

Artificial Intelligence in Public Policy

Key Insights for Governments

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Policy Brief

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THE CHALLENGE: HOW AND WHY SHOULD ARTIFICIAL INTELLIGENCE BE INTEGRATED INTO GOVERNMENTS?

Artificial intelligence (AI) is advancing at a rapid pace, transforming entire sectors of the economy and society. This speed poses a significant challenge to state structures, which have been traditionally designed to guarantee stability, transparency, and control. It generates uncertainties and tension in people and organizations because, in many cases, we use ideas and instruments from previous centuries to face global twenty-first-century problems (Subirats, 2020). These contemporary problems are often conceptualized as “cursed”, “wicked”, or “twisted” (Head and Alford, 2015) to indicate their multidimensionality and complexity. This is because they involve the participation of multiple actors and have a high incidence of political priorities in their resolution.

In the context of vertiginous change, governments must adapt their structures and processes to cutting-edge technology, adopting an innovative and citizen-focused organizational culture. The state must be “ambidextrous”, managing both day-to-day tasks and strategic planning for the future (Ramió, 2021). Public organizations must be managers of complexity, transforming individual knowledge into collective intelligence and incorporating AI. In this context, one question is central: How can governments use AI effectively and equitably, while maximizing its benefits and minimizing its risks? The adoption of AI not only implies facing the uncertainty inherent in new technologies but also making structural adjustments and developing governance strategies that are adapted to the digital era.

Currently, AI seems to have the potential to make government processes more efficient, optimize resource management,

and improve the delivery of public services. However, the way in which it should be incorporated and implemented in the exercise of government is not clear. Without clear strategies, the implementation of AI can result in solutions that are disconnected from the real needs of citizens, costly, and difficult to maintain over time. This could result in a loss of opportunities for innovation and improvement and an increase in citizen distrust towards government institutions, which are already being widely questioned.

The AmericasBarometer 2023, which was conducted by the Latin American Public Opinion Project (LAPOP) at Vanderbilt University, analyzes the relationship between perceptions of state capacity and support for democracy. The data indicate that support for the democratic system is significantly higher in countries where citizens perceive greater efficiency and capacity in state institutions (LAPOP, 2023). These results suggest that strengthening state capacity is a key factor not only for democratic consolidation but also for building institutional legitimacy.

From this perspective, the incorporation of AI in public administration should be conceived not solely as a tool to improve operational efficiency, but also as a mechanism to strengthen citizen confidence. If technological innovations manage to translate into a better experience in the provision of public services, greater transparency, and more agile and efficient management, they could contribute to reversing the trend of distrust towards state institutions. However, if their implementation does not correspond to a well-defined strategy and does not have a significant impact, it could have the opposite

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effect, solidifying the perception of state inefficiency.

In this sense, the adoption of AI in the governmental sphere must be framed within a process of technological governance that guarantees its alignment with the principles of equity, accessibility, and sustainability. Otherwise, far from strengthening the legitimacy of the state, its disorganized implementation could become an additional factor in democratic erosion.

The Center for the Implementation of Public Policies for Equity and Growth (CIPPEC) conducted a survey on the use of AI in provinces and municipalities in Argentina. The results showed that the adoption of these tools is incipient, highlighting various ways in which AI is integrated into public policies, as follows:

- Development of new capabilities: The implementation of AI-based solutions to address specific challenges.
- Improvement of existing governmental processes: The integration of AI to optimize current procedures.
- Promotion of technological development: The promotion of AI as part of public policies that are aiming for technological advancement, without being directly applied to internal governmental processes.

Beyond these stand-alone initiatives, there was found to be a significant lack of knowledge among policymakers about how AI works. This finding underscored the need for the leaders of public processes to develop the capacity to become “smart consumers” of AI: understanding what questions to ask and what key aspects should be considered in mitigating its biases and associated risks. This would enable them to make informed decisions about technology investments (Dawes et al., 2023).

Digital transformation in the public sector is not homogeneous across territories, either within a country or across different nations. However, this document proposes a series of useful recommendations for public leaders who are questioning how and why they should incorporate AI into their management areas.

RECOMMENDATIONS

1. Developing Capabilities: Beyond Hiring Technical Staff

For the incorporation of AI in the public sector to be effective, it is essential to strengthen the skills of civil servants. The answer lies not only in the technology but also in the people in charge of making decisions about its use and the purpose of its incorporation.

One of the most obvious challenges is the difficulty in attracting and retaining technical talent who are capable of developing these technologies. However, this article focuses primarily on policymakers, as they are responsible for deciding how and for what purpose to incorporate AI. These professionals must receive specific training that will enable them to become smart consumers of technology, capable of

asking critical questions, assessing risks, and making informed decisions about AI adoption. It is not necessary for them to know how to create AI, but it is necessary for them to understand how it works, how it is trained, and how to avoid biases.

To this end, it is critical that officials understand key concepts such as algorithmic transparency, the critical points to consider when procuring AI, and the levels of autonomy inherent in these technologies.

Governments should invest in training their workforce in understanding and monitoring the use of AI. This training should not be limited to technology specialists but should include decision makers and public managers in various areas, ensuring that AI is used with a strategic approach and adapted to the sectoral needs of public policy.

2. Data Governance: The Foundation of any Technological Innovation

Data governance is a fundamental component for the digital transformation of the state and the effective implementation of AI solutions in the public sector. In general, the lack of interoperability, institutional coordination, and of a comprehensive data strategy have led to information silos, redundant processes, and the poor leveraging of data for evidence-based policymaking. The absence of integration mechanisms and a harmonized regulatory framework limits the potential of data to improve the quality of decisions and the efficiency of public services.

To overcome these challenges, it is necessary to advance in three key dimensions: 1) the institutionalization of the data governance function, 2) the strengthening of the regulatory framework, and 3)

the development of specialized talent. In addition, technological infrastructure is required to ensure interoperability and privacy protection, fostering a data culture that allows for its strategic use in public management. The implementation of effective data governance will not only promote the modernization of the state but will also allow for a more proactive administration, which is capable of anticipating future scenarios and offering agile responses to citizens' demands (Estévez & Solano, 2023; Solano & Diéguez, 2024).

3. Promoting Local Innovation Ecosystems

Public-private collaboration is essential in accelerating innovation and ensuring effective digital transformation. The Government Technology (GovTech) ecosystem, which is comprised of startups and technology enterprises, can bring creative and scalable solutions to public administration challenges. Fostering public-private partnerships allows governments to leverage the private sector's knowledge and expertise and to benefit from emerging technologies and tools that improve the efficiency and quality of services (Chmielewsky & Peralta, 2024).

Cooperation with universities, research centers, startups, and technology enterprises makes it possible to develop solutions that are more aligned with local needs and to increase the capabilities of the public sector. The digital transformation of the public sector cannot be achieved by the state alone, as many tools will need to be adapted to local needs. It is especially relevant for the Global South to think of solutions from this perspective, relying on local ecosystems that understand the particularities of their respective environments.

4. Interoperability and Resource Efficiency

Data governance is an essential pillar for the digital transformation of the public sector. Adequate storage, integration, and the use of available data strengthens the strategic capabilities of the state, facilitating integrated services and simplifying interactions with citizens. This not only improves the efficiency and quality of decision making, but also promotes proactive and efficient public management, which is able to anticipate future scenarios. Moreover, it fosters the creation of new operational capabilities, such as standardization and interagency data exchanges.

Internal fragmentation within the state, which is characterized by agencies that do not communicate or collaborate with each other, generates the duplication of processes and wastes resources, negatively impacting the efficiency of public management. In this context, strengthening and investing in digital public infrastructure becomes a central element of digital transformation. This infrastructure not only enables interoperability between different agencies and levels of government, it also provides the necessary basis for developing more efficient, accessible, and integrated digital services. Initiatives such as pooled digital procurement and the cloud-based sharing of digital tools maximize the available resources and generate synergies in a practical way.

The economies of scale achieved through data integration and the strengthening of digital public infrastructure not only reduces costs but also simplifies and unifies processes across all levels of government, generating a more cohesive and efficient state.

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5. Using AI to Create Public Value

The incorporation of AI into the public sector should not be an end in itself. The focus should be on improving the quality of public services, either by optimizing existing services or by developing new ones. AI has the potential to improve the efficiency of the state, but its success should be measured in terms of the impact it has on citizens. At this point, it is important to understand that the challenge is not only technological but also institutional and human. Preparing governments for the era of AI implies investing not only in technology but also in the capabilities required to connect these technological advances with the needs of citizens. Only in this way can AI become a true driver of public value.

CONCLUSIONS: KEY TAKEAWAYS FOR GOVERNMENTS

The integration of AI in the public sector presents both opportunities and challenges. Governments must ensure that the adoption of AI is not only technologically sound but also strategically aligned with public value creation. The following key insights have emerged from this analysis:

- **AI as a Strategic Asset:** AI should not be implemented merely for modernization purposes but as a tool to enhance

service delivery, optimize government efficiency, and strengthen institutional legitimacy. Its success must be measured by its impact on citizens and its contribution to democratic governance.

- **Building Governmental Capabilities:** Effective AI adoption requires public officials to develop the necessary skills to understand, procure, and govern these technologies. Investing in AI literacy for policymakers is as crucial as hiring technical experts.
- **Data Governance as a Foundation:** AI's effectiveness depends on well-structured data governance frameworks. Strengthening data interoperability, regulatory alignment, and institutional coordination are essential in maximizing AI's benefits while also safeguarding data privacy and security.
- **Leveraging Local Innovation Ecosystems:** Public-private collaboration and engagement with GovTech startups, universities, and research centers can drive AI innovation that is tailored to local needs, ensuring technology solutions are contextually relevant and effective.
- **Ensuring Equity and Trust:** AI adoption should align with the principles of transparency, fairness, and accountability. Without clear governance mechanisms, AI implementation risks increasing public distrust rather than strengthening state legitimacy.

Ultimately, AI's role in government is not simply about technological transformation, it is also about reimagining how the public sector operates. Governments that prioritize capability development, robust data governance, and citizen-centered AI

applications will be better positioned to harness AI's full potential while ensuring its responsible and equitable deployment.

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