The Data Economy

Wealth 4.0

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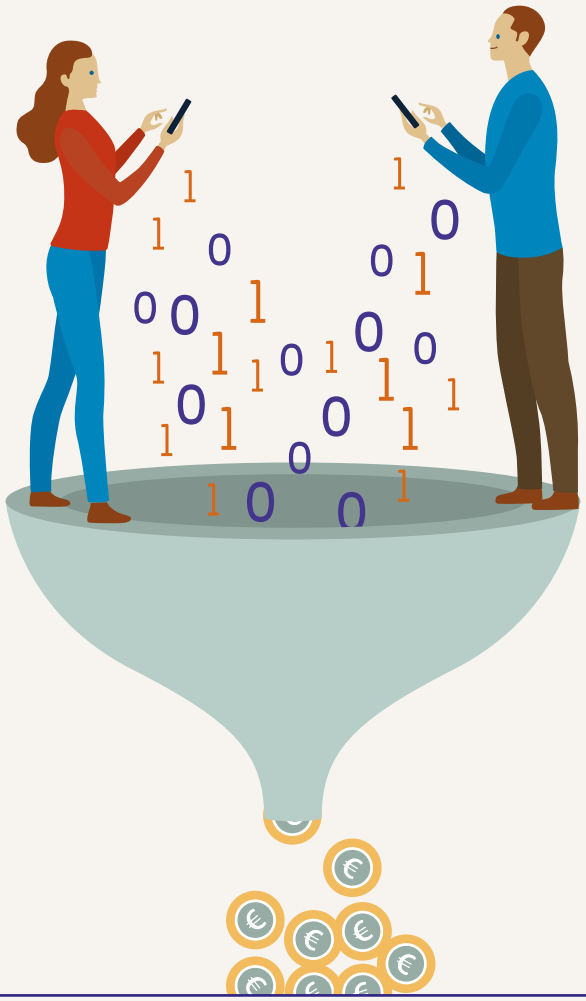

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Expert contribution 3. The value of Open Data in Latin America

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The excitement about the economic and social benefits of using data released in open format - so called open data - is here to stay. In the last five years, governments around the world have increasingly embraced the open government data agenda, following lead implementers such as the UK and the USA. Latin America is no exception. Mexico, Brazil and Uruguay are among the top 20 countries of the 2015 *Open Data Barometer*, a global ranking led by the World Wide Web Foundation that assess states according to their publication of key government datasets, readiness to benefit from open data and evidence of its impact. Colombia, in turn, was ranked fourth in the *Open Data Index* in 2015 - a survey coordinated by the Open Knowledge Foundation that measures the state of open government data around the world.

The value of open data

New products, processes and business opportunities emerge as firms, governments and end users utilise or re-use open data. In 2011, a study commissioned by the European Commission estimated that the economic value of opening up and re-using public sector information was about €40 billion per year in the EU alone. [4] At a global scale, McKinsey estimated in 2013 that the potential value of open data would reach between $1 and $3 trillion per year.[5] Although these figures remain speculative, the rationale behind the contribution of open data to economic gains come from various fronts. For governments, open data can help improving public service delivery via modernization of services, help reducing costs by avoiding the collection of duplicity of data and contribute to the efficiency of internal operations. For business, it offers promising opportunities to improve strategic decision making, to spur innovation, and to achieve gains in productivity.

Open data is helping to create a new data industry itself. New companies have emerged that capture value by collecting, analysing and mashing up open data from different sources, or by offering a direct service built on open data. The Climate Corporation in the USA, for example, has been a remarkable case of a company that built their business case using weather data that was later bought by Monsanto for $930 million in 2009.

Equally important, open data is seen as particularly beneficial to increase transparency, fight corruption and promote inclusion and socioeconomic development,

4. Vickery, G., Review of Recent PSI Re-Use Studies. Brussels: European Commission Directorate General/Information Society, 2011.
5. Manyika, J., Chui, M., Farrell, D., Kuiken, S.V., Groves, P. and Doshi, E.A., Open Data: Unlocking Innovation and Performance with Liquid Information, McKinsey Global Institute, 2013.

even though the value of these benefits is much harder to assess in monetary terms. In fact, the emergence of open data initiatives in leading governments (notably the UK and the USA) came about as a result of lack of confidence in the political system and pressures for encouraging broader transparency in democratic states. The perspective beyond economic value has been particularly important in Latin America, where lack of transparency and accountability as well as social needs have been at centre of the social and political agenda.

The open data scenario in Latin America: an active and growing ecosystem

Despite the acclaimed economic potential, the open data movement in Latin America can be best regarded as one that targets social and democratic impact than one creating new, for profit business. That said, *Junar*[6] is perhaps one of the few exceptions in the region. A Latin American company, with offices in the Silicon Valley, Junar found a niche market by providing a cloud-based platform for governments and business that want to publish their data in open format. Clients of Junar include the city of Sacramento in the USA, the city of Buenos Aires in Argentina and the national government of Costa Rica. In comparison, other counties - certainly the UK - have adopted a path to make business with open data. As an example, the Open Data Institute (ODI) - a non-profit company with government funding and expanding global network - was founded in 2012 to expand the network of business and have helped a number of start-ups to make their way in the field. For example, the ODI start up programme claims that they generated over £9m via its network of start-ups by 2015.[7]

The commercial approach of open data has yet to take off in Latin America. What is currently rather unique, though, is the mobilisation of actors that have been pushing the open data agenda forward. The Latin American open data ecosystem benefits from a social movement that keeps growing and that includes from transparency and data advocates, governments and developers, to development agencies and international donors. The region started their first Open Data Conference (*AbreLatam* and *ConDatos*) in Montevideo, Uruguay, in 2013 and meet once a year since then. This pioneering effort strengthened regional communities advocating and using open data to contribute to tangible solutions on public services, inclusion and social and economic development. A self-reported survey gathered in *Abrelatam* counts 196 projects from 135 organizations in the region, ranging from transparency, journalism to health services and city apps.[8] Today, the region counts with a research hub *ILDA* (the Latin American Open Data Initiative/*Iniciativa Latinoamericana de Datos Abiertos*, ILDA)[9] that works to test and validate open data solutions in the region.

6. Website: http://junar.com/
7. Source: https://theodi.org/start-ups
8. http://abrelatam.org/
9. http://www.idatosabiertos.org/

The ecosystem in Latin America means that different actors have contributed to unlock the value of open data in the region. Governments are indeed important actors in the ecosystem - they are the supply side of the data value chain. Cities like Buenos Aires, Mexico and Montevideo have open data platforms that have been exemplars in the region. But the value of these platforms lie on the applications and features that are built on top of the data. The city of Buenos Aires, for example, used hackathons and apps competitions to engage developers and start-ups to help co-create new services. In Montevideo, the municipality partnered with an open data civil society organization (*Datos Abiertos*, *Transparencia y Acceso a la Informacion*, *DATA*) to run a platform called *Por Mi Barrio*. Inspired in the UK's FixMyStreet website, Por Mi Barrio helps people to report street problems like broken street lights or potholes and link it to the municipality to fix them.

NGOs and local activist are, thus, another crucial actor in the ecosystem. Again, in Uruguay, DATA led various projects that ended up transforming how government and citizens operate, and cooperate. Using open government health data, they partnered with the Ministry of Health and launched *A Tu Servicio*[10], a website with searchable and easily digestible information to help Uruguayans compare local health providers and make informed decisions. Similar cases include *Ciudadano Inteligente* in Chile and *SocialTIC* in Mexico, both organizations that promote transparency, inclusion and citizen participation through open data and the use of new informational technologies.

Journalists have contributed to open up government data for accountability purposes. In the region, a notable case is *La Nación*[11], and its data division (LN Data), an Argentine newspaper that produces innovative work with open data that has been recognised internationally with several prizes in the domain. In 2013 they won the Data Journalism Award for their work on opening up unstructured, closed and opaque data from Argentina's Senate expenses, in a country with no freedom of information laws and a history of limiting media access to government information. In Peru, the organization *Convoca* opened up public data to help users understand the behaviour of extractive industries in Peru and its impact on people's lives. The project, called "Excesses Unpunished" (in Spanish, *Excesos sin Castigo*) won the Data Journalism Award in 2016[12]. Poderopedia, a collaborative platform of data journalism that started in Chile and now expanded to Colombia and Venezuela, helps unlock public data to provide information about the links between business people and politics in these countries. Similar platforms that are collaborative are emerging and we shall see more in the upcoming years.

10. http://atuservicio.uy
11. http://www.lanacion.com.ar/data
12. http://excesosincastigo.convoca.pe/

The future of open data in Latin America and the challenges ahead

There are promising benefits and some initiatives that have already started to show that open data can contribute to the region's development and welfare. However, we are still in early stages and I see three main challenges ahead. First, from a democracy angle, recent corruption scandals in Brazil, Chile, Mexico and Argentina show we still have a long road to transparency. That, together with raising inequality and problems with the provision of basic public services may put the open data agenda behind. Second, despite the economic opportunities of a growing big market, the region lacks from a vision to develop new business models with open data (and data ventures more generally). We need more work to link entrepreneurs with the open data movement, and the social innovation movement. Building bridges in those communities could help to trigger and unlock the economic value of open data. Third, despite its great potential to do well, open data can do evil - as with any technology. Disclosing citizen identities may be cause of harm, discrimination or unfair treatment especially to minorities or vulnerable people. In Brazil, for example, the obligations imposed by laws to publish personal data about sensitive issues (pregnant women and HIV patients) clashes with the role of the state to protect their citizens from discrimination. We need a critical view on balancing personal data rights and the value of granular open data.

No doubt these are difficult challenges. But we shall expect to see a lot more happening in the open data landscape in the near future in Latin America that will hopefully contribute to a more transparent, inclusive and developed region.