inequities in credit scoring, healthcare, and education. For example:

- **In finance, alternative data sources can be leveraged to include underbanked populations.** For example, AI used in credit scoring must be carefully designed to avoid discriminating against underbanked populations. Many individuals in Latin America lack traditional credit histories, making it difficult for them to access financial services. AI systems that rely solely on traditional data points, such as credit history or formal employment, may inadvertently exclude large segments of the population. To address this issue, AI developers must incorporate alternative data sources—such as payment histories for utilities or mobile phone bills—that can provide a more comprehensive picture of an individual's creditworthiness. This approach can help promote financial inclusion and ensure that AI-driven credit scoring does not reinforce existing economic disparities.
- **In healthcare, diverse and representative datasets can prevent unequal access or misdiagnoses.** Latin America's healthcare systems are characterized by significant disparities in access and quality of care. AI systems trained primarily on data from more developed countries or urban centers may fail to account for the unique health challenges faced by rural or underserved communities. AI models must be trained on diverse datasets that reflect the full spectrum of Latin America's population, ensuring that healthcare AI is equitable and effective for all.
- **In education, feedback from underserved areas is essential to ensure AI tools do not exacerbate disparities, while at the same time helps to identify bespoke learning needs for each child.** AI systems used in education and workforce development must be designed to avoid reinforcing existing education inequalities. In Latin America, where access to quality education is uneven, AI-driven tools that rely on data from well-resourced schools may disadvantage students from less privileged backgrounds. Bias mitigation strategies, such as ensuring diverse training data and

incorporating feedback from educators in underserved areas, are essential to creating equitable AI solutions in the education sector.

- **In the judiciary, biases in AI tools can exacerbate existing inequalities in the justice system, for example, in sentencing and judicial profiling.** In Latin America, where judicial practices often reflect socio-economic and racial disparities, AI systems trained on historical data may reinforce these biases, leading to unjust sentencing or discriminatory profiling. To address this, judicial AI tools must be developed with transparency, diverse and unbiased training data, and regular audits to identify and correct systemic issues. Additionally, engaging legal experts and community representatives can help ensure these tools align with principles of fairness and justice, promoting equitable outcomes for all individuals.

👉 **Cultural Sensitivity.** Developers must consider Latin America’s linguistic and cultural diversity to ensure that AI systems are inclusive and accessible. Many AI technologies are developed in English or other dominant languages, which can create barriers for non-English-speaking populations. Additionally, cultural norms and practices vary widely across the region, and AI systems must be sensitive to these differences to avoid unintended biases. Developers should work closely with local communities to understand their needs and ensure that AI systems are culturally appropriate and accessible. The region’s rich language diversity can be leveraged as an asset in AI development, as research shows that training AI models across multiple languages not only enhances their performance but also improves their ability to generalize across linguistic and cultural contexts.

👉 **Human-AI Trust.** Human-AI interaction brings about questions related to user and emotional trust and AI autonomy.⁷ As AI takes on more roles traditionally performed by humans, the degree to which people can trust AI systems to make ethical decisions becomes crucial. Latin American countries must address these challenges, taking into consideration regional socio-cultural dynamics that may differ significantly from those in other parts of the world. Ensuring user trust and managing AI autonomy is essential, particularly as AI systems take on roles in decision-making.

👉 **Democracy and AI.** there is growing concern that AI could be used to manipulate public opinion, thereby influencing democratic processes. Safeguards are necessary to prevent AI from being used to manipulate public opinion, thereby protecting democratic processes.

Data Sovereignty and Privacy Challenges

Latin America’s reliance on global data infrastructure raises significant concerns about data sovereignty. Many Latin American countries lack direct control over their data, as international companies often manage the cloud services and data storage facilities that underpin AI systems. This dependency poses


⁷ While user trust in AI relates to the system’s reliability and transparency, emotional trust refers to a user’s sense of comfort, security, and psychological assurance, and goes beyond potential concerns about how –and how effectively– AI-based systems work.

critical questions about safeguarding sensitive information, particularly in the context of international partnerships and collaborations.

Data sovereignty —the principle that data is governed by the laws and regulations of the country where it is collected— is becoming increasingly relevant in Latin America.


 **Local Data Governance.**


Countries like Brazil have taken steps through legislation like the General Data Protection Law (LGPD). However, more robust and comprehensive frameworks are essential to ensure that Latin American data remains under local jurisdiction and is utilized to advance regional interests.


 **Global Collaboration.** Managing partnerships with international AI firms is crucial to preventing the exploitation of regional data. Well-structured data-sharing agreements are needed to protect national interests and uphold citizens' privacy.


Building Institutional Capacity for AI Regulation

To effectively regulate AI, Latin American governments need to focus on building institutional capacity. This can be achieved through several key strategies:

 **Invest in Education and Training.** Prioritize investments in education and training to develop a skilled workforce capable of understanding and regulating AI technologies. This includes providing specialized training for regulatory officials in areas such as data science, machine learning, and AI ethics. Collaborating with high schools and universities to create AI-focused curricula and offering scholarships or incentives for students to pursue studies in relevant fields can also help build a talent pipeline.

 **Foster Public-Private Partnerships.** Public-private partnerships can be an effective way to leverage the expertise and resources of the private sector to build regulatory capacity. Governments can collaborate with technology companies, research institutions, and industry associations to develop best practices, share knowledge, and create training programs for regulators. These partnerships, including those with international and multilateral institutions, can also help establish regulatory sandboxes where new AI technologies are tested in controlled environments before wider deployment.

 **Leverage International Support.** Governments should actively seek technical assistance and funding from international organizations such as the OECD, World Bank, and United Nations. Participation in international forums, workshops, and training programs focused on AI governance can provide valuable insights. Leveraging global expertise helps ensure regulatory frameworks align with international best practices while being tailored to local contexts.

 **Encourage Regional Collaboration.** Regional initiatives can help Latin American countries pool resources and address common challenges. Shared training programs, joint research projects, and exchanges of regulatory best practices can foster stronger regional cooperation. Establishing a regional AI

regulatory network could facilitate knowledge sharing and coordination, strengthening the region's capacity to regulate AI effectively

👉 **Strengthen Regulatory Infrastructure.** Governments should invest in ensuring that regulatory bodies are adequately staffed, equipped with modern technologies, and provided with the legal authority to enforce AI regulations. Streamlining processes and reducing bureaucratic hurdles can enhance the efficiency and effectiveness of these institutions

Harmonizing Regulations: Local and Regional Approaches

Latin America stands at a crossroads in its integration into the global AI ecosystem. To unlock its potential, the region must navigate the dual imperatives of aligning with international standards and addressing local and regional realities. By strategically balancing these priorities, Latin America can position itself as a significant player in the global AI landscape while fostering innovation and inclusivity across its economies.

👉 **Global Harmonization Opportunities.** Aligning Latin American AI regulations with international frameworks, such as those of the OECD or the European Union, presents a strategic opportunity. Harmonization can boost global cooperation, reduce regulatory fragmentation, and simplify compliance for multinational entities operating in the region. It enhances credibility in global markets, attracts international investment, and ensures responsible, ethical AI development. Additionally, alignment with global standards facilitates trade and technology exchange, positioning Latin America as a key player in the global AI ecosystem

👉 **Local Adaptation Challenges.** However, global standards often reflect the realities of developed economies, with advanced infrastructure, institutional capacity, and widespread digital literacy—conditions that may not fully exist in Latin America. Direct adoption of these standards can stifle local innovation, burden SMEs, and exclude organizations unable to meet stringent requirements. Tailoring international frameworks to the region's unique socio-economic and technological contexts is essential to avoid unintended barriers

👉 **Regional Collaboration.** Given the interconnected nature of Latin American economies, harmonizing AI regulations across borders will be crucial to facilitate regional cooperation, data exchange, and shared regulatory standards. Harmonized regulations can enhance consistency, reduce compliance costs for multinational entities, and foster a cohesive approach to managing AI's risks and benefits across the region. Additionally, such harmonization can prevent enterprise migration or regulatory arbitrage, where companies relocate or exploit differing rules in neighboring countries to avoid stricter enforcement, ensuring a level playing field and promoting fair competition across the region.

- **Shared regulatory frameworks** Establishing regional AI regulations allows Latin American countries to pool resources, share expertise, and address common challenges. Such frameworks streamline efforts, reduce duplication, and promote consistent standards that can be adapted to local contexts. By reducing compliance costs and fostering collaboration, these frameworks would

not only strengthen regional alignment but also position Latin America as a cohesive player in the global AI ecosystem.

- **Capacity-Building Through Regional Initiatives:** Collaborative regional initiatives—such as shared training programs, joint research projects, and centers of excellence—can enhance institutional capacity for AI regulation. A regional AI regulatory network could facilitate knowledge exchange and coordination, while partnerships with international organizations can bolster technical skills and institutional capabilities. These efforts ensure Latin America is equipped to manage AI’s opportunities and challenges effectively.
- **Cross-Border Data Sharing:** Harmonized policies on cross-border data sharing can accelerate AI innovation while respecting sovereignty and privacy. In sectors like healthcare, regional data pooling can lead to improved outcomes. A unified approach to data protection standards ensures secure and ethical data flows between countries, safeguarding citizen rights while promoting AI-driven advancements.

Engaging Civil Society, Academia & Private Sector

The development of effective and inclusive AI regulations requires meaningful collaboration between governments, academia, civil society, and the private sector. Academia provides evidence-based insights and independent expertise, while civil society ensures that marginalized voices are heard. The private sector contributes technical knowledge and innovation. By strategically engaging these stakeholders, governments can create regulations that are socially impactful, technically practical, and ethically grounded. Below, key areas for engagement are outlined in detail.

👉 **Engaging Civil Society.** Civil society, including non-profits, advocacy groups, and grassroots organizations, plays a vital role in ensuring AI regulations address the needs and values of diverse communities. By advocating for marginalized groups, they help prevent AI from worsening inequality or discrimination. Their insights into societal impacts assist governments in identifying risks and unintended harms early, while their involvement fosters public trust and strengthens the legitimacy of regulations. Strategies for engaging Civil Society include:

- **Public Consultations:** Organize open forums and surveys to gather input from diverse stakeholders.
- **Stakeholder Meetings:** Facilitate discussions with advocacy groups, non-profits, and community representatives.
- **Participatory Processes:** Design regulatory frameworks collaboratively to promote transparency and accountability.

👉 **Engaging Academia.** Academia provides essential expertise and independent, evidence-based insights for effective AI regulation. Researchers identify risks, explore ethics, propose solutions, and shape frameworks and standards for responsible AI. Strategies for engaging Academia include:

- **Research Collaborations:** Partner with universities to study the societal impacts of AI and develop guidelines for ethical implementation.
- **Policy Advisory Roles:** Include academic experts in government-led AI task forces and regulatory bodies
- **Funding for Ethical AI Studies:** Support academic research that focuses on AI fairness, accountability, and transparency.

👉 **Engaging Private Sector.** The private sector is a driving force behind AI development and deployment. However, it is important to ensure both “Big Tech” - established corporations- and “Little Tech”⁸ - small tech startups are part of the conversation when it comes to AI regulation⁹. This diversity is crucial for fostering innovation and ensuring that AI ecosystems are robust and inclusive.

Current regulatory frameworks often favor large incumbents, potentially stifling the growth of “little tech”: tech startups who are key players expanding opportunity and maintaining economic competitiveness . To prevent this, it’s essential to design regulations that are not only technically feasible and ethically sound but also provide a level playing field for startups and entrepreneurs.

Governments can encourage private sector contributions through:

- **Incentives for Ethical AI:**
 - Tax benefits for companies adhering to ethical standards.
 - Grants for research and development in ethical AI practices.
 - Public recognition of companies demonstrating responsible AI innovation.
- **Co-Regulation Mechanisms¹⁰:** governments and private companies collaborate to create industry-specific AI guidelines, offering a balanced approach to ensuring that regulations are both practical and enforceable. These mechanisms provide flexibility to adapt to rapid technological changes while fostering accountability and ethical practices. Co-regulation strategies include:
 - Collaboratively create sector-specific guidelines for relevance and practicality.
 - Establishing AI ethics committees within companies
 - Promoting self-regulatory frameworks for companies to monitor and improve AI systems.

Furthermore, governments can facilitate **knowledge-sharing platforms** that bring together stakeholders from both the private and public sectors to discuss challenges, opportunities, and best practices in AI development. Providing **regulatory sandboxes** where companies can test their AI innovations under real-world conditions, with regulatory oversight, can also encourage responsible innovation. By creating a

⁸ AI For Startups -<https://a16z.com/ai-for-startups/>

⁹ The Little Tech Agenda <https://a16z.com/the-little-tech-agenda/>

¹⁰ Co-regulation can include developing voluntary codes of conduct, establishing industry-specific AI ethics boards, or promoting sectoral agreements that standardize best practices. The flexibility of co-regulation allows for responsiveness to rapid technological changes while maintaining a foundation of accountability.

collaborative environment and providing the right incentives, governments can ensure that the private sector contributes meaningfully to the responsible development and deployment of AI.

Public-private partnerships can also serve as **platforms for responsible AI development**. By collaborating with governments, civil society, and academia, private companies can contribute to research initiatives that assess AI's societal impact. These partnerships can create shared value, demonstrating that ethical AI is not only a moral imperative but also a business advantage that enhances brand reputation and consumer trust.

Metrics to Evaluate AI Regulation Effectiveness

Data is essential to inform and monitor regulation. Evaluating the effectiveness of AI regulations over time –including the need to revise it– requires a set of specific, multidimensional, verifiable quantitative metrics. In addition, verifiable metrics are also needed to identify the yet unknown impacts of present IA, as well as the new impacts to come with future versions.

The list below is indicative, and offers examples of metrics under different categories. Needless to say, given the early nature of AI, metrics should be used cautiously in order not to hinder AI adoption and innovation.

Category	Example Metrics	Why Common or Important
Transparency	<ul style="list-style-type: none"> ● Number of companies publishing transparency reports on AI systems ● Frequency of public disclosures regarding AI decision-making processes, ● Compliance with explainability standards 	Transparency builds trust and accountability, ensuring stakeholders understand AI decision-making processes.
Reduction in Bias	<ul style="list-style-type: none"> ● Audits of AI systems across sectors for evidence of discriminatory outcomes, focusing on key areas such as recruitment, lending, or healthcare. ● Year-over-year reduction in bias incidents would indicate regulatory success. 	Bias reduction ensures fairness and equity, addressing societal concerns about systemic inequalities perpetuated by AI.
Adherence to Guidelines	<ul style="list-style-type: none"> ● Proportion of companies adhering to established AI guidelines, estimated through regular audits, certifications, and adherence to self-regulatory codes 	Measuring adherence helps ensure compliance with regulations and incentivizes ethical AI practices and measure the regulatory impact.


	<ul style="list-style-type: none"> ● Volume of whistleblower reports 	
Economic Impact & Innovation	<ul style="list-style-type: none"> ● AI-driven productivity gains ● Growth of AI-related industries ● Job creation and displacement¹¹ ● R&D spending trends 	Economic metrics ensure that regulations foster innovation while minimizing economic disruption.
Public Sentiment	<ul style="list-style-type: none"> ● Surveys on public trust in AI ● Perceived fairness of AI systems 	Public trust and acceptance are crucial for widespread AI adoption and the long-term success of regulations.
Safety	<ul style="list-style-type: none"> ● Number of AI-related safety incidents ● False-positive/false-negative rates ● AI system failure rates in critical applications 	Safety metrics address risks in high-stakes applications such as healthcare or autonomous systems, ensuring public confidence
Equity and Inclusion	<ul style="list-style-type: none"> ● AI access gaps across socioeconomic groups ● Representation in datasets ● Impact on underserved communities 	Equity metrics ensure that AI benefits are distributed fairly and that marginalized groups are not disproportionately impacted by AI systems.
Environmental Impact	<ul style="list-style-type: none"> ● Energy consumption of AI systems ● Adoption of sustainable AI practices- E-waste from AI hardware 	Environmental metrics address the sustainability of AI technologies, ensuring regulations align with broader climate goals.
Adaptability	<ul style="list-style-type: none"> ● Time to update regulations in response to new technologies ● Number of pilots in regulatory sandboxes ● Stakeholder feedback on policy updates 	Adaptability ensures that regulations remain relevant and effective in the face of rapid technological advancements.
International Cooperation	<ul style="list-style-type: none"> ● Alignment with global AI standards ● Number of cross-border data-sharing agreements 	Cooperation promotes harmonization across jurisdictions, ensuring global competitiveness


¹¹ Changes in employment patterns across sectors can help evaluate the broader economic implications of AI regulation and track the economic benefits to marginalized communities due to equitable AI practices. Counterfactual analysis of core socioeconomic variables in the absence of regulation could be important to quantify these effects.


	<ul style="list-style-type: none"> ● International regulatory benchmarking 	and preventing regulatory fragmentation.
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Barriers to AI Regulation in Latin America


Implementing AI regulations presents several practical challenges, especially for countries in Latin America that may face significant constraints in terms of technical expertise, institutional capacity, and financial resources.

 **Technical Expertise Gap:** AI regulation requires specialized knowledge in areas such as data science and machine learning, but many Latin American countries lack the necessary technical expertise within their regulatory bodies. This gap makes it challenging to develop, implement, and enforce comprehensive AI regulations that keep pace with technological advancements. Investments in education and training for government officials, as well as partnerships with academia and private sector experts, are critical for overcoming this challenge.

 **Institutional Capacity Challenges.** Effective AI regulation requires robust institutions capable of monitoring compliance, investigating violations, and enforcing penalties. In Latin America, many regulatory institutions are already overburdened and lack the resources needed to manage the additional responsibilities associated with AI oversight. This limited capacity can lead to inconsistent enforcement and undermine the effectiveness of regulatory frameworks. Strengthening institutional capacity through increased funding, better staffing, and streamlined processes is essential for the successful implementation of AI regulations.

 **Financial Constraints.** Developing and enforcing AI regulations can be costly and face financial constraints, especially for countries with limited budgets. The financial constraints faced by many Latin American governments mean that resources must be carefully allocated, often prioritizing basic services over emerging technological needs. This creates a significant barrier to implementing comprehensive AI regulation. To address this challenge, governments may need to explore innovative funding mechanisms, such as international grants, public-private partnerships, and collaborations with multilateral organizations.

 **Pre-existing Preparedness Deficits.** There are, in addition, pre-existing preparedness deficits in areas that, while not strictly related to AI-based applications, impose potential barriers to an inclusive adoption of AI. This is the case, for instance, of the poor performance in standardized education tests such as PISA, which reflects a deficit in reading comprehension that may inhibit a human-centered AI adoption by a large part of the population – a contextual aspect that AI regulation cannot ignore.

 **Need for Coordinated Efforts.** These practical challenges underscore the need to design regulation that is both ambitious and feasible, given the unique constraints faced by Latin American countries.

Addressing these challenges requires coordinated efforts from governments, international organizations, academia, and the private sector to build the technical expertise, institutional capacity, and financial resources needed to effectively regulate AI in the region.

Those shaping and driving AI policy today are “called to be architects, not victims, of the future.”¹² For Latin America, this is a call to action—a chance to position itself as a responsible global sandbox for AI regulation, leveraging this moment to leapfrog development challenges and redefine its role within the future political landscape. In that vein, beyond mitigating risks, policymakers have a chance to design regulation and policies to build inclusive systems that harness AI’s potential to revolutionize education, healthcare, and sustainability. Latin America, with its diversity of contexts, can lead the way by prototyping regulatory approaches that prioritize fairness, diversity, adaptability, and transdisciplinary collaboration—becoming a living laboratory for global AI governance (**Annex IV** presents a few ideas along those lines).

5. Takeaways

The main messages from the previous discussion could be summarized succinctly in the following recommendations:

- ✓ **Emphasize human rights and data privacy:** Align AI policies with global standards like the OECD AI Principles to protect civil liberties and ensure data security.
- ✓ **Adopt a risk-based approach:** Build a regulatory framework inspired by the EU AI Act, categorizing AI applications based on risk to prioritize safety and rights.
- ✓ **Encourage innovation with flexibility:** Establish regulatory sandboxes to allow experimentation while developing rules (as in the UK model).
- ✓ **Incorporate context-specific elements:** Address regional challenges such as unequal digital access, language barriers, and socioeconomic disparities.
- ✓ **Leverage regional cooperation:** Collaborate with neighboring countries to establish common standards, share best practices, and create a regional AI strategy.
- ✓ **Focus on public awareness and transparency:** Include transparency obligations in AI regulations, ensuring that AI applications disclose their nature and purpose to users.
- ✓ **Emphasize continued public engagement:** Promote a debate with the civil society to ensure that regulations remain fair, effective, and reflective of societal needs.
- ✓ **Secure funding and resources:** Foster public-private partnerships and international grants to support regulatory activities and capacity building.

¹² The phrase is attributed to R. Buckminster Fuller, an American architect, systems theorist, and futurist.

Both the newness and speed of AI's recent progress and the way it has entered the public domain have triggered anxiety and fear, given the many unknowns around its potential impacts and ethical implications –which, much like the advent of the printing press, electricity, or the internet, should not blind us to its transformative power to tackle society's challenges and renew the economy. As [Herbert Simon](#) reminds us, "*design is concerned with how things ought to be,*" challenging us to move beyond the present to shape a better future.¹³

Policymakers in LAC have a once-in-a-lifetime opportunity to design a framework to unlock AI's unprecedented potential while managing its risks, to ensure it serves as a force for equitable and sustainable progress. But, rather than simply mirroring frameworks developed by, and for developed economies, the region can position itself as a global sandbox for AI regulation.

By experimenting with innovative, context-aware governance models that reflect its unique socio-economic and cultural contexts, as well as leveraging its vibrant and emerging tech ecosystems, the region can pioneer an equitable, responsible, and forward-looking approach to AI. This would not only address local challenges but also contribute valuable insights to the global regulatory discourse, establishing Latin America as a leader in shaping the future of AI.

¹³ Herbert Simon, *The Sciences of the Artificial* (1969).

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Annex I. AI Regulation in Latin America: A Roadmap for Action

Annex Table 13 maps the guidelines on a roadmap designed to orient the development and implementation of AI regulation. The roadmap follows a conventional structure, detailing essential phases from research and assessment through to evaluation and adaptation, and emphasizing government-led activities and structured stakeholder consultations to establish a foundational AI regulatory framework.

Importantly given the complex and ongoing nature of the subject, governments are advised to adopt an innovative approach —such as futures design approaches and speculative artifacts—to anticipate non-linear scenarios and promote a more critical debate; together with more collaborative, stakeholder-centered methods —such as participatory design and co-creation workshops— to engage society as a whole —from citizens to industry representatives.

Traditional Approach			
Phase	Timeline	Key Activities and Milestones	Key Stakeholders
Research and Future Scenarios Development	0-6 months	<ol style="list-style-type: none"> 1. Conduct a national AI risk assessment to understand country AI readiness, identify gaps and opportunities. 2. Form an advisory committee with AI experts, civil society, and industry reps, ensuring diverse perspectives for long-term decision-making. 3. Develop potential future scenarios and long-term impacts using future design methods. 4. Host scenario-planning workshops with key stakeholders to explore diverse futures in AI and identify potential risks and opportunities. Identify priority sectors for AI regulation 	Government agencies, AI experts, civil society, private sector
Policy Design & Participatory Engagement	6-12 months	<ol style="list-style-type: none"> 1. Hold co-design workshops with citizens, industry, and policymakers to collaboratively draft the AI regulatory framework, integrating public values and ethical concerns. Use approaches such as design fiction, experiential design or speculative design for a more 	Lawmakers, civil society, private sector, academia

		<p>profound and realistic debate of what policy and regulation can achieve (pros and cons).</p> <ol style="list-style-type: none"> 2. Draft AI regulatory framework 3. Conduct public consultations and online forums to engage citizens in iterative feedback on draft regulations. Revise draft based on feedback 4. Use back-casting exercises to refine goals and develop plans to achieve the desired long-term impact of the regulations. 	
Capacity Building and Pilot Testing	12-18 months	<ol style="list-style-type: none"> 1. Build technical and institutional capacity to oversee AI regulation. Train regulators and enforcement officers with immersive learning and scenario-based training 2. Implement regulatory sandboxes for pilot testing AI applications with phased adjustments based on user and expert feedback. 3. Conduct participatory simulations with stakeholders to stress-test and refine regulations in real-world scenarios. 4. Iterate and refine regulation based on pilots. 	Regulatory agencies, private sector, international organizations
Enactment, Awareness, and Citizen Participation	18-24 months	<ol style="list-style-type: none"> 1. Enact the AI regulation through legislative approval 2. Establish an ongoing feedback loop for continuous improvement based on real-time data and community feedback. 3. Launch public awareness campaigns to educate citizens on AI rights and responsibilities 4. Establish an AI observatory or helpline to provide guidance and gather citizen concerns and inputs on regulations. 	Lawmakers, civil society, media, regulatory bodies

Enforcement and Monitoring	2-3 years	<ol style="list-style-type: none"> 1. Start enforcement of AI regulations, including compliance audits 2. Gather input from civil society and industry to assess compliance. 3. Establish feedback mechanisms for ongoing improvement (e.g., surveys, public forums) to refine regulations and incorporate evolving societal concerns. 4. Create metrics to evaluate regulatory effectiveness 	Regulatory bodies, private sector, civil society
Evaluation and Adaptation	Ongoing	<ol style="list-style-type: none"> 1. Evaluate the effectiveness of regulations based on predefined metrics 2. Revise and adapt regulations to accommodate new technological developments and emerging risks 	Government, academia, private sector, international organizations

Annex II. AI regulation initiatives around the globe

A list of the most significant AI regulatory proposals currently approved or under discussion around the world would include the following:

- **European Union:** The EU AI Act stands out as the first extensive framework regulating AI, focusing on categorizing systems based on risk levels, with obligations on transparency and human rights. The Act addresses high-risk systems in sectors like healthcare, public safety, and labor relations.
- **United States:** While there is no overarching federal regulation, the US has introduced the AI Bill of Rights and issued sector-specific guidelines. Federal agencies such as the FTC and FDA are adopting rules within their jurisdictions, while states explore or pass individual AI laws. This decentralized approach contrasts with the comprehensive frameworks in regions like the EU.
- **China:** China has a strict regulatory framework emphasizing national security and state control. AI systems deemed to pose national security risks face compliance obligations, with a focus on high-risk technologies like surveillance and biometric data.
- **Canada:** The Artificial Intelligence and Data Act (AIDA) aims to regulate AI while prioritizing fairness and accountability. It targets sectors like finance and healthcare, mandating audits, and data privacy protections.
- **South Korea:** The AI Framework Act in South Korea focuses on ethical AI development, with regulations aimed at sectors like education and defense. This law emphasizes national security and oversight of high-risk systems.
- **India:** India's proposed Digital India Act is set to replace its older IT Act, providing a framework for regulating high-risk AI systems and protecting citizens' rights. The Act emphasizes creating a citizen-centric, inclusive AI environment.
- **Singapore:** The Model AI Governance Framework offers voluntary guidelines emphasizing transparency, accountability, and fairness. While non-binding, the framework has gained traction across sectors like finance and healthcare.
- **Israel:** Israel is formulating a uniform risk management tool for AI and establishing guidelines based on sectoral regulations and modular experimentation. The country's strategy involves balancing innovation with ethical governance.
- **Japan:** Japan's approach, described in its AI Strategy, emphasizes "agile governance" through guidelines and voluntary industry standards. The strategy highlights human-centric AI development, promoting fairness and transparency.
- **New Zealand:** New Zealand has adopted an Algorithm Charter, a non-binding document that establishes a risk matrix to guide government agencies in implementing trustworthy and human-centric AI. It also prioritizes protecting Māori data sovereignty.
- **South Africa:** The country introduced an AI and Digital Policy aimed at promoting economic growth while addressing inequality through ethical AI guidelines and data sovereignty principles.
- **Australia:** Australia's AI Action Plan outlines guidelines for responsible AI innovation, prioritizing human rights and aligning AI development with national safety standards.

- **Kenya:** Kenya has proposed the Robotics and Artificial Intelligence Society Bill as part of its National Digital Master Plan, which aims to establish a regulatory framework for AI development while addressing data protection and sector-specific risks.

AI regulation in Latin America

The AI regulatory landscape in the region is varied and goes from comprehensive, government-led **strategies** or policy documents outlining high-level goals and guidelines for AI adoption –generally emphasize fostering innovation, supporting digital transformation, and enabling responsible AI deployment– to **regulatory proposals and draft laws** aiming to regulate AI systems by establishing specific legal requirements –the focus often being on defining AI risks, ethical considerations, and sectoral protections– to **digital transformation and governance initiatives** that are part of broader digital agendas and focus primarily on digital policy and infrastructure, with AI playing a supportive role –often, to build a more comprehensive digital ecosystem where AI can be effectively governed within existing frameworks.

Countries in this category include:

- **Uruguay:** AI for Digital Government focuses on integrating AI into public administration to enhance transparency and governance.
- **Mexico:** Drafted its AI strategy in 2018, focusing on long-term innovation and digital transformation, though it remains mostly aspirational due to changes in government priorities.
- **Ecuador:** Currently developing a national AI strategy emphasizing ethics and responsible public sector AI use.
- **Dominican Republic:** Focus on integrating AI into public services to improve transparency and governance, modernizing government operations, and enhancing public service efficiency.

Examples of the second group are:

- **Brazil:** Bill 2338/2023 is one of the most developed in the region, focusing on risk assessments, civil liability, and user protections, inspired by the EU AI Act.
- **Chile:** Recently introduced a draft law modeled after the EU AI Act, incorporating risk-based classification and guidelines for responsible AI development.
- **Colombia:** Several bills are under discussion, addressing transparency, data protection, and the responsible use of AI, with a strong emphasis on aligning AI deployment with human rights principles.
- **Costa Rica:** Draft laws are being debated to focus on protecting citizens' rights and ensuring transparency in AI systems.
- **Peru:** Proposed regulations focusing on data privacy and accountability in deploying AI systems.
- **Paraguay:** Proposed AI use in education with a focus on minimizing biases and ensuring fairness, like South Korea's AI Framework Act. This aligns with **Chile** and **Colombia** which also include sector-specific regulations targeting education as part of their broader AI frameworks.

Finally, in the third group, we can place:

- **Panama:** Part of a broader digital transformation strategy that includes establishing guidelines for AI ethics, transparency, and bias prevention.

- **Argentina:** Although no specific regulation has been prioritized yet, the use of AI in political campaigns indicates the potential need for digital policy interventions.
- **El Salvador.** The financial services framework shares features with Peru's proposed regulations and Brazil's Bill 2338/2023, which include a focus on data privacy and accountability, while El Salvador's emphasis on AI-driven credit scoring for financial inclusion is comparable to the risk-based approaches in other countries that classify and regulate AI based on sectoral risks, particularly financial services.

Annex III. The EU AI Act: A guide

The EU AI Act is the world's first comprehensive legal framework specifically designed to regulate Artificial Intelligence (AI). It was proposed by the European Commission and finalized in 2024, establishing rules to ensure that AI systems used within the European Union (EU) are safe, transparent, and respectful of fundamental rights. The Act focuses on protecting people from potential risks associated with AI while also encouraging innovation and investment in AI technologies, and aims to create a balanced approach that maximizes the positive impact of AI while minimizing the risks.

Classification of AI systems by risk levels

The EU AI Act classifies AI systems into four categories based on the level of risk they pose to people's safety and fundamental rights:

- **Unacceptable risk:** AI systems that pose a serious threat to safety or violate fundamental rights are banned. Examples include AI systems that manipulate human behavior without consent or allow governments to implement "social scoring."
- **High-risk AI:** These systems are subject to strict rules and oversight. Examples include AI used in critical sectors like healthcare, law enforcement, and education. Developers of high-risk systems must demonstrate that their AI complies with safety, transparency, and data protection standards.
- **Limited risk AI:** These include systems like chatbots and automated customer service tools. The primary requirement here is transparency—users must be informed that they are interacting with an AI system.
- **Minimal or no risk AI:** Basic AI applications like video game characters or spam filters fall into this category. They are largely unregulated under the Act.

Unacceptable risk

AI systems that are considered unacceptable are those that pose a clear threat to people's safety, livelihoods, or fundamental rights.

Ongoing examples include:

- **Social scoring by governments:** Systems that assess and rank individuals' behavior, trustworthiness, or other characteristics based on collected data (like China's social credit system) are explicitly prohibited.
- **Subliminal manipulation:** AI systems that manipulate human behavior in ways that are below the level of conscious awareness, thereby influencing decisions without user consent.
- **Exploitation of vulnerabilities:** AI systems that target specific groups based on their vulnerabilities, such as children or people with disabilities, with harmful outcomes or decisions.

High-Risk AI systems

The Act defines high-risk AI systems as those that significantly impact health, safety, or fundamental rights.

Examples include:

- **AI in critical sectors:** Systems used in sectors such as healthcare, where AI could influence medical diagnoses, treatments, or emergency services.
- **AI in Law enforcement:** Applications like predictive policing tools, facial recognition for law enforcement purposes, and risk assessments for criminal justice.
- **Biometric identification systems:** Real-time remote biometric identification in public spaces, such as facial recognition cameras.
- **AI in employment and education:** Systems that automatically evaluate job candidates or assess students' performance, potentially impacting their career or educational opportunities.
- **AI-driven medical devices:** AI systems used to assist in diagnostics or surgery, such as automated radiology analysis tools that detect tumors or AI-powered robots performing minor medical procedures.
- **Predictive policing tools:** AI systems predicting where crimes are likely to occur or assessing the risk of individuals based on past behaviors. These systems could potentially lead to biased policing if not properly managed.
- **Creditworthiness assessment systems:** AI applications used by banks or financial institutions to assess a person's credit score, which can determine their eligibility for loans or mortgages.
- **Automated hiring systems:** AI tools that screen job applicants based on resumes and other data, potentially impacting a person's career prospects. Strict rules are in place to prevent biases in the hiring process.
- **AI systems in border security:** Systems deployed at borders for risk assessments or decision-making on visa applications, where there is a potential impact on individuals' rights and access to services.

Limited risk AI systems

These are systems with a lower risk of causing harm but still require transparency obligations. Examples include:

- **Chatbots and virtual assistants:** AI systems that interact with users in automated customer service or information-providing roles. The requirement is to inform users that they are engaging with an AI.
- **Emotion recognition systems:** When used in contexts like marketing or research, these systems need to disclose their presence to users.

Minimal or no-risk AI systems

These are considered safe for public use and are subject to minimal regulations. Examples include:

- **Spam filters:** AI applications that sort emails or content based on preset criteria with minimal risk to privacy or security.
- **AI in video games:** Non-intrusive AI features such as game characters or AI-based features in entertainment that do not pose risks to rights or safety.

Requirements for high-risk AI systems

High-risk AI applications are at the center of the regulation, as they are allowed only subject to compliance with several preconditions. Specifically, for high-risk AI systems, the Act sets out specific rules to ensure

these systems are safe and transparent. Companies that develop or use high-risk AI must meet the following requirements:

- **Data management:** Companies need to use high-quality and unbiased data to train AI systems, reducing risks of discrimination.
- **Risk management:** Companies must identify, analyze, and minimize risks associated with their AI systems throughout their lifecycle.
- **Human oversight:** High-risk AI systems must be designed to allow human intervention or oversight when needed to avoid harmful outcomes.

Documentation and traceability: Developers must maintain detailed technical documentation and keep track of the AI system's performance and compliance.

Annex Table 2. Examples of risk levels under the EU AI Act

Risk Category	Description	Concrete Examples
Unacceptable Risk AI Systems	AI systems that pose serious threats to safety, livelihoods, or fundamental rights. These are banned by the Act.	Social scoring systems, Manipulative AI techniques targeting children, Real-time facial recognition surveillance without legal basis
High-Risk AI Systems	AI systems with significant consequences for safety, fundamental rights, or critical sectors, requiring strict compliance measures.	AI-driven medical devices, Predictive policing tools, Creditworthiness assessment systems, Automated hiring systems, AI systems in border security
Limited Risk AI Systems	AI systems with relatively low risks, but require transparency measures to inform users of their interactions with AI.	Customer service chatbots, Emotion detection systems in marketing
Minimal or No Risk AI Systems	AI applications posing minimal risks to users and society, requiring no specific regulation.	Spam filters in emails, AI-driven game characters

Annex Table 3. Requirements for high-risk AI systems under the EU AI Act

Requirement	Description	Example Application
Data management	High-risk AI systems must use high-quality, unbiased data to avoid discrimination and improve accuracy.	AI systems for medical diagnosis need diverse, high-quality training data to ensure accurate results for all patient demographics.
Risk management	Developers must continuously identify, analyze, and mitigate risks associated with their AI systems throughout the lifecycle.	Credit scoring AI systems must have risk assessments to address biases or inaccuracies that could affect loan approvals.
Human oversight	AI systems should be designed to allow human intervention when necessary to avoid harmful decisions.	AI in law enforcement should allow officers to override decisions made by predictive policing tools.
Documentation and traceability	Developers are required to maintain detailed technical documentation and record system performance and compliance checks.	Medical AI devices must maintain logs of diagnostic decisions and records of compliance with safety standards.

Transparency obligations

The Act also requires that users are informed when they are interacting with an AI system rather than a human. This is crucial to prevent people from being deceived by AI-generated content or automated interactions.

Transparency obligations under the EU AI Act require AI systems to inform users about their nature, purpose, and potential impacts. This ensures that users are aware when they are interacting with an AI system, helping them make informed decisions and protecting them from being misled or manipulated.

Examples of transparency obligations include:

- **User notification for AI interaction:** AI systems like chatbots, virtual assistants, and automated customer support must inform users that they are interacting with a machine and not a human. For instance, if a chatbot is handling a service request, users must be informed that they are conversing with an AI.
- **Disclosure of AI-Generated content:** AI systems generating or modifying content, such as deepfake videos or AI-generated text, must disclose that the content is AI-generated. This is crucial to avoid misinformation and manipulation.
- **Emotion recognition and biometric analysis:** Systems that detect emotions or use biometric data, such as facial recognition or sentiment analysis in marketing, must notify individuals about the presence and purpose of such AI applications. For example, an AI-based marketing system analyzing customer emotions during an in-store experience should display a notice informing customers of this activity.
- **Explanation of automated decisions:** When an AI system makes a decision that affects someone's rights or access to services, users must be provided with an explanation of how the decision was made. For example, if an AI rejects a person's loan application, the user should be informed that the decision was automated and given a basic rationale behind it. Transparency and explicability are closely related but serve different purposes. Transparency focuses on informing users about the AI's existence, purpose, and role in interactions, while explicability goes deeper by providing a clear explanation of the AI's functioning and the logic behind specific decisions, which requires a deeper insight into the logic, data, and algorithms behind AI decisions.

Penalties

The EU AI Act introduces penalties for companies that do not comply with the rules. Depending on the severity of the violation, fines can range from €7.5 million (about \$8.1 million) or 1.5% of a company's annual global revenue to €35 million (about \$38 million) or 7% of annual revenue for the most serious violations. This ensures that companies prioritize safety and transparency when developing AI systems.

If you live in the EU, the EU AI Act ensures that the AI systems you encounter, such as credit checks, facial recognition, or automated job applications, are designed with your safety and rights in mind. For businesses, it provides a clear set of rules to follow, reducing legal uncertainties and helping them innovate responsibly.

For those outside the EU, the EU AI Act may still have an impact. Since many global companies operate in the EU, they may choose to apply the Act's standards to all their operations, creating a ripple effect worldwide.

Annex IV. Unlocking AI's Potential in Latin America

Regulation should be adopted when its benefits outweigh its drawbacks, such as unnecessary bureaucratic burdens or excessive implementation costs that can hinder innovation or lead to concentration of power in just a few players. It should also be considered in conjunction with other policies and strategies, ensuring a systemic approach that aligns regulation with broader societal goals. This means fostering collaboration across sectors, investing in education and workforce development, and promoting ethical frameworks to guide AI deployment while mitigating potential risks.

Outlined below are initial proposals to steer this transformation. They are intended to spark debate, encouraging a shift away from conventional thinking and inviting exploration of new possibilities and “what if” scenarios.

From Public-Private Partnerships to Public-Private Missions.

Regulating AI presents an opportunity to redefine collaboration between public and private sectors. By moving from traditional partnerships to a shared mission: enabling Latin America to leapfrog into a more innovative, inclusive, and competitive future. Achieving this vision requires the development of new frameworks and strategies for:

- **Large Scale AI Infrastructure Investments:** create conditions for private-public large scale AI infrastructure investments such as high-speed networks; energy infrastructure; high-performance computing and cloud infrastructure. For instance, [Google's data center in Hamina, Finland](#), integrates corporate objectives with public sustainability goals. This \$1 billion initiative powers Google's operations while supplying 80% of the local district heating needs through an energy-efficient, circular system, benefiting both the company and the community.
- **Lab to Market Pathways:** policies that promote tech transfer, from academia and research labs to market solutions that leverage AI potential in strategic verticals. Examples such as [Yeda Technology Transfer from Weizmann Institute of Science](#), responsible for commercializing intellectual property from scientists, working along with tech startups (Little Tech) and large corporations (Big Tech), where the income generated is used to support further basic research and science education.
- **Regulatory Sandboxes at Scale:** Expanding the concept of regulatory sandboxes to establish large-scale, real-world testing environments for AI development, such as specific cities or towns, with appropriate safeguards in place.
 - **Underserved Regions:** Rural or underdeveloped areas where communities face challenges such as limited access to education, healthcare, or essential services.
 - **Industry-Specific Hubs:** Regions focused on industries like agriculture, manufacturing, or healthcare can serve as targeted AI testing grounds. For instance, the [UK's AI Airlock \(MHRA\)](#) regulatory sandbox enables healthcare AI prototyping, while agricultural hubs could test tools for precision farming and supply chain innovation.

💡 From Walled AI Garden to an Open AI Ecosystem

Regulation should be mindful of not creating a “regulatory capture” that sets barriers where smaller players (tech startups, smaller firms, NGOs, etc.) cannot compete. On the contrary, it should promote the development of an open AI ecosystem, making it possible for different actors to experiment and develop AI Systems, fostering competition and innovation. For this to take place, is necessary to invest and provide the policy ground for:

- **Digital Public Infrastructure:** Building robust and inclusive digital frameworks that provide equitable access to AI technologies and support seamless integration of AI solutions across sectors.
- **Open-source AI:** promote the development of Open-Source AI tools and platforms, democratizing access to foundational technologies and reducing dependency on proprietary systems. Open-source AI models act as a catalyst for the innovation ecosystem, allowing both startups and academia to adapt and develop solutions. It also strengthens safety and security by facilitating broader peer review and streamlined detection of potential vulnerabilities in the codebase. Policy efforts should provide incentives to attract catalytic capital and funding mechanisms such as outcomes-based funds for open-source AI.
- **Open Data Commons:** promoting access to high-quality, diverse, and ethically sourced data that empower innovation while upholding privacy, fairness, and transparency principles.
- **AI Literacy Programs:** Initiatives to educate individuals, communities, and organizations on AI fundamentals, its opportunities, and risks, enabling informed participation and reducing the knowledge gap in an increasingly AI-driven world. For example, Finland’s “Elements of AI” program, a free online course, empowers citizens to understand and engage with AI technologies, aiming to make the topic accessible to all and promote societal-level AI literacy.¹⁴

💡 From Regional Collaboration to United Purpose

Collaboration within neighboring countries to establish common standards, share best practices, and create a regional AI strategy is essential. However, if the region can align on a united purpose, it can explore for example:

- **Regional Open Data Commons:** promoting a richer and transparent access to datasets in the region, that would help mitigate bias and promote research and innovation.¹⁵

¹⁴<https://valtioneuvosto.fi/en/-//1410877/elements-of-ai-course-continues-to-increase-artificial-intelligence-skills-among-europeans>

¹⁵ As Nick Bostrom noted in “Superintelligence: Paths, Dangers, Strategies”: “Collaboration can take different forms depending on the scale of the collaborating entities [...] At a larger scale, states could join in a big international project. There are precedents to large-scale international collaboration in science and technology (such as CERN, the Human Genome Project, and the International Space Station), but an international project to develop safe superintelligence would pose a different order of challenge because of the security implications of the work”.