

MAINSTREAMING SCALING INITIATIVE CASE STUDIES

Grand Challenges Canada (GCC)

March 2024



Mainstreaming Scaling: A Case Study of Grand Challenges Canada

March 2024

Preface

The [Scaling Community of Practice](#) (CoP) launched an action research initiative on mainstreaming scaling in funder organizations in January 2023. This initiative has three purposes: to inform the CoP members and the wider development community of the current state of support for and operationalization of scaling in a broad range of development funding agencies; to draw lessons for future efforts to mainstream the scaling agenda in the development funding community; and to promote more effective funder support for scaling by stakeholders in developing countries. (For further details about the Mainstreaming Initiative, see the [Concept Note](#) on the COP website).

For the purpose of this study, scale is defined as sustainable impact at a significant share of the need, demand, or problem. Scaling is the process of reaching scale. Mainstreaming of scaling is defined as the systematic consideration by the funder of the scaling process in the appraisal of a project, in the decision to fund it, and in the monitoring and evaluation of the project's implementation.

The Mainstreaming Initiative is jointly supported by Agence Française de Développement (AFD) and the Scaling Community of Practice (CoP). The study team consists of Richard Kohl (Lead Consultant and Project Co-Leader), Johannes Linn (Co-Chair of the Scaling CoP and Project Co-Leader), Larry Cooley (Co-Chair of the Scaling CoP), and Ezgi Yilmaz (Junior Consultant). MSI staff provide administrative and communications support, in particular Leah Sly and Gaby Montalvo.

The principal component of this research is a set of case studies of the efforts to mainstream scaling by selected funder organizations. These studies explore the extent and manner in which scaling has been mainstreamed, and the major drivers and obstacles. The case studies also aim to derive lessons to be learned from each donor's experience, and, where they exist, their plans and/or recommendations for further strengthening the scaling focus.

The present case study focuses on Grand Challenges Canada. It was prepared by Tunji Eleso, Director of Scale and Sustainability, Leeat Gellis, Director of Social Finance and Kristin Neudorf, Director of Knowledge Management and Translation.

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Executive Summary

Since the inception of Grand Challenges Canada (GCC) in 2010, our approach to supporting **innovation for transformative impact** has been and continues to be deeply rooted in the principles of scale and sustainability. Foundational to GCC's origin was the concept of Integrated Innovation, which served to ensure innovators consider and prepare to go to scale from the outset of their work. Amongst the many partners and networks that we work with, Global Affairs Canada, GCC's largest and longest standing funder, has been crucial in allowing us to continually evolve and improve our approach to funding and supporting innovations to scale impact.

GCC embeds considerations for **scale and sustainability at every funding stage**. At seed, applicants are asked questions pertaining to their long-term vision for scale and only those that have demonstrated proof of concept and have feasible scaling plans are considered for further funding. At the Transition to Scale phase, GCC offers grants and concessionary risk capital specifically targeted to fill the funding gap between pilot and scale. As the portfolio has grown (today at ~300 investments), GCC has implemented several improvements based on lessons learned. These include, introducing a phased approach to investments, experimenting with various forms of technical assistance, and increasing the upper funding limit to \$3M over multiple rounds, amongst others.

GCC recognizes that there is no one path to scaling and has supported innovators pursuing public, private, and hybrid models. We also understand that systemic challenges faced by innovators that inhibit scale cannot be addressed through individual grants or investments. Seeking to influence the **broader ecosystem of scaling innovations**, we have awarded several ecosystem catalyst grants to date, including to design and launch a 6-stage model that supports local governments to articulate their demand, assess and select innovations, and engage with aligned innovators and funders to support innovation adoption. GCC has since expanded the initiative to engage with multilateral organizations, like the World Health Organization, to surface country government demand.

GCC utilizes a myriad of tools to **measure the success of our portfolio** of innovations to achieve sustainable impact at scale. Given the long timelines it typically takes to scale, GCC developed a bespoke approach to modelling potential impact resulting from the innovations we fund at Transition to Scale. The impact models convey the value of investing in innovation now, even if scaled impact is not realized until down the road. Assessments of our portfolio have shown that innovations continue to sustain and grow their impact in the years after GCC funding ends, innovations with local leadership are more likely to sustain or increase impact; and flexibility in funding and support enables innovators to build a solid foundation capable of sustaining and scaling impact.

GCC has cultivated many valuable lessons from our more than a decade of funding and supporting innovations for transformative impact. Our goal going forward remains to test, learn, and iterate how we can best catalyze sustainable impact at scale through our activities and investments.

Introduction

Scaling innovation for transformative impact has been a core part of Grand Challenges Canada's (GCC's) ethos since its inception in 2010. Funded by the Government of Canada and other partners, GCC is an innovation platform that seeds and transitions to scale scientific, social, and business innovations. Our mission is to catalyze innovation that saves and improves the lives of the most vulnerable in Canada, low- and middle-income and conflict-affected countries. The scale-up of innovation is paramount to GCC's ability to achieve this mission and maximize the impact we seek to have. As of 2023, GCC has supported over 1,400 innovations in 96 countries. These innovations have saved the lives of over 62,500 people and improved the lives of 21M people. They are estimated to have the potential to improve up to 64 million lives by 2030.

GCC invests in innovations that address a wide array of grand challenges in global health, humanitarian contexts, and indigenous communities in Canada. Areas of focus have included youth mental health, early child development, sanitation, maternal and newborn health, amongst many others. GCC believes that the boldest ideas can originate from a broad spectrum of players, which is why we support entrepreneurs, non-profit leaders, academics, scientists, and researchers, etc. We also believe that those closest to targeted challenges are best positioned to develop lasting solutions, which is why we seek to support innovators who live where they work or have lived experience of the challenges they are tackling. We recognize that there is no one path to achieve scale and sustainability, which is why we support innovators pursuing public, private or hybrid approaches to scale.

We seek solutions that demonstrate Integrated Innovation, which we define as the coordinated application of scientific/technological, social and/or business innovation to develop solutions to complex development or humanitarian challenges. At its core, the concept of Integrated Innovation posits that scientific innovations will have a greater chance of achieving sustainable impact at scale if they are developed from the outset in conjunction with appropriate social and business innovation. It similarly recognizes that social or business innovations may not be as effective on their own. Integrated Innovation does not discount the singular benefits of each of these types of innovation alone, but rather highlights the powerful synergies that can be realized to scale proven solutions by aligning all three.

I. Internal and external factors driving the effort to mainstream scaling?

Internal Factors

This focus on scale and sustainability has always been central to how GCC identifies, evaluates, and supports innovations for impact. It was baked into the organization's culture from the start by GCC's Founding Chairman of the Board, Joseph Rotman and Co-Founder and former CEO, Peter Singer, stemming from the diversity of their business and medical / academic backgrounds. The word scale (or scaling) appears 30 times in GCC's first Biennial report 2010-2012. The report outlines GCC's founding operating philosophy centred on the concept of Integrated Innovation to serve two critical functions: (1) to ensure innovators consider and prepare to go to scale from the outset of their work; and (2) to provide a coherent framework through which to put a continual focus on scaling at the outset and over the life of an innovation.

Since then, GCC's leadership, Board of Directors, Investment Committee, Program Advisory Council, and staff have collectively built upon this foundation to improve and evolve the organization's strategy to scaling innovation (see Section III). The makeup of GCC's team, governance and advisory bodies is thus purposely composed of individuals with diverse backgrounds, including individuals who bring deep, contextualized expertise in scaling and sustaining innovation.

In GCC's Strategic Plan 2020-2025, a key strategic goal is to mature development innovations to generate impact. The plan outlines several actions that GCC is pursuing to achieve this, including:

- Supporting successful hand-offs so that the most impactful innovations continue to transition to scale even after GCC funding has come to an end.
- Creating paths for proven innovations to be taken up by country governments.
- Making use of innovative financing mechanisms to further enhance the potential for innovations to sustainably transition to scale.
- Dedicating resources to track the impact of and lessons learned by innovators during and after our funding, to ensure that progress towards scale and sustainability continues.

External Factors

While mainstreaming scaling has been at the heart of GCC's culture and integrated into all aspects of our work from the very beginning, several key partners have played an important role in shaping and refining our approach to scaling.

Global Affairs Canada, GCC's largest and longest standing funder, shares our commitment to scaling innovation and their ongoing support has enabled us to grow and improve how we fund innovations from proof of concept to transition to scale, and to experiment and learn along the way. As a prime example from early on, GCC and Global

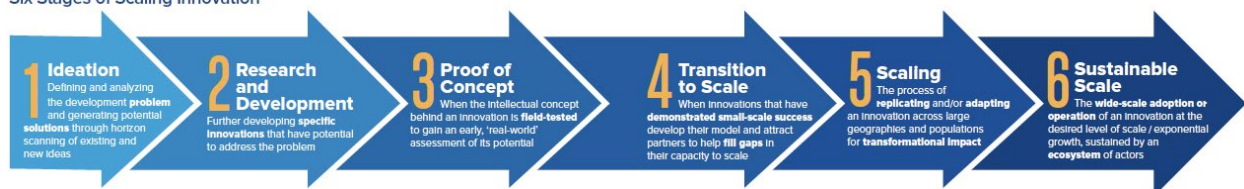
Affairs Canada (then Canadian International Development Agency) entered into a Financial Innovation Partnership referred to as the ‘Scaling Health Innovation through Partnerships’ in 2013. At the core of this strategic partnership was a “*shared vision of Canada as a global leader in the scaling of innovations to address critical global development challenges.*” The value proposition was to leverage the knowledge and resources of the government and the expertise and pipeline of GCC to accelerate the scale up of potentially transformative health innovations via access to funding and technical and business support.

GCC’s work to mainstream scaling has also benefited from, and influenced, members of the global Grand Challenges network and other development partners. In several cases, GCC has provided direct support and capacity building centred on the selection, evaluation, and funding of innovations to scale. As an example, GCC supported Grand Challenges Africa when they first began funding at Transition to Scale and co-invested in several of their first deals at this phase. Through annual gatherings such as the Grand Challenges Annual Meetings and Learning and Evaluation meetings, we continually leverage opportunities to share know-how and key learnings on scaling innovation for impact within the larger network of partners.

Together with the Bill & Melinda Gates Foundation, the United States Agency for International Development (USAID) and the Norwegian Agency for Development Cooperation (NORAD), we launched the *Every Woman Every Child* Innovation Marketplace (2016-2021), a strategic initiative to scale up promising innovations that address high mortality and morbidity health conditions for women, children and adolescents in low-and middle-income countries. The Marketplace focused on creating connections for early-stage health companies (e.g. medical device, service delivery, digital health) with scaling partners and funders (e.g. private investors, grant funders, implementation partners) to mobilize financing and address common barriers to scale.

As a long-standing member of the International Development Innovation Alliance (IDIA), GCC has been part of a Scaling Innovation Working Group which brings together innovation funders to collaborate and share learning on good practices to support innovations on their journey to scale. GCC contributed to the development of IDIA’s scaling framework, which describes the six stages from ideation to sustainable scale¹:

Six Stages of Scaling Innovation



¹ Source: Insights on Scaling Innovation, IDIA, 2017

GCC's definitions of Proof of Concept, Transition to Scale, and Scale are aligned with the IDIA framework (e.g., scale is defined as the point at which an innovation has been able to achieve sustainable impact with a significant percentage of its target customers or users within a given geographic location, population, or demographic group). GCC's contribution to and input from the Working Group helped to validate our own thinking on scale and sustainability. The Working Group further collaborated to develop two publications on scaling innovation which outline important insights and good practices for innovation funders: Good Practices for Scaling Innovation and Insights on Scaling Innovation.

Real-time feedback and lessons from innovators who have received GCC funding have also played a vital role in helping us refine our approach to scaling and understand where and how we can have the greatest value add. We have repeatedly heard from innovators that there is a scarcity of funding for early-stage innovations that are implemented in low-income and conflict-affected communities/markets. We also know they face challenges in accessing tailored technical support and networks to attract the right funders and partners. In the next section, we outline some of the main ways we try to fill these gaps and best support innovators on their path to scaling and sustaining impact.

II. Goals and Scope: How GCC mainstreams scaling into our work?

Mainstreaming scaling has been an organization-wide effort that is integrated into all aspects of GCC's innovation platform at Seed, Transition to Scale, and Scale.

A. Seed

GCC's seed programs provide innovators with grant funding of \$100K–\$250K CAD over 12-18 months to test their ideas and help them achieve proof of concept. Seed funding has been offered across a range of different challenge areas, including maternal and newborn health, mental health, sexual and reproductive health and rights, humanitarian innovation, and Indigenous innovation.

To be selected, proposed innovations must have the potential to be sustainable at scale. Application questions pertaining to scale and sustainability are posed to ensure that applicants are considering their plans for scale from the outset. For example, a past Stars in Global Health application asked applicants to *“Describe how you would sustainably fund and scale up your proposed innovation and the challenges you foresee in transitioning from proof-of-concept towards scale up. Please also describe the role of strategic partners (e.g. government, regulators, etc.) in this plan.”*

By the end of the seed award, only innovators who have demonstrated proof of concept of their idea AND have developed preliminary and feasible plans for scale and sustainability AND have taken steps to identify and/or engage key stakeholders and partners, are considered for potential Transition to Scale program funding.

B. Transition to Scale

Through the Transition to Scale (TTS) program, GCC makes investments ranging from \$250,000–\$3 million CAD (in multiple rounds of funding) via grants and/or risk capital to promising innovations with a proven impact that have the potential to save and improve lives sustainably at scale.

The Transition to Scale program is designed to fill a critical funding gap between the pilot phase (where there is a greater availability of small grants and prize money) and scale (where larger funders and partners may be willing to invest). This financing gap, commonly referred to as the 'valley of death', is especially complex and resource intensive for high impact organizations targeting unserved or underserved populations. By providing the right mix of concessionary funding and non-monetary support, GCC's goal is to enable innovators to successfully navigate the valley of death and scale after GCC funding ends.

Transition to Scale: Screening and Due Diligence

GCC invites Transition to Scale applications from its internal pipeline of seed innovations, as well as from a broad network of global partners and funders. An innovator's strategy to achieve sustainable impact at scale is a key consideration in the initial application screening process and even more so during the due diligence phase. GCC due diligence covers a myriad of areas such as an innovation's uniqueness, customer need, breadth and depth of impact, partnership strategy, go-to-market plan, business/scaling model, leadership team, governance, competitive landscape, market size and opportunity, intellectual property and/or product/service roadmap, financial projections, and funding strategy, amongst others. Notably, health impact is assessed both internally and via three independent external peer reviewers with relevant expertise based on the scope of the innovation.

Innovations that meet GCC's eligibility criteria, pass the external peer review and due diligence process are presented to GCC's Investment Committee. Consisting of global experts in health, science and business, the Investment Committee's role is to review and approve all investments made at Transition to Scale. It deliberates the merits and risks of each potential investment and assesses proposals against the four main criteria:

- Is this a bold idea?
- Will it have big impact?
- Is there a viable path to sustainable scale?
- How does GCC add value?

Transition to Scale: Phasing

One of GCC's key learnings from the Transition to Scale program is the valley of death for impact-driven innovations serving hard to reach populations is long and nonlinear. We have seen firsthand that an innovation's journey to transition to scale can take anywhere from 5–15 years (and sometimes longer), as innovators face a multitude of evolving challenges and necessary pivots along the way.

In response, GCC has structured the Transition to Scale program in phases to allow for follow-on investments in innovations that show significant progress towards sustainability and scale of their impact. This enables innovations to graduate through phases, or to receive reinvestment at the same stage. The phased approach also allows us to tailor the amount of funding and support provided to fit the maturity of an innovation. Each application is thoroughly reviewed with the aim of identifying gaps in the team's readiness for scale. The amount and structure of funding, as well as the nature and focus of the technical assistance is then tailored to an innovation's specific needs and scaling pathway based on their phase.

Table 1. Transition to Scale Phasing Framework

	TTS1 Plan	TTS2 Test and Refine	TTS3 Further Iterate	TTS4 Prepare to Scale
Stage of Development	<ul style="list-style-type: none"> • Proof of Concept for health impact is demonstrated in a controlled or limited setting (peer review score >3.5); may require additional generation of evidence. • Innovator has not yet developed a solid business / scaling plan 	<ul style="list-style-type: none"> • Proof of Concept is demonstrated in a controlled or limited setting (peer review score >3.5); may require further evidence generation. • Business/scaling plan developed, yet to be validated 	<ul style="list-style-type: none"> • Early validation of business / scaling plan complete, but more time / resources needed for advanced iteration and improvement. • Funders and scaling partners identified with evidence of strong commitment 	<ul style="list-style-type: none"> • Successful validation of business/scaling plan complete • Exit partner / strategy identified, with strong evidence of commitment
Objective of Funding	<ul style="list-style-type: none"> • To develop a viable plan for scale and sustainability and/or generate evidence needed for next phase 	<ul style="list-style-type: none"> • To validate the viability and scalability of business/scaling plan, address gaps in evidence needed to scale, and address key personnel gaps 	<ul style="list-style-type: none"> • To further improve and iterate upon business/ scaling plan, based on lessons learned 	<ul style="list-style-type: none"> • To enhance the conditions required for scaling in multiple locations and/or via government uptake
Use of Funds	<ul style="list-style-type: none"> • Understand customer / user needs, pain points. • Develop initial customer proposition. • Develop scaling plan/business model. • Generate evidence of need to support scaling 	<ul style="list-style-type: none"> • Conduct market trials to test business/scaling plan assumptions. • Refine business model, technologies and/or product. • Generate evidence of impact required by commercial or public sector scaling partners. • Recruit staff to fill key gaps. • Engage funders and strategic partners 	<ul style="list-style-type: none"> • Start to build organizational capability to scale, e.g. processes, systems, talent. • Grow / strengthen strategic partnerships. • and leadership team • Evidence of potential government buy-in for scale-up, as necessary 	<ul style="list-style-type: none"> • Identify effective supply chains and marketing strategy for scale. • Strengthen organizational capacity to scale to multiple locations. • Secure agreements and funding for scale • Secure strategic partnerships and/or government buy-in for scale-up
Min. Matched funding expectations	None; provided portfolio is achieving 1:1	\$0.5 for every GCC \$1; provided portfolio is achieving 1:1	\$1 for every GCC \$1	\$1.5 for every GCC \$1

Transition to Scale: Partnerships and Matched Funding

Since partnerships and sustained funding are key enablers to scale, GCC requires innovators to demonstrate that they can secure various levels of matched funding (e.g., 1:1 cash-based match to GCC’s contribution) through other grant or risk capital providers. The basis of GCC’s matched funding requirement is to encourage innovators to prioritize identifying, building and maintaining partnerships with stakeholders who have a vested interest in their innovation, and who can provide ‘more-than-money’ supports in the form

of access to resources, networks, markets, skills and/or expertise. By crowding in the right strategic and funding partners early on, we believe innovators are better positioned to successfully transition to scale. For this reason, evaluation of Transition to Scale investment opportunities has a heightened focus on the presence and strength of strategic partnerships. To date, for every \$1.00 of Global Affairs Canada funding deployed, ~\$2.00 has been leveraged from other investors and partners.

Transition to Scale: Milestone-based funding

GCC recognizes that the path to scale and sustainability for any innovation is marked by the achievement of a critical set of milestones, such as evidence that the innovation improves the health and development of underserved populations, influences policy environments, and has the capacity to crowd in investors and strategic partners. GCC incorporates milestones into every funding agreement so that we can effectively manage and monitor progress towards goals associated with scale, sustainability and impact targets, and to encourage innovator accountability. The milestones are developed in collaboration with each innovator and are tailored to the unique strengths and needs of each innovation. GCC uses milestones as the basis upon which funding tranches are disbursed during the investment period, but with enough flexibility to be able to amend them as new challenges or opportunities arise. GCC is increasingly measuring our innovators' achievement of set milestones and our platform's ability to enable their achievement as key performance indicators.

Transition to Scale: Financial and technical support

Beyond financial support, GCC also prioritizes the non-financial support that innovators require to scale. As an innovation moves from seed to scale, new and varied skillsets are needed on the innovation team to navigate the market landscape and inevitable challenges that arise. By providing technical support and capacity building to fill critical gaps, GCC aims to enhance the impact and sustainability of Transition to Scale funding and accelerate the journey towards impact at scale.

The venture advisory and technical support offerings GCC provides have been developed in response to innovator feedback and observations from the GCC team. GCC works with a roster of technical experts and advisors who provide direct support and guidance to innovators in the following areas:

- Developing a team and board governance structure
- Understanding market opportunity and industry analysis
- Validating product/market fit
- Developing and implementing marketing and sales strategies
- Strengthening monitoring, evaluation and learning capacity
- Incorporating gender equality and social inclusion at the intervention and organizational levels
- Optimizing corporate strategy and growth opportunities
- Strengthening business development opportunities

- Raising capital
- Connecting to industry and finance partners, including structuring smart partnerships
- Developing financial models and projections

To date, we have also offered support to cohorts of innovators who are working in the same sector (e.g., early childhood education, mental health) or who are working in the same countries (e.g., regional support for innovators working in Kenya and Uganda).

C. Scaling Innovation

Over the past few years, GCC has become increasingly interested in defining the role we should play in scaling the innovations we supported at Transition to Scale. To determine the ways in which we could have the greatest value add in the scaling ecosystem, GCC has explored strategies in both the public and private realms, and across our global health and humanitarian portfolios. Though we describe each of these as distinct strategies below, GCC in practice takes a holistic view across our initiatives given the complexity of most innovation scaling pathways. As stated in the report GCC published with Results for Development, Enhancing Public Sector Demand for and Scaling of Health innovation, we recognize that *“scaling pathways today tend to be far more complex than the ‘public vs. private’ distinction suggests, and that innovations are increasingly following ‘hybrid’ pathways in which both government and market actors will play a role in helping them achieve impact at scale.”*

Scaling Innovation: Public sector pathways

Aligned with IDIA, GCC defines public sector scaling as the *“range of pathways and roles through which governments play a leading role facilitating the expansion of an innovation’s impact in order to sustainably address a targeted need.”* Indicative pathways for scaling through the public sector include: (1) approval or accreditation; (2) purchasing, procurement and public-private partnerships; and (3) adoption and integration.

Given the immense challenges and complexities of scaling health innovations through the public sector, GCC embarked on a journey to explore how we can better support innovators on a public scaling pathway. In June 2021, GCC launched a Public Sector Demand and Scale Strategy with the objective of increasing the scale and sustainability of GCC-supported global health innovations by meeting the demand for ready-to-scale solutions articulated by the public sector in low- and middle-income countries. Our aim is to better understand public sector demand for, and engagement in, the innovation and scaling process, designing and testing a range of mechanisms to support the more efficient and effective scale-up of health innovations by public sector actors.

GCC is actively engaged in several experiments to determine how we can best address demand side challenges for scaling innovations in Sub-Saharan Africa. These include:

- 1. Mountain Model implementation in Kenya:** The Mountain Model is a six-step approach to support local governments to articulate demand, assess and select innovations to adopt, and engage with aligned innovators and funders. Developed by Results for Development and Insight Health Advisors, with funding from GCC, it is designed to be demand driven and implemented via a locally facilitated process. Launched in 2022 in Kajiado and Makueni county governments in Kenya, it has since attracted interest by other governments and is now also being implemented in Tanzania and Ethiopia with support from Global Financing Facility and The Bill & Melinda Gates Foundation.
- 2. East Africa Public Sector Scaling Action Lab (PSS Lab):** The PSS Lab comprising a group of eleven healthcare champions aims to synthesize learning and collaboratively experiment around approaches that advance the demand and scale-up of innovations within public health systems in Kenya and Ethiopia. It serves as an infrastructural backbone for Mountain Model implementation in Kenya, Tanzania and Ethiopia. The Lab also co-created Innovation Investment Cases (IICs) with Makueni and Kajiado county governments to support internal advocacy to unlock resources for procuring and scaling innovations.
- 3. Source country demand through multilateral organizations:** Based on initial successes from our oxygen portfolio early in the COVID-19 pandemic, GCC is supporting a process to systematize the match of country government demand with an aggregated supply of health innovations. We are leveraging the core capacities of multilateral organizations, including their convening power and effectiveness in developing global goods. This work began with a partnership with the World Health Organization (WHO) to surface country government demand. To date, the collaboration between GCC and WHO has focused on innovations in the oxygen, mental health, and primary health care sectors, which are priority areas for WHO.
- 4. Match country demand with proven scale ready innovations:** To support an efficient system of matching demand with supply of scale-ready health innovations, GCC is supporting a regional platform from the Million Lives Collective to curate locally relevant scale-ready innovations from multiple funders that can be matched to demand from governments (either directly or via proxies). This is based on previous collaboration between WHO, IDIA and Million Lives Collective to publish a list of Top 10 Primary Health Care Innovations in 2022.

Scaling Innovation: Private sector pathways

GCC has been intentional in how we support the scale-up of innovations via commercial or market-driven pathways from the start of the Transition to Scale program. Our fundamental aim is to provide innovators with catalytic capital, defined as “*investment capital that is patient, risk-tolerant, concessionary, and flexible in ways that differ from conventional investment.*” The use of catalytic capital is critical to enable impact-driven companies to crowd in additional investment while generating impact for the communities

they serve. We seek to support innovators to cross the valley of death and reach a stage of investment readiness or minimum commercial viability where they can either attract and deploy more traditional sources of investment capital, implement revenue generating business models and/or secure private sector debt financing to scale.

To date, GCC has tested several means of supporting commercial health innovations, including the creation of the Innovation Marketplace. At present, GCC is partnering with the Health Finance Coalition (HFC) to build a deal construction platform that provides tailored support to strengthen the investability of high impact health companies in Africa and then works to actively develop, structure and resource blended finance investments on their behalf. The support HFC provides spans a spectrum of activities, such as developing robust market entry and customer acquisition strategies, facilitating strategic partnership linkages, and assisting with key personnel recruitments. More importantly, the deal construction initiative includes a capital matching component designed to bridge the gap to scaling capital for supported ventures.

Scaling Innovation: Investing in Impact Funds

While our core focus is to support innovations directly, GCC has also invested in three impact funds that finance the scaling of global health innovations. In each case, GCC played an important catalytic role in crowding in investment capital, aiming to spur the development of the health innovation ecosystem and mobilize capital providers that may have otherwise not participated. The impact funds GCC has invested in are as follows:

1. **Global Health Investment Fund** – a \$108M USD equity fund that provided financing to advance late-stage development of drugs, vaccines, diagnostics and other interventions against diseases that disproportionately burden populations in low-and-middle income countries. GCC was anchor investor in 2012, providing a \$10M USD investment.
2. **Cross Border Impact Ventures** – a \$90M CAD equity fund that invests in early growth stage transformative health-tech companies that address the health needs of women, children and adolescents globally. The fund was incubated at GCC and spun-off as a legally independent firm in 2021 with a \$5M USD investment by GCC.
3. **Transform Health Fund** – a \$100M USD target blended finance debt and mezzanine fund that invests in the scale-up of high-impact health enterprises that improve access, affordability, resilience, and quality of healthcare in Africa. GCC invested \$5M USD in 2023 and was one of only a handful of investors in the catalytic layer upon first close (remaining investors in commercial layer).

Scaling Innovation: Humanitarian Innovation Adoption Strategy

GCC's Humanitarian Grand Challenge (HGC) program, launched in 2018, seeks to accelerate the adoption and scaling of innovations in conflict-affected countries. HGC aims to address some of the common barriers that prevent innovations from scaling in conflict-affected areas, including insufficient funding, the fragmented social innovation

ecosystem, and the global humanitarian system's overreliance on global north-based organizations.

In response, HGC developed the Innovation Adoption and Demand-creation Strategy in 2023 that incorporates three key elements:

1. Fostering a responsive and systemic collaboration with potential adoption partners.
2. Shifting HGC's focus beyond supplying a portfolio of innovations towards responding to demand, namely by helping aid agencies to adapt and remove the process, procurement and political barriers that prevent them from adopting and integrating innovative interventions.
3. Strengthening evidence of impact with the aim of persuading public and private sector entities of the value of integrating innovative approaches in humanitarian response.

III. How have GCC's goals and activities to mainstream scaling evolved over time?

Reflecting on more than a decade of supporting innovations to transition to scale, there are some notable lessons learned and milestones on GCC's scaling journey:

2013: Launching the Transition to Scale Program. At its inception, GCC exclusively funded innovations at seed stage, providing innovators with pilot grants \$100-\$250K to test new ideas and demonstrate proof of concept. GCC quickly recognized a critical funding gap between the pilot stage and where innovators could access capital to scale. In response, GCC launched its Transition to Scale program in 2013 to help bridge this financing gap and support innovators to validate their ideas and transition their innovations to scalable models.

2014: Increased commitment from the Government of Canada to support Transition to Scale. As GCC developed and launched its Transition to Scale Program, there was growing interest from the Government of Canada in scaling innovation. To further test and learn about scaling innovation, GCC and Global Affairs Canada partnered to form the Scaling Health Innovation Partnership, to fund a portfolio of 14 commercial health innovations over two years, with the goal of accelerating their path towards achieving sustainable impact at scale through a mix of financial and technical support. After two years of funding, the results were favourable, with nine of the 14 innovations showing substantial progress towards achieving scale and financial sustainability. For every \$1 invested by GCC, the innovations collectively leveraged an additional \$2.78 in funding from other donors, investors, and partners.

2018: Introducing a phased approach to Transition to Scale. As the Transition to Scale portfolio continued to grow, GCC observed a trend where many innovators that had demonstrated proof-of-concept faced a gap between the end of their seed funding and readiness for a full \$1M investment (the average size Transition to Scale investment at the time). In response, we introduced a phased funding approach, where each innovation's unique needs are assessed during the application process and categorized within one of four Transition to Scale phases. The phased approach allows us to tailor the amount of funding and technical assistance, based on each innovation's specific scaling gaps. For innovations to progress from one phase to the next, they must achieve a set of milestones and then return for review by the Investment Committee to unlock further funding (see Table 1).

2020: Raising the funding cap. GCC's Transition to Scale funding was initially capped at \$1M per innovation. As we implemented a phased approach, we recognized innovators' needs for more capital and time to move towards scalable impact. In response, GCC raised the ceiling from \$1M to \$3M (across multiple investments), enabling reinvestment in the most promising innovations.

2021: Launching the first ecosystem catalyst grant. A key observation from the Transition to Scale Program, echoed through feedback from Global Affairs Canada² and GCC's Program Advisory Council, was that GCC had an important role to play in catalyzing the broader ecosystem to scale innovations. We understand that systemic challenges faced by innovators cannot be addressed through individual grant awards or investments and instead require a collective approach that can develop ecosystem-level solutions. In response, GCC developed a new funding mechanism, ecosystem catalyst grants, through which we are able to support key stakeholders in an innovation ecosystem necessary for scaling innovation. Four ecosystem catalyst grants have been launched since 2021 – three in support of the Public-Sector Demand and Scale Strategy, and one in support of the Health Finance Coalition's "deal construction" platform.

2021: Launching the Public Sector Demand and Scale Strategy. GCC has increasingly become cognizant of the challenges and complexities of scaling health innovations through the public sector. Given the breadth of innovations in the Transition to Scale portfolio that depend on government procurement, accreditation/approval and/or adoption/uptake to some degree, our ability to support innovators on a public scaling pathway was even more imperative. In response, we launched the Public-Sector Demand and Scale Strategy with the objective of increasing the scale and sustainability of GCC-supported global health innovations by meeting the demand for ready-to-scale solutions articulated by the public sector in low-and-middle income countries. The strategy is described in more detail above.

² As a recommendation in an external evaluation commissioned by Global Affairs Canada, and through ongoing external monitoring on scaling outcomes.

IV. How are scale, sustainability and success measured?

Modelling the potential long-term impact of innovations

One of the most significant challenges in measuring the impact and scale of innovations is the length of time required for most innovations to reach their full potential. Some innovations may achieve impact at scale in the short term (within five years), while many achieve scale in the medium or longer term (10 to 15+ years). All of these timelines to impact at scale extend beyond the lifetimes of GCC's funding.

To address this challenge, GCC developed a bespoke approach to modelling the potential impact (lives improved through measurable improvements in health or wellbeing) resulting from the innovations it funds at Transition to Scale. The purpose of the impact models is to convey the value and importance of investing in innovation now, even if the full impact is not realized until down the road.

The impact models are developed using the best available evidence of impact, the innovator's scaling plans, and data on the addressable need in the target communities/country to arrive at an estimate of potential impact over the long term (out to 2030 to align with the Sustainable Development Goals). Progress against the modelled impact is tracked through actual results reported by innovators, and the models are periodically updated to reflect actual progress and pivots on the scaling journey. As an impact-first investor, GCC requires that both the impact models and actual results on impact are based on rigorous, scientific evidence. The impact models are designed to be conservative, taking into account the counterfactual and the likelihood of success for each innovation.

GCC first began developing models in 2015 and has made some adjustments to the methodology to reflect real-world results. The biggest learning that has surfaced since we began developing models is that it inevitably takes longer to reach scale than the innovators initially anticipate. Scaling innovations in low-and-middle income countries and conflict-affected countries is a lengthy process, and innovators must overcome many barriers on the path to scale and sustainability.

Impact models are developed for later-stage Transition to Scale innovations (i.e., innovations that are at the TTS3 or 4 phase, where they are mature enough to have robust evidence of impact and fully developed scaling plans). As of 2023, models have been developed for over 40% of the Transition to Scale portfolio. Collectively, these innovations have the potential to improve 64M lives by 2030, and by the end of 2023, GCC-funded innovations had already improved more than 21M lives.

Recognizing the many challenges with scaling innovations in low-and-middle income countries and conflict-affected countries, GCC expects that overall, 30% of innovations funded at Transition to Scale will be successful over the long-term and reach their full potential.

Assessing success at Transition to Scale

Success for innovations funded by GCC at the Transition to Scale stage means that they can sustain and increase their impact after GCC funding ends, as they work towards achieving transformative impact. GCC assesses innovation success based on the impact achieved during the funding period (people reached by the innovation, and the number of lives improved and/or saved), completion of milestones, and the amount of funding the innovation can secure for future growth. Innovation success is assessed at the end of the funding period, based on the targets that were established at the start of the funding and the completion of key scaling milestones established during the funding period.

GCC considers financial sustainability to be a key success factor for scaling impact. Since GCC funds a wide range of organizations, our expectations of financial sustainability and what sustainability looks like for each innovation will differ. In the case of for-profit entities, we assess standard financial metrics but do not expect Transition to Scale-supported companies to achieve breakeven during our funding period. For non-profits, we tend to look at a variety of different factors to assess their potential sustainability. These include plans and opportunities for income diversification or their own income generation, increased sophistication of strategic and financial planning, and sound grant and financial management systems and controls. All innovators are required to secure varying levels of matched funding from other partners, donors or investors based on their funding phase. The expectation of matched funding is a central element of the Transition to Scale program, ensuring innovators focus on effective fundraising and partnership building from the outset to support long term sustainability.

At the end of Transition to Scale funding, GCC assesses scaling status based on the amount of funding the innovation has raised, and the runway it provides them. Innovations that have raised enough funding to sustain or increase impact for approximately a year, are considered to be “continuing to transition to scale”; those that have not achieved that level of funding but are making progress towards it, are considered to be “promising”. We do not expect that innovations will be financially sustainable or scaling sustainably at the end of the Transition to Scale funding, but rather expect that they have made progress towards scaling impact, and that they will achieve scale in the future.

With the growing maturity of the Transition to Scale portfolio, GCC has been able to collect updates and information on longer-term scaling outcomes by following up with innovations who have completed their funding and assessing their scale and sustainability outcomes. This has enabled us to track and report more accurate and up-to-date information about impact and update the impact models to reflect actual scaling progress. While there are different definitions and interpretations of “scale”, GCC is primarily interested in the extent to which an innovation expands and increases its impact after the funding period, and we use this as the primary measure of longer-term success.

V. What have been the results of mainstream scaling efforts to date?

Scale & Sustainability Learning Initiative

In 2022, GCC carried out a Scale & Sustainability Learning Initiative with a primary objective of evaluating the scale and sustainability of innovations formerly supported through GCC's Transition to Scale investments³ over a period of 10 years. Secondary objectives included identifying enablers and barriers to scale and testing the assumptions in GCC's Theory of Change. The key findings from the learning initiative are summarized below:

a) **GCC-supported innovations continue to sustain and grow their impact in the years after GCC's funding.**

- At least 38% of innovations supported at Transition to Scale are sustaining or increasing their impact after GCC funding. GCC's impact modelling suggests we need 30% of Transition to Scale-supported innovations to be increasing their impact to reach our 2030 targets.
- At least 37% of innovations supported at Transition to Scale have achieved financial sustainability to sustain or grow their innovation in the years after GCC funding ended.

Example: Ubongo is a multimedia organization that has created multi-lingual edutainment and learning resources, developed specifically for children and caregivers in Sub-Saharan Africa. Content, which has been translated into nine languages to date, is created to reflect the context that viewers live in. With a goal of adapting content to more languages and contexts, Ubongo is determined to broadcast programming across Africa. Since receiving GCC support in 2018, over 1 million children across Tanzania, Rwanda, Nigeria, Kenya, Uganda and Ghana have benefitted from watching flagship Akili and Me programming by Ubongo.

Example: White Helmets is a Syrian-based organization made up of local volunteers that has gained global recognition for their humanitarian work during the Syrian crisis. In 2020, with GCC support, White Helmets responded to the COVID-19 pandemic by pivoting their uniform manufacturing unit to become the first PPE factory in Syria. The organization's 100% locally produced protective gear is helping to lower the risk for their fellow Syrians, humanitarian workers and medical personnel during the pandemic. The organization also hopes to expand their innovative production capacities even further in the future. To date, it has scaled to produce over 4M surgical masks and other forms of PPE, reaching over 4M Syrians whose lives will be better protected.

b) **Innovations with local leadership are more likely to sustain or increase impact post-GCC funding.** Over 80% of innovations that were sustaining or increasing

³ Innovations whose GCC funding has ended, and are no longer contractually obligated to GCC.

impact had a local founder and / or leadership, whereas only 66% of those with no impact had local leadership. By providing funding and organizational development opportunities for locally-based innovators, GCC fills a critical gap and removes a significant barrier to sustainable scale for innovators closest to the challenges.

c) Flexibility in GCC’s funding and support enables innovators to build a solid foundation capable of sustaining and scaling impact.

- GCC’s willingness to fund early-stage innovations and offer flexibility on the types of activities and milestones the funding is used for helps innovations progress towards scaling.
- GCC’s technical assistance helps innovators to build their capacity to sustain and scale impact, and to achieve key milestones and activities to lay the groundwork for further scaling. This includes capacity-building in business development, partnership development and engagement, and a range of other related topics.
- Smart partnerships are a key enabler to scale, as they bring additional financial, technical and strategic support. GCC’s flexible support enables innovators to invest time and energy in building trusting relationships, which is necessary for successful, long-term smart partnerships.

Results from the Public Sector Demand and Scale Strategy

As the Public Sector Demand and Scale Strategy reached the two-year mark in 2023, GCC reflected on the progress and learnings surfaced through implementation of the strategy:

a) Catalyse readiness of priority countries to demand and scale health innovations

In 2021, GCC launched its first Ecosystem Catalyst Grant to accelerate significant change or action in the public-sector ecosystem in Kenya with the goal of increasing the demand for health innovations to help them scale. This catalytic ecosystem work is being led by Insights Health Africa and Africa Health Business to test a six-step approach to design and institutionalize demand and scale of health innovations, called the ‘Mountain Model,’ in Makueni and Kajiado counties in Kenya. This two-year project got underway in early 2022, and by the end of 2023, the following outcomes were achieved:

- Both counties had clearly articulated their demand for innovations in four major health areas: health human resources management; health products and commodities management; maternal and newborn care services; and health financing.
- Three innovations were shortlisted by each county after a rigorous public call for innovations to address problem statements across the four major health areas previously articulated. Two GCC funded innovations made the shortlist (Sanivation and Health E-Net Limited).
- With support from the PSS Lab, both counties co-created Innovation Investment Cases (IICs) to promote transparent decision-making, wider cultural change and more significantly to secure internal support for resource allocation to adopt the innovations.

- As a result, both counties have now allocated a budget to adopt two of the six innovations and recently signed a Memorandum of Understanding to initiate product / service procurement.

Preliminary learnings are as follows:

- Feedback from stakeholders in Makueni and Kajiado counties lauded GCC's commitment to a true demand-driven approach (free of donor driven-interests), where local actors determine their most pressing health gaps that can be addressed by innovation. This approach has been highly valued for fostering locally driven development.
- The demand articulation approach, which involved frontline healthcare workers, community health workers, and civil servants, successfully bridged the gap between government priorities and population needs.
- Sourcing innovations aligned to counties' needs and priorities is essential; this includes giving preference to locally grown solutions and selecting the most promising innovations based on the counties' assessment of alignment and fit.
- Positive innovator engagement is based on the motivation to understand government inner workings with a view to developing a transparent process to demand and scale innovations.
- The process of co-creating the Innovation Investment Cases with PSS Lab champions enabled county stakeholders to learn from each other and explore how to deepen relationships with potential investors and partners.

Dr. Nelson Gitonga (CEO of Insights Health Africa) stated, *“From Insights Health Africa’s perspective and experience, GCC’s approach, unlike many other typical donor-funded projects, is indeed one of empowering and facilitating local actors and beneficiaries to decide their priorities and develop their own solutions, leveraging a mix of local and global know-how. This approach fosters locally owned and locally driven development.”*

Dr Joseph Kanyange (Makueni County Director, Health Products and Technologies) remarked, *“Before the Mountain Model, we had no clear process for handling all of the innovations being presented to us, and we were losing opportunities as a result”.*

Samson Saigilu (Kajiado County Director, Public Health and Sanitation) noted, *“We’ve always had health priorities, but struggled to connect these with appropriate innovations. Partners like Insight Health Advisors and Results 4 Development have been essential in helping us move forward in sourcing and selecting solutions, and we are now ready to address the challenges of financing their scale-up in stages 3 and 4 of the Mountain Model.”*

Since 2021, GCC has been supporting a Community of Practice called ‘Public Sector Scale Action Lab of East Africa’, which brings together local public-sector scaling intermediaries to synthesize learning and collaboratively experiment around approaches that advance the demand for and scale-up of innovations in East Africa. By the end of 2022, the Public Sector Scale Action Lab had successfully built a cohort of 11 champions

from Kenya, Zimbabwe, Tanzania, and Ethiopia. There was consensus among the champions to focus on Ethiopia and Kenya, and they collaboratively developed country action plans in response to existing government demand. In 2023, the Public Sector Scale Action Lab was instrumental in developing Innovation Investment Cases at the sub-national level in Kenya (for Makueni and Kajiado counties). These counties, which are also the focus for the Mountain Model experiment, present an opportunity to support their ability to attract resources to fund one or more of the innovations shortlisted.

b) Respond to country demand surfaced through multilateral organizations

GCC is leveraging the core capacities of multilateral organizations (e.g. the WHO, World Bank) as proxies for country government demand. GCC is aligning our innovation support activities to pilot adoption / scale of innovations in response to demand surfaced through the actions of multilateral organizations. This has led to collaborations in three sectors:

Medical Oxygen

- Based on a successful pilot in three facilities in Somalia, a GCC-supported social enterprise, SPO2 is looking to expand its oxygen solution and solar panel electrification system to 75 health facilities in Somalia with support from the WHO. In parallel, 1,800 primary healthcare clinics across three states in India will use solar power to electrify oxygen concentrators and entire facilities to provide critical primary healthcare services. The WHO's work in India is supported by Kalam Institute of Health Technology and the WHO Collaborating Centre on Health Innovation.
- Hewa Tele, a Kenyan-based innovator, has delivered six Pressure Swing Adsorption oxygen plants to the Ministry of Health in Somalia by November 2023, taking the total revenue from its six plants to approximately \$2.5M USD.

Mental Health

- A partnership is in place between the WHO Special Initiative for Mental Health and the GCC-funded Innovation Friendship Bench, with the aim of scaling the innovation more widely across Zimbabwe. This initiative will receive ~\$1.1M in funding from GCC to integrate the WHO Mental Health Gap Action Programme and Friendship Bench into routine primary care in Zimbabwe, in partnership with its Ministry of Health and Child Care.

Primary Health Care

- The WHO has prioritized 10 primary healthcare innovations for socializing with country offices through a similar process to that carried out for the oxygen sector. Seven of the 10 innovations are GCC-funded: (1) Praekelt Foundation: MomConnect Platform; (2) North Star Alliance East Africa Blue Box Clinics; (3) PharmAccess Group: SafeCare; (4) Healthy Entrepreneurs; (5) The Aga Khan University: Hayat (formerly Teeko+); (6) SUMMIT Institute of Development | Yayasan Institut Pengembangan Suara Mitra: Thrive-Generations (THRIVE-GEN); and (7) Muso Health. The WHO is also considering other innovations such as Jacaranda (Kenya), Unjani Clinics (South Africa), and Last Mile Health (Liberia).

VI. What does GCC perceive as the next steps on its scaling journey?

Following the completion of the Scale & Sustainability Learning Initiative, GCC identified several actions to further enhance scale and sustainability outcomes. These include:

1. Deepening tailored technical support to innovators with an expressed need.

GCC's technical support (i.e., community of practice platforms, monitoring and evaluation, external venture advisors) was lauded as a key enabler to scale by innovators who participated in the learning initiative. It is clear, however, from the barriers to scale identified both within and external to GCC's support that there is room for improvement in the coverage and type of venture advisory support that GCC provides. This is especially the case in areas such as fundraising, business development and demand generation. There is also an opportunity for GCC to shift its support in proximity to innovators' locations.

2. Develop and implement portfolio approach to managing high potential innovations no longer funded by GCC (former TTS-supported innovations)

A key opportunity emerging from the learning initiative is the potential to learn from previously funded innovations and leverage those insights to increase the proportion of TTS innovations that scale their impact beyond our funding. This will allow us to clarify short to medium term opportunities where GCC can amplify enablers and address barriers for innovations based on lessons from their scaling journeys.

At present, GCC has begun the process of developing our 2025-2030 strategic plan. Our goal remains to test, learn and iterate how best we can catalyze sustainable long-term impact at scale through our activities and investments.