

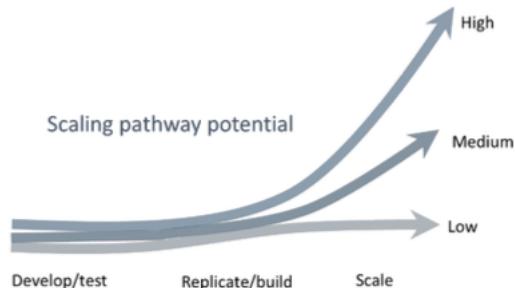
A Simple Framework for Market Development and Growth Potential

To structure learning and guide action, we propose a **simple yet powerful framework** that combines stages of development with scaling potential. Its strength lies not in precision, but in its ability to impose clarity.

The framework distinguishes three stages of market development:

1. **Innovation** – developing and testing new financial solutions that address a specific market failure.
2. **Replication** – expanding proven models, building market infrastructure, and generating track record.
3. **Scale-up** – attracting larger volumes of capital and embedding the solution in the mainstream financial system.

In parallel, it recognizes that not all markets are equally scalable. Scaling potential depends on three factors: total market size, profitability, and operational scalability.



Together, these dimensions create a **3x3 matrix** that helps identify realistic growth pathways.

The framework forces difficult but necessary questions. Is a subsector still experimenting, or ready for replication? Does it justify commercial capital, or require long-term concessional support? Are expectations about scale aligned with the underlying economics?

Rather than prescribing solutions, the framework provides a shared language for investors, policymakers, and practitioners. It enables comparison across subsectors, highlights mismatches between instruments and stages, and supports more deliberate strategy design.

Its ultimate value lies in its cumulative use. Populated with insights from different sectors—such as microfinance, green bonds, tech VC—it becomes a living tool for accelerating learning and avoiding repeated mistakes.