



# Getting to scale - lessons from Private Sector Development programmes

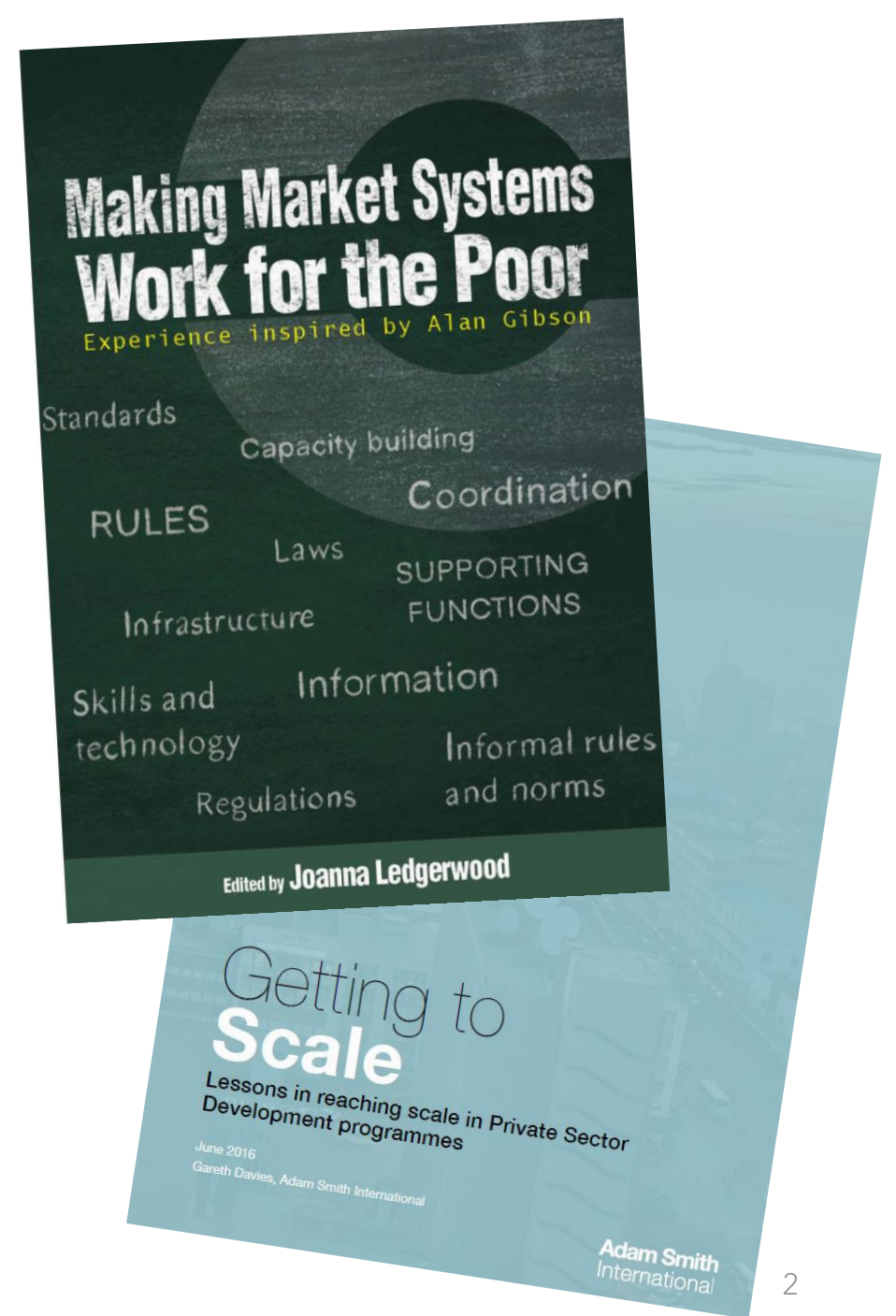
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TANDEM

# Getting to scale...?

- What strategies are available to PSD programmes wishing to support and catalyse the scaling of innovations or new practices by market actors?
- What have been the successes and failures? What are the key lessons for implementers and funders?

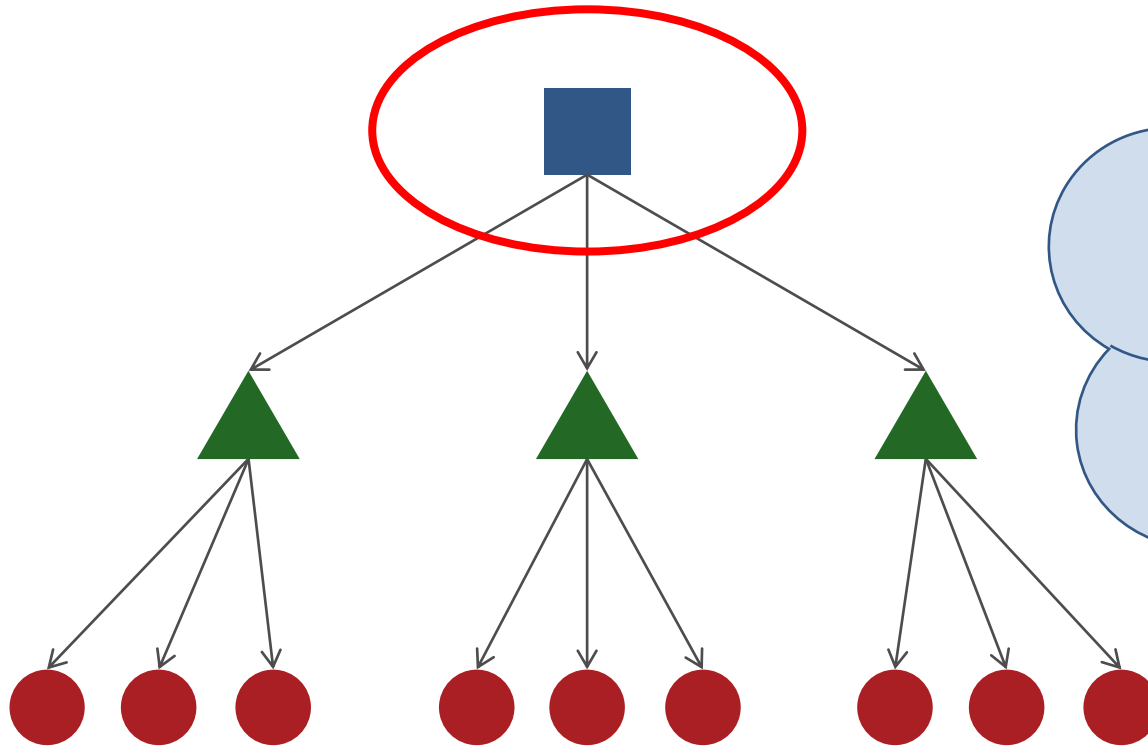


# Strategy 1: working with 'big actors'

Input Suppliers  
(n=10)

Input Retailers  
(n=5,000)

Smallholders  
(n=1,000,000)



Partner with 1 or 2 big actors in the value chain:

- Actors with deep pockets; large existing distribution / supplier networks
- Possible to get to scale without any further competitive response

# Strategy 1: working with 'big actors'

*But...*

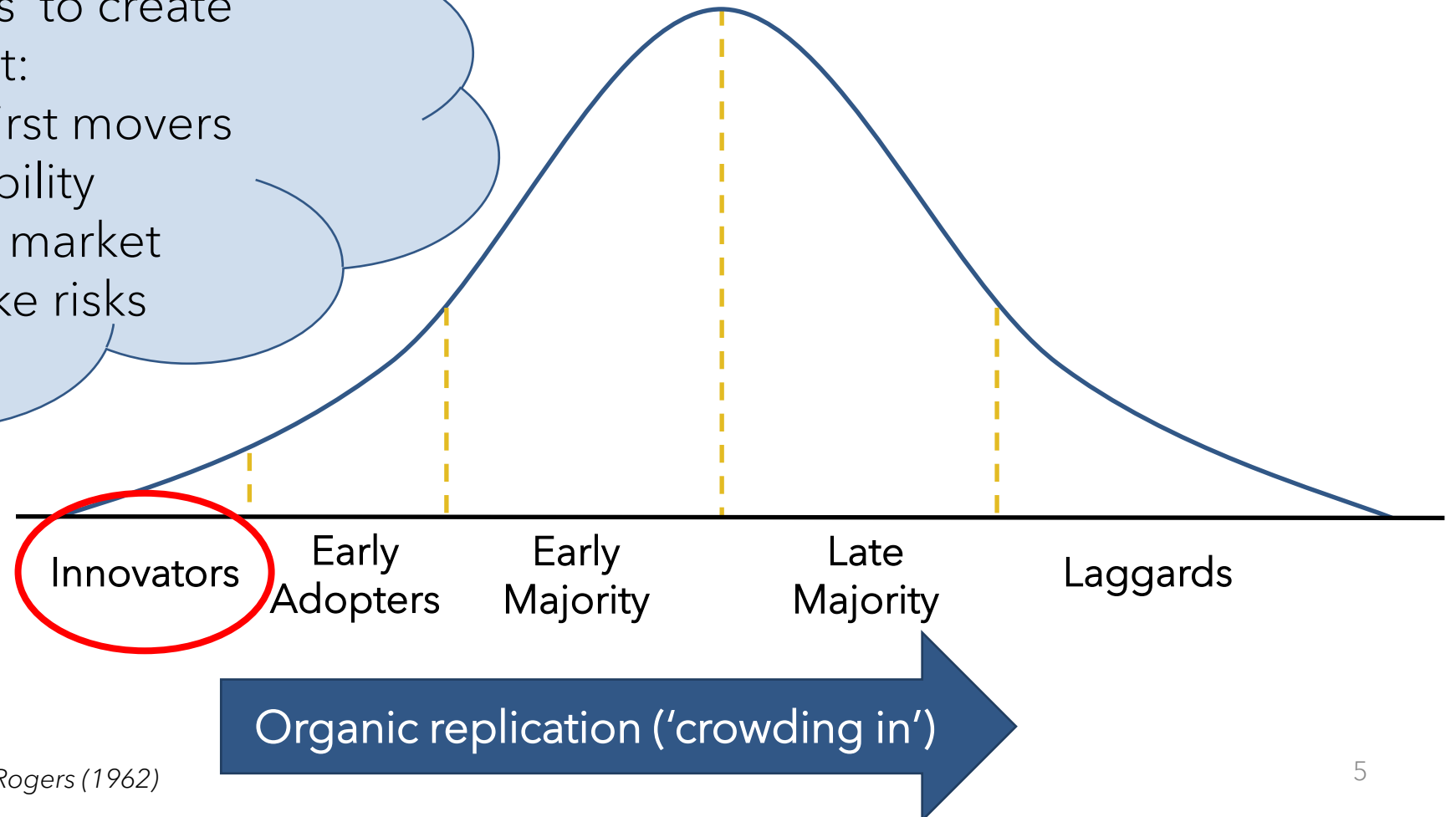
- May not exist (e.g. 'thin' markets)
- May be resistant to innovation
- Risky - reliant on 1 or 2 partners to sustain the change
- Risk of creating dominant position



# Strategy 2: demonstration effects

Work with 'first movers' to create a demonstration effect:

- Partner with a few first movers to demonstrate viability
- Look for innovative market actors, willing to take risks



# Strategy 2: demonstration effects

## Assumptions:

Success for the 1<sup>st</sup> movers is visible to the 2<sup>nd</sup> movers

**AND** 2<sup>nd</sup> movers attribute this success to the adoption of the 'innovation' by the 1<sup>st</sup> movers

**AND** 2<sup>nd</sup> movers have the incentives, capacity, resources to copy the 'innovation'

**AND** 2<sup>nd</sup> movers are able to access the know how ('transition mechanism')

**But... the assumptions that need to hold are quite stringent!**  
Relatively few examples of organic replication from PSD programmes. Depends on:

- The type of innovation (e.g. inward vs outward facing)
- The country / sector context (e.g. 'thin' markets, market concentration, geography)

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Improve visibility through industry workshops, case studies etc.

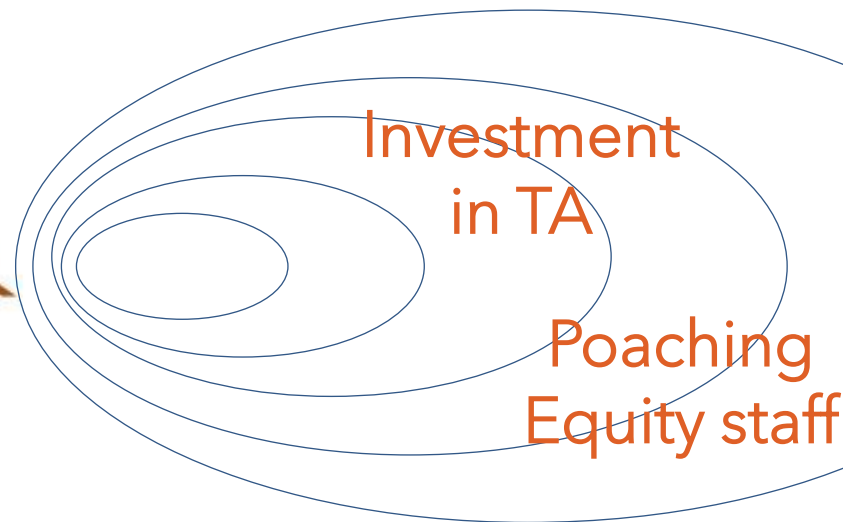


Actively support 2nd movers (may require *more* intensive support than 1st movers)

# Success: Equity Bank



*MicroSave*  
Market-led solutions for financial services



"We have taken financial inclusion on board because of Equity. It was they who saw the importance of the bottom of the pyramid"



**KCB** | Making the Difference

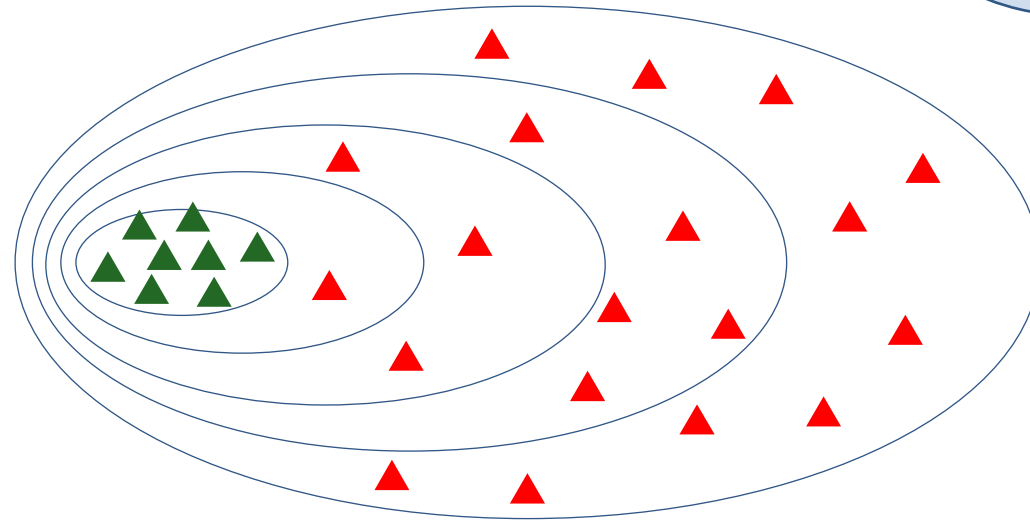
- **Shift focus:** underserved mass market
- **Shift approach:** customer-led (not product-led)



# Failure: SACCOs

“Working with individual SACCOs at best produced isolated pockets of excellence but there was no spread beyond these...”  
**Alan Gibson (2016)**

Direct support to 8 of the strongest, reform-minded SACCOs



# What explains the difference?

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### Banks:

- ✓ High visibility demonstration effect
- ✓ Strong competition between banks
- ✓ Early adopters with sufficient resources
- ✓ Transition mechanism (poaching)

### SACCOs:

- ✗ Lower visibility demonstration effect (>3,200 geographically-dispersed SACCOs)
- ✗ Weak/no competition between SACCOs
- ✗ Weak incentives to improve performance / invest in training



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