

# ICED Evidence Library

## Digital opportunity in cities: Actions for investors

Tags: Economic Growth, Programme Design, Digital, Urban, Infrastructure



**Developing countries cannot view the digital transition as a luxury, but as a necessity if cities and countries wish to be a part of the new global economy.** To support this transition governments, donors and the private sector each have a role to play, with key actions for each stakeholder group as set out in the ICED report 'Urbanisation in a digital world'. In this paper we therefore set out key actions for investors and the private sector as they consider how they can best harness the digital opportunity in developing country cities.

**For further context and information please consult the [full report](#), and accompanying papers available on the [ICED website](#) or contact the ICED Facility at [connect@icedfacility.org](mailto:connect@icedfacility.org).**

### Actions for investors and the private sector

**1 – Look beyond technology** – Success of new business models in emerging economies will depend on either a disruptive solution taking hold because it solves an acute challenge, or a savvy business that can build out the accompanying distribution or business processes they will need to scale. Governments will be looking for the solutions to their citizen's challenges they do not need to pay for alone, and the private sector has a key role to play in identifying and proving that new customers exist and are willing to pay or access a reliable service, regardless of the technology that delivers it.

**2 – Co-create not dominate** – Ensure that solutions are adapted to local contexts, where possible working with local governments, citizens and private sector delivery partners to ensure that solutions meet local needs, are inclusive and do no harm.

**3 – Foster local talent** – Build local talent, suppliers and innovators into product/service development and roll out strategy. Longer term viability of services

will depend on local skills and innovation so that the specific product can evolve in the market.

**4 – Foster markets** – Some of the lowest income regions are the best sites for innovation globally, because the opportunities to create new services for citizens currently without access to them is highest. This potential growth opportunity can outweigh challenges of operational risk or lack of infrastructure or distribution channels. However, the only way to succeed in the long term is to invest in the business environment and ecosystem around these new services, by supporting diversity, creating local ecosystems through working with local research institution, producers and suppliers. Educating new consumers is no small task and may require partnerships including those with donors, as the success of M-PESA demonstrates.

**5 – Help build trust** – Open up data, be transparent, work collaboratively with governments where possible, co-develop new standards with governments, providing them support not opposition