

Implementing Grand Challenges Canada's Gender Strategy

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BOLD IDEAS WITH BIG IMPACT®

Implementing Grand Challenges Canada's Gender Strategy

A White Paper

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collaboration with **Grand Challenges Canada**

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DEFINITIONS AND TERMINOLOGY

Gender: While sex refers to biological traits, gender is a set of “socially constructed characteristics of women and men - such as norms, roles and relationships of and between groups of women and men.”¹

Gender Equality: Gender equality means that women and men, girls and boys, enjoy the same status in society, have the same entitlements to all human rights, enjoy the same level of respect in the community, can take advantage of the same opportunities to make choices about their lives, and have the same amount of power to shape the outcomes of these choices. Gender equality does not mean that women and men, or girls and boys, are the same. Women and men, girls and boys, have different but related needs and priorities, face different constraints, and enjoy different opportunities.

Gender Lens Investing: Integrates gender considerations into financial analysis to achieve better outcomes.²

Gender Norms: The different beliefs, standards or expectations prevalent in a given culture about how women and men, and girls and boys, should behave. Gender norms are passed from generation to generation through the process of socialization, change over time and differ in different cultures and populations.

Gendered Patterns: The day-to-day life, actions, and decisions we make that are shaped by our gender and social context and inform our economic behavior.

Gender Strategy: A systematic approach to addressing gender and promoting gender equality within the context of a given policy, project, or investment.

Intersectionality: The idea that a person’s experiences and opportunities can be influenced at multiple intersecting levels; gender, race, religion, or socioeconomic status, and other characteristics alone do not make up the entirety of one’s identity, and one must consider how these factors interact with one another.

¹ Gender, equity and human rights. World Health Organization (2017).

² The State of the Field of Gender Lens Investing. Criterion Institute (2016).

OVERVIEW

Grand Challenges Canada is dedicated to supporting *Bold Ideas with Big Impact*.[®] Supporting gender equality and the rights of women and girls is an important goal in and of itself, and working towards gender equality will support better outcomes for all. At its core, Grand Challenges Canada aims to **address disparity**, and, as such, it is critical to understand how innovations can have differential impacts on men and women, boys and girls, and how race, age, sex, religion, disability, caste, sexual orientation, and ethnicity play into the success or failure of a given intervention. **Grand Challenges Canada believes that the consideration of gender will: 1) increase the effectiveness of its work, and 2) strengthen the achievement of lasting development results.**

Grand Challenges Canada shares the Government of Canada's commitment to gender equality outcomes as articulated in the **Feminist International Assistance Policy**. As part of our vision of **saving and improving lives**, Grand Challenges Canada has been focusing on integrating gender considerations into our all aspects of work. A core element of this work has been a focus on integrating a gender lens into our investment approach. While gender strategies are common within international development organizations, they are relatively new in fund management and impact investing. The work of Grand Challenges Canada stands at the intersection of these spaces.

Grand Challenges Canada is committed to integrating gender considerations across its full investment process, from outreach and application documents, to due diligence, to post-deal execution activities (including support needed to move investees/innovators forward in their gender strategies), and monitoring and evaluation activities. This white paper is intended to provide innovators, impact investors, policy makers and other funders with an overview of how this process of integration has taken place and how Grand Challenges Canada's gender strategy has been implemented in its programs and processes.

1.0 A BRIEF HISTORY OF GRAND CHALLENGES CANADA AND GENDER

Grand Challenges Canada was established in 2010 and was the primary delivery vehicle for the Development Innovation Fund – Health (DIF). With its consortium partners at the International Development Research Centre (IDRC) and Canadian Institutes for Health Research (CIHR), Canada became the first country to implement the Grand Challenges approach pioneered by the Bill & Melinda Gates Foundation to international development as part of its Official Development Assistance envelope.

Grand Challenges Canada's vision is **Bold Ideas with Big Impact**® and its mission is saving and improving lives in low- and middle-income countries and Indigenous communities through **Integrated Innovation**®. Although its first programs only made use of grants to support innovative solutions, in 2013 Grand Challenges Canada launched its Transition To Scale program to provide follow-on funding to its most promising innovations using both grant and non-grant investments (for example, term loans and convertible debt).

Grand Challenges Canada's work with Global Affairs Canada on a program called the Strategic Health Innovation Partnership (SHIP) catalyzed Grand Challenges Canada to make explicit its, to that point, implicit commitments to ensuring that funded innovations uphold/promote Global Affairs Canada's three cross-cutting themes of gender equality, environmental sustainability, and governance and human rights. As part of this enhanced focus on gender (and the other cross-cutting themes) Grand Challenges Canada has worked with **Beth Woroniuk**, an expert in gender and development, and **Joy Anderson** of the Criterion Institute, an expert in gender lens investing, to shape the design of the processes and goals of Grand Challenges Canada's investment programs with respect to gender equality.

When Grand Challenges Canada's funding agreement with Global Affairs Canada was expanded to fund Reproductive, Maternal, Newborn and Child Health innovation for ten years starting in 2015, Grand Challenges Canada integrated a gender equality coding system into its programs that assesses a potential investee's attention to gender equality outcomes in their work.

As part of an evaluation process in 2016, Grand Challenges Canada found that 80 percent of its most promising innovations would have no or limited contributions to gender equality. In response to this finding, it became clear that Grand Challenges Canada needed to be more explicit with partners and innovators to ensure that gender considerations are a core part of the development and implementation of all innovation projects and all Grand Challenges Canada programs. This deepened commitment is also in line with the policy priorities of the current government in Canada which has a strong commitment to gender equality as articulated in its **Feminist International Assistance Policy**.

As a result, since June 2016, all potential Transition To Scale innovations presented to Grand Challenges Canada's Investment Committee for funding consideration have been coded to indicate the innovator's commitment to gender equality. Further, Grand Challenges Canada has developed standardized requirements for innovators to create gender equality strategies and is taking an active role in working with and supporting innovators to do better with regard to gender equality. Grand Challenges Canada has also built relationships with private foundations, funders, and other partners committed to gender equality and will continue to take a leadership role within the field of gender lens investing going forward.

The Grand Challenges Canada gender equality strategy is not a discrete strategy or process but a frame of reference applied in every aspect of its work. This White Paper illustrates how Grand Challenges Canada's policy-level commitment to gender equality has translated into a day-to-day practice that permeates its programs and culture.

2.0 FRAMING GENDER EQUALITY

Before entering the more detailed discussion on the implementation of Grand Challenges Canada's gender equality strategy it is helpful first to take a closer look at what we mean by gender and gender equality. **Gender** refers to the "social, behavioral, and cultural" attributes associated with being a woman or a man, in contrast to **sex** which is a biological trait. Gender equality focuses on addressing the power differences that exist as a result of socially constructed gender norms.³ The United Nations has made gender equality the fifth goal of the **Sustainable Development Goals** (SDGs): "*Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous, and sustainable world.*"⁴

Pursuing gender equality outcomes at Grand Challenges Canada means supporting women and girls in the full realization of their human rights, advancing women's equal participation with men as decision-makers, and reducing inequalities in access to and control over the resources and benefits of development.⁵ There are three primary drivers of Grand Challenges Canada's commitment to gender equality:

1. Improved Health Outcomes
2. Improved Performance
3. Improved Equity: "It's the right thing to do"

2.1 IMPROVED HEALTH OUTCOMES: THE PUBLIC HEALTH CASE

A first driver of Grand Challenges Canada's commitment to gender equality is to improve the health outcomes of the innovations that they support. As innovators striving to create *Big Impact* and investors looking to support these innovators, it is crucial to understand the differences between women and men, and girls and boys in how innovations are

³ World Development Report: Gender Equality and Development. World Bank (2012).

⁴ Gender equality and women's empowerment. United Nations (2015).

⁵ Gender Analysis Brief. Grand Challenges Canada (2015).

accessed and used in order to achieve the best results for all. The World Bank writes that gender results lead to broader development through productivity gains and that improving women's status, both absolute and relative, leads to improved development and health outcomes for themselves and for their children, both boys and girls.⁶ Women represent half of the world's population, but also half of its potential; it is critically important to support and enable women to drive better development outcomes. In summary, gender equality is a "prerequisite for the health and development of families and societies, and a driver of economic growth."^{7 8}

Further, making a conscious decision to understand and address gender inequalities can also help reduce the **unintended negative consequences of an innovation**, which can include unintentionally widening the gaps in access to healthcare services or resources between men and women and between boys and girls.

2.2 IMPROVED PERFORMANCE: THE BUSINESS CASE FOR GENDER EQUALITY

A second driver of Grand Challenges Canada's commitment to gender equality is to improve the performance of the innovations that they support. A conscious focus on gender during the development of a product and/or service can have a beneficial impact on its uptake and long-term success. In particular, understanding the opportunity for business model innovation that comes from the equal consideration of men and women throughout the delivery process can provide key competitive advantages for organizations. Understanding the gender dynamics of an innovation within the broader ecosystem in which it aims to operate can help an innovation to maximize its impact and scale in a given market or context.

As a further indicator of the potential impact of gender on performance, recent studies have found that gender equality within a company's organizational structure has proven benefits on performance. For example, Fortune 500 companies with more women on their boards of directors outperform those with fewer by approximately 53 percent, based on return on equity.⁹

2.3 IMPROVED EQUITY: "IT'S JUST THE RIGHT THING TO DO"

A final driver of Grand Challenges Canada's commitment to gender equality is that it improves social equity or, put differently, that it is the 'right thing to do'. The Government of Canada renewed its commitment to gender equality on International Women's Day in 2017 with its **Feminist International Assistance Policy**¹⁰, and the announcement that it will invest \$650 million in sexual and reproductive health and rights internationally over the next three years.¹¹ More broadly, as outlined earlier in this paper the Sustainable Development Goals, which set global targets for 2030, highlight the need to empower

⁶ World Development Report: Gender Equality and Development. World Bank (2012).

⁷ Gender Equality: Why it matters. United Nations (2016).

⁸ Gender equality and women's rights in the post-2015 Agenda. OECD (2013).

⁹ Canada announces support for sexual and reproductive health and rights. Global Affairs Canada (2017).

¹⁰ Canada's Feminist International Assistance Policy. Global Affairs Canada (2017).

¹¹ Canada announces support for sexual and reproductive health and rights. Global Affairs Canada (2017).

women and girls and achieve gender equality. Gender equality seeks to ensure fairness in the acquisition of resources, services, and opportunities regardless of one's gender.

With a clear understanding of both gender and gender equality it is then possible to undertake a **gender analysis** to better understand the impact of gender on an innovation, organization or market.

3.0 What is a Gender Analysis?

In the context of Grand Challenges Canada's work, a gender analysis is a rigorous approach that looks at how and why gender norms, relations, inequalities, roles, and expectations are relevant in the context of any innovation (product or service), organization, or market/ecosystem. The analysis involves documenting patterns in how gender and its relationship with other factors like race, ethnicity, age, and disability, play out in a specific context. It also focus on how these factors might affect a project or innovation and, in particular, how they can lead to differential impacts for women and girls, and for men and boys, as well as the achievement of outcomes overall. Gender patterns also influence the ability of an innovation to scale.

A gender analysis can be conducted on a product or service, an organization or company and/or the ecosystem or market in which the innovation will be scaled:

- **An innovation (product or service):** this type of analysis focuses on understanding who will use and subsequently benefit from the product or service and the barriers that women, in particular, could face in benefitting from the innovation. Gender patterns can also impact the effectiveness of the innovation as it scales. As part of an analysis of this kind, innovators should consult men and women, and boys and girls to ensure that innovations are reaching them and to understand any barriers preventing equal access.
- **An organization or company:** this type of analysis looks at the gender balance of staff and leadership in a company or organization, as well as remuneration and the presence of human resources policies that support women. This kind of analysis should focus on understanding the patterns of production, supply, and distribution and how they can impact on gender equality.
- **The ecosystem or market where the innovation will be implemented:** this third type of analysis focuses on gender biases in different market segments or customer groups; for example, differential abilities to pay for a product or service, differential access to the product or service, or gendered patterns in how governments allocate resources. A gender analysis of this kind should consist of an evaluation of both existing and potential markets. When scaling, this involves asking whether the scaling plan is realistic within the ecosystem or market and recognizing potential gender barriers like social norms, biases within funding systems, and policies and regulations that can impact the success of an innovation.

Gender analysis is helpful for Grand Challenges Canada in its review of an innovation, but it also matters in understanding the potential of that innovation – in the context of an organization/company and a broader market – to successfully go to scale.

3.1 WHAT ARE GENDER EQUALITY OUTCOMES?

Gender equality outcomes are measurable changes that **explicitly** demonstrate a reduction in gender inequality, or an improvement towards gender equality. Outcomes can be qualitative or quantitative in nature, so long as they are explicitly stated. Regardless of its focus, it cannot be assumed that a project will have positive gender impacts ('of course women will benefit'). Rather impacts must be clearly articulated and measured. As well, gender equality outcomes cannot just be results that "involve" women or girls or target women or girls. There has to be a narrowing of inequalities or a strengthening of rights. Ideally, these outcomes should be longer term and transformative, for example, a project should not just provide capital to women entrepreneurs without also attempting to address broader structural disparities and constraints around women's leadership that lead to decreased access to capital in the first place.

In more concrete terms, a gender equality outcome is one that shows that, as a result of the innovation, women and girls:

- **Benefit from the innovation** (for example, see their health improved)
- **See improved access to and control over resources** (for example, increased access to economic resources and social support)

An initiative that simply has women and girls as the major participants or beneficiaries cannot be relied on to produce a gender equality outcome (for example, an initiative that targets pregnant women may not, in and of itself, improve gender equality). For instance, many programs suggest that mobile health solutions will lead to improvements in knowledge, attitudes and practices amongst women in pregnancy. However, without knowledge of if or how women, in a particular context, have access to and control over the use of a mobile phone, the impacts of the innovation on gender equality cannot be verified.

Knowing that gender equality outcomes might not always be achieved in one grant or loan cycle, Grand Challenges Canada is also interested in outputs that lay the foundation for outcomes in the future. For example, Grand Challenges Canada has worked with innovators to build out more inclusive employee stock ownership plan structures to incent key persons in the organization and has directly challenged unequal salary structures in funded organizations and companies. Further, while organizations and companies diversifying their boards are not considered gender equality outcomes in isolation, such a change can eventually lead an organization to support gender equality outcomes more broadly.

3.2 WHAT IS A GENDER EQUALITY STRATEGY?

A gender equality strategy outlines the gender equality outcomes that an organization or innovation aims to achieve and how these will be implemented, monitored and evaluated. It should set out the concrete steps that will be taken to identify and address gender equality issues. These steps could include:

- **Consultations with prospective clients** (male/female focus groups, for example),
- **New monitoring systems** (including collection and analysis of sex-disaggregated data),
- **Training for staff,**
- **Hiring technical support,** and
- **Consultations with gender-focused or women-led non-governmental organizations or businesses** working in the area, among others.

For an investor, other steps might include making specific targeted investments to help support specific gender equality outcomes, as well as adjustments and/or additions to due diligence considerations to support or enhance these outcomes.

A gender strategy can be a stand-alone document, but ideally it should also be incorporated directly into a business plan or a monitoring and evaluation plan. To be effective, it needs to connect to and reinforce the goals and logic of the organization. Grand Challenges Canada has developed a suite of Modules (found at: www.grandchallenges.ca/gender) to support innovators to develop and implement their own gender equality strategies.

Gender analysis informs each step of Grand Challenges Canada's investment process, from the design of an investment process, to the development of investment pipeline, to evaluation of investments and deal structuring. Each of these steps will be discussed in more detail in subsequent sections of this paper.

4.0 INCORPORATING A GENDER LENS INTO FUNDING PROCESSES

This section of the white paper outlines how a gender analysis can be incorporated into investment and funding **considerations for innovations at different stages of development** (that is, Seed and Transition To Scale), and discusses how these considerations can be incorporated into an **investment thesis**.

Grand Challenges Canada funds innovations at two primary stages of development, as follows:

1. **Seed** – Smaller grants to test and validate an innovation, with the ultimate goal of presenting sufficient and credible evidence to substantiate that it has

- demonstrated improved health outcome(s) and/or the reduction of significant barrier(s) to health and demand for the solution in a controlled or limited setting; and
2. **Transition To Scale** – Larger grants and/or non-grant funding (for example, loans and convertible debt) to scale innovations, either through commercial models (i.e., financial self-sustainability) or public health models (i.e., long-term sustainability through government and/or non-profit institution funding).

The incorporation of gender considerations into both funding processes has been a priority for Grand Challenges Canada, as outlined below.

4.1 GENDER AND SEED INVESTMENTS

Grand Challenges Canada believes that innovators who recognize the importance and impact of gender from the outset of their projects tend to deliver better health outcomes and have more likelihood of generating positive gender equality outcomes. Given the size of Grand Challenges Canada's seed awards (\$100-250K CAD over 12-24 months depending on the program) and the volume of grants provided, it can be challenging for Grand Challenges Canada's team to invest significant time and resources on every project funded. Because of this limitation, Grand Challenges Canada uses its application process to ensure that potential innovators are aware of the importance of gender equality outcomes and gender considerations, and to understand whether these considerations have been taken into account in the proposed project.

Grand Challenges Canada's proposal process requires that innovators consider gender and other contextual dynamics from the outset of their work. As an example, in its *Stars in Reproductive, Maternal, Newborn and Child Health* Request For Proposals (RFP) issued in 2016, the problem statement focuses on gender and gender impacts. The RFP also requests that applicants propose innovations that address a combination of social factors including gender, race, class or other structural inequalities that may affect access to the innovation. Further, the RFP asks about engagement of beneficiaries in the design of the innovation and in how they approach transitioning proven innovations to scale. Each of these elements helps to ensure that potential innovators take gender and gender equality into consideration in the design and implementation of their work.

Grand Challenges Canada does not screen innovations in or out of a review process based on a specific intent to improve gender equality outcomes through the innovation. That being said, however, they do offer guidance and tools on their website for innovators to better understand and enhance their gender equality outcomes.

Each proposal being considered at the seed phase is scored using Grand Challenges Canada's gender coding rubric (described in more detail in **Section 6.4**) and, if funded, will be evaluated (as part of the overall portfolio) for improvement in gender scores over the life of the portfolio. Grand Challenges Canada recognizes that not every project will improve its gender score over the course of its implementation, but the intention is that the aggregate gender score of the portfolio should improve over time. Throughout the seed application process, Grand Challenges Canada signals the importance of gender

equality outcomes and the importance of attending to gender and important gender considerations in the processes of developing and scaling health innovations.

4.2 GENDER AND TRANSITION-TO-SCALE

The goal of the Transition To Scale program is to catalyze the scale and sustainability of innovations with proven health (or other) impacts. Transition To Scale is the primary channel through which Grand Challenges Canada achieves outcomes and it is the common pathway through which seed investments transition to scale. At Transition To Scale, Grand Challenges Canada can currently invest up to \$1 million CAD per innovation in projects that are 1.5 to 3 years in duration through an array of grant and non-grant funding options, utilizing the most appropriate form of capital for the sustainable health of the organization or innovation. As part of the Transition To Scale process, innovators are required to mobilize funds to match Grand Challenges Canada's funding from other smart partners.

Grand Challenges Canada can provide grants, flexible debt, equity, inclusive of revenue-based loans, and other forms of funding often blending or stacking its capital to support the overall aims of an organization. It can take an observer seat on an organization's board to monitor governance, but overall does not have the same level of active participation as would be found with a venture capital or private equity investor. The requirement that innovators who receive Transition To Scale funding have matching funding from other sources provides another opportunity to both invite new partners to participate in the project who bring commitment and knowledge in gender equality, and to influence other funding partners.

The ways in which the Transition To Scale process is applied and the structure of investments that are made can themselves have gender impacts. As a result, when Grand Challenges Canada assesses an innovation it focuses not only on the gender impacts of the innovation but also on the assumptions that shape its own investment process. In particular, when Grand Challenges Canada assesses projects it tests the following assumptions

1. **Does the investment shift who has access to capital?** For example:
 - a. Women are more likely to launch a business that focuses on a new process or business model innovation, rather than a new product¹². These types of enterprises are less likely to be found in formal enterprise accelerators as the latter tend to focus more heavily on product rather than service innovations. Recognizing this challenge, Grand Challenges Canada shapes their pipeline development process to ensure that they access deals from a wide range of sources.
 - b. Innovations that take a more holistic approach to their design process and organization, including gender considerations, may be better able to achieve equitable health outcomes. Again, recognizing this opportunity, Grand Challenges Canada works to ensure that these kinds of innovations have the opportunity to apply for funding.

¹² Women-owned businesses in the 21st century. U.S. Department of Commerce (2010).

2. **Does the investment introduce new data or eliminate an existing bias in analysis?** Throughout the Transition To Scale process, investments are evaluated based on an analysis of risk and return over time. Given the potential impact of gender on outcomes, Grand Challenges Canada recognizes that it is important to use data and patterns about gender to assess how a company is assessed and valued rather than simply counting how many women and girls are served. For example, if a company has not effectively assessed or captured the impact of their distribution process on female and male customers, this may lead to increased gender inequality and, potentially, to a reduced ability to capture opportunity and achieve scale.
3. **Does the investment shift power dynamics in the structure of the investments?** As a rule of thumb, where there are gender disparities in a company or organization, there is a danger that these disparities will be reinforced or strengthened through investment terms and documentation. These structures, in turn, provide signals to other partners in the investment about the importance of gender equality and can have an eventual effect on the outcomes of the investment. As a result, it is not just the information and data collected in due diligence that matters, but also who is included in these conversations, and whose expertise is trusted. These assumptions can carry through several rounds of funding and constrain the innovator's ability to negotiate the terms they need to scale the organization effectively.¹³ For example, women founders tend to have less access to equity capital. That means that as they negotiate for funding, investors may view the investment as less valuable, as it hasn't been "proven" as investable.

Similar to its approach to seed investments, Grand Challenges Canada uses its Transition To Scale application documents to signal the importance of gender considerations to potential innovators, and assess their baseline capacity on gender. Grand Challenges Canada recognizes the importance of ensuring that gender appears in its RFPs and any investment invitation materials, and is continually working to enhance its messages about gender analysis and gender outcomes in its application documents to ensure the clarity of the applications it receives. Given the larger funding amount at Transition To Scale (as compared to seed grants), longer duration of funding, and higher engagement with innovators through the investment process, Grand Challenges Canada also has the opportunity to guide and influence innovators and their organizations in the development and implementation of their gender strategies.

Each innovation that is brought forward to the Investment Committee and Board of Directors for funding consideration is scored using Grand Challenges Canada's gender equality coding system (discussed in more detail in **Section 6.4**). The assigned code captures the degree to which gender considerations have been included in innovation design, plans for transition to scale, monitoring & evaluation, and in the outcomes that an organization aims to achieve through the innovation.

¹³ This framework is drawn from Criterion Institute's TOOLKIT training program. www.criterioninstitute/toolkit.

Once funding is approved and negotiations are underway, Grand Challenges Canada's team **works with innovators to develop a value-add plan to enhance gender outcomes** that may include support from a gender equality advisor and/or project-specific milestones that will help the organization improve its gender equality outcomes, and thus score. All innovations are required to conduct a gender analysis and develop a gender equality strategy as an early milestone in their funding agreements.

4.3 GENDER AND INVESTMENT/FUNDING DESIGN AND STRATEGY

Great care is taken in the design of a “grand challenge” to develop a theory of change, or a conceptual model of how and why a desired change will happen in a given context. As outlined above, Grand Challenges Canada is in an unusual position to provide both grants for early stage innovation (seed) and follow-on grants or capital (Transition To Scale) to the same innovation. One of the core assumptions of the Transition To Scale program is that, as the early stage innovations are tested, they should be thinking about their path to eventually transition to scale. This can create a challenge—the most promising innovations in terms of impact are not necessarily in organizations or structures that are ready to scale. This tension can create an incentive for organizations or companies to focus more on their path to scale and less on considerations like gender. For example, in the development of mobile technology, gendered patterns of usage within families can have significant differential impacts that are critical to understand in order to maximize impact and reduce gender inequality. Grand Challenges Canada is aware of this tension and focuses on assessing both readiness to scale and potential impact in its application and due diligence processes.

4.4 GENDER AND INVESTMENT THESES

An investment thesis is a statement or set of statements that outlines how and why an organization will make investments in a market or industry. In short, the investment thesis helps an organization like Grand Challenges Canada to decide which investments to make and how to support and enable investments to maximize their impact. An example of a simple investment thesis might be that climate change will increase the value of renewable energy companies. This investment thesis would suggest that companies that produce clean energy are a profitable long-term investment.

An investment thesis can also help to shape investment at the portfolio level. For example, Grand Challenges Canada might choose to invest in some higher risk projects in order to help to build a more successful portfolio of projects over the longer term. Because of its commitment to gender equality, gender plays a significant role in the investment theses that Grand Challenges Canada develops and follows. The types of questions that the Grand Challenges Canada team asks in this regard include:

1. How do gender considerations shape the future of this industry and/or market?
2. How would a gender lens help determine which company operating now is likely to capture the value in an industry or market in the future?
3. How would investing on the basis of this thesis contribute to significant gender equality outcomes and/or enhance the achievement of other outcomes?

The following is an example of the Grand Challenges Canada team's industry analysis and investment thesis for Menstrual Hygiene Management (MHM):

The future of the market. *Within the feminine hygiene sector, there is an unmet market need for the distribution and sale of menstrual health products to consumers in low- and middle-income countries. Meeting this basic need is more complex than the simple sale of products because market conditions for reaching these consumers are severely lacking or do not exist, particularly in rural and peri-urban regions.*

While still limited compared to other markets, significant investments are now being made in the design of appropriate products, the sustainable manufacturing capacity and the equitable distribution of products. In addition, significant work has been invested in the complex cultural processes necessary to shift attitudes, including education for consumers about the use of the product and, in many countries, policy and regulatory changes to ease restrictions on the development of products. These efforts are continuing and are becoming more coordinated.

How to capture that value by investing today: *The challenge of investing in this market is at this point is in the timing of the investments. Many of the companies working in this field are market formation companies that are laying the groundwork with their current activities to achieve scale in the future. To capture value in this kind of market, investors will need to structure the terms of their agreements in a way that can capture this longer term payoff (sometimes called a 'long tail'). In addition, as market structures are still fragmented, the investor will need to carefully evaluate the relative formation of and investments in the ecosystem.*

How to create gender equality outcomes and enhance the achievement of other outcomes: *Menstrual Health Management sits at the intersection of many different issue areas: WaSH (Water, Sanitation, and Hygiene), education and economic empowerment, among others. Increasingly, Menstrual Health Management is being integrated into programs within foundations, non-governmental organizations, bilateral organizations, and donor agencies. These intersections increase the visibility of Menstrual Health Management, but innovators in the field have argued that the dignity of women and girls should remain the instrumental goal of Menstrual Health Management innovations.*

As menstrual hygiene is not always understood or accepted, innovators are required to challenge gendered beliefs about the systems or markets in which they work. It matters to investors/funders whether Menstrual Health Management is framed as a Water, Sanitation, and Hygiene issue or an education issue, or as an issue of women's right to dignity. As an investor in an early stage market, shaping how gender equality considerations are incorporated into the process of market formation overall could increase the impact of the individual innovations that follow.

In summary, an investment thesis allows an organization like Grand Challenges Canada to keep the bigger picture in mind by focusing on the impact of a market as a whole, and not on the growth trajectory of a single innovation or organization. By starting from a clear investment thesis, an organization like Grand Challenges Canada can think strategically about how issues like gender impact not only on individual investments, but also more broadly on deal flow and the pipeline of innovations.

5.0 GENDER AND DEAL FLOW

Because of Grand Challenges Canada's clear commitment to gender equality, it is focused on attracting and funding innovators that are seeking to create gender equality outcomes and that have a diversity of approaches to innovation, and a diversity of leadership and structure. Although it can take time to identify and engage innovators who meet these criteria, Grand Challenges Canada has been intentional about prioritizing these investments and building its network of partners to include those that are aligned with its gender equality strategy. This section takes a deeper look at how Grand Challenges Canada has worked to build a pipeline of women-led companies and organizations and gender-focused partners.

5.1 BUILDING A PIPELINE OF WOMEN-LED ORGANIZATIONS AND COMPANIES

Diverse leadership in organizations and companies, both in executive roles and on boards of directors is critical for building gender equality. Within Grand Challenges Canada's gender equality coding system, women's leadership is not articulated as a separate gender equality outcome, but rather it is assumed that diverse leadership strengthens the likelihood that gender equality outcomes will be achieved.

According to the International Finance Corporation (IFC), women launching and expanding small- and medium-sized enterprise ventures around the world have an estimated collective credit gap of \$320 billion.¹⁴ **This inequality continues despite significant evidence of the effectiveness of women's leadership in social ventures.**¹⁵ While female entrepreneurs launching social ventures experience somewhat better access than those dubbed to be in the "mainstream" commercial sphere, they are still far from parity.

The existence of this gap, despite superior performance, is partly due to bias; experimental studies show that investors are 60 percent more likely to invest in pitches delivered by men than by women, even when the content of the pitches are identical.¹⁶ This is partially due to a lack of access to entrepreneurial support programs for women, or access to programs that do not fully recognize gender patterns in their design.

¹⁴ [SME Finance New Findings, Trends and G20 GPFIs Progress](#). GPFIs and IFC (2013).

¹⁵ [Advancing Women Social Entrepreneurs: Strengths and Challenges](#). Skoll Foundation (2016).

¹⁶ [The Rise of Gender Capitalism](#). Stanford Social Innovation Review (2014).

For example, Village Capital, who designed a peer mentoring and peer selection approach to finding and funding businesses, found that while only 15 percent of the participating companies had female co-founders, these companies represented 40 percent of the investment winners. They also tracked data from 500 alumni and over 1,000 applicants over five years. At the application stage, female founders outperformed their male counterparts in business and impact metrics by generating at least 20 percent more earned revenue, and they created more jobs through their ventures.¹⁷

Because of these limitations, Grand Challenges Canada is intentional about identifying potential innovator organizations and companies that are led by women and/or that have diverse leadership structures.

5.2 STRATEGIC PARTNERSHIPS

Grand Challenges Canada is strategic and intentional about engaging with organizations that take gender considerations seriously. Going forward, Grand Challenges Canada intends to collaborate with philanthropists that are committed to gender equality outcomes, as well as gender lens funders and foundations. The following section outlines some of the key gender considerations that will be assessed to help build the pipeline of trusted gender-focused partners.

Grand Challenges Canada is looking to find partners who are aligned with both gender equality outcomes and broader health outcomes. It will take time and effort, however, for innovators and partners who may think in somewhat different ways, who may have a different starting place or strategy, or who may be pursuing aligned but somewhat differently framed goals, to fully align their gender outcomes.

For example, in the Menstrual Hygiene Management sector, funders named a range of outcomes that were important to them, from health to Water, Sanitation and Hygiene, to girls' access to education, to economic empowerment, to the right to dignity for women and girls and many others. Although there can be strength in supporting organizations and companies with a diversity of goals, the metrics for each goal may not line up or be compatible. Grand Challenges Canada aims to work with other funders to align on gender outcomes and the metrics to measure these outcomes.

Because of its role as a funder, the priority that Grand Challenges Canada places on gender can provide an important signal to other funders and investors about the importance of considering issues of gender and gender equality outcomes in their investment decisions. This market shaping influence can play a significant role in building an ecosystem that supports innovators who are seeking equitable health outcomes. The priority that Grand Challenges Canada places on gender is particularly apparent in its approach to the evaluation of applications and deals, as discussed in the following section.

¹⁷ [Village Capital: Closing the Entrepreneurial Gender Gap](#). Impact Alpha (2015).

6.0 GENDER AND THE EVALUATION OF DEALS/APPLICANTS

As part of its commitment to gender equality, Grand Challenges Canada has examined how it frames gender in its application and due diligence processes. As a result, there has been a shift in Grand Challenges Canada's application process so that there is a stronger focus on gender throughout the application process and it is a part of the analysis of the innovation, rather than a stand-alone section. There is also an increased focus on how gender informs both the impact of the innovation and the process by which the enterprise will scale. This section discusses how the evaluation of an innovation can be shaped to reflect gender considerations, with specific focus on **application materials** and **more detailed due diligence**.

6.1 APPLICATION MATERIALS

The following sub-sections outline the kinds of questions that Grand Challenges Canada is considering implementing to further enhance the gender considerations in its application processes. Recognizing that there is a learning curve for many innovators around gender analysis and gender equality more generally, Grand Challenges Canada has built a suite of Modules to guide innovators as they undertake a gender analysis and develop their own gender equality strategies including the definition of gender terminology that may be unfamiliar to them.

INNOVATION

Grand Challenges Canada funding applications ask the innovator to describe their innovation and how it works, make the case that it can scale, and consider who their innovation serves and how to address unequal access to the product or service across age, culture, gender, geography, religion, caste, or socioeconomic status. Additional questions that could be asked to explore gender impacts might include:

- What is the process and analysis that led them to the innovation and what shaped their assumptions that the innovation can scale?
- How and to what extent was gender a factor in this analysis?
- Were a range of experiences and identities considered in the design?

GLOBAL HEALTH CHALLENGE

Grand Challenges Canada funding applications ask the innovator to discuss the scope and magnitude of the problem they are addressing and a twenty year vision of success if the innovation achieves all that it is capable of. Additional questions that could be asked to explore gender impacts might include:

- How do health determinants, particularly gender, impact on the problem that you are addressing?
- How are gender equality outcomes a component of your twenty year vision of success?

SEED

Grand Challenges Canada funding applications ask the innovator to provide credible evidence to show that their innovative idea has demonstrated improved health outcomes and/or the reduction of significant barrier(s) to health and demand for the solution in a controlled or limited setting, as well as to describe the results to date. Additional questions that could be asked to explore gender impacts might include:

- How have you incorporated gender into your analysis of the potential impact of your innovation?
- Could gender analysis and sex-disaggregated data help to inform the baseline evidence presented in the proposal?

FUNDING

Grand Challenges Canada funding applications ask the innovator to provide the amount of funding requested and describe the use of Grand Challenges Canada funds, as well as list previous, existing, and potential funders for the innovation. An additional question that could be asked to explore gender impacts might include:

- Are you working with funding partners who bring a gender lens to your work?
- To what extent will funds be used to identify and mitigate gender-related risks and achieve gender equality outcomes?

SUSTAINABILITY

Grand Challenges Canada funding applications also ask the innovator to describe their sustainability plan, including a commercial model or integration into public services as the innovation scales. Additional questions that could be asked to explore gender impacts might include:

- What potential impacts would gender considerations have on scaling for your innovation?
- Are there patterns in terms of how gender affects your company or organization's growth?
- What are the simple metrics that could start to shape insights about where gender patterns will affect the growth of the organization?

LEADERSHIP

Finally, Grand Challenges Canada funding applications ask that the innovator list the gender of all members of the project team in addition to their qualifications, and their experience and commitment to the project. They also ask that the innovator outline the governance structure for the team and identify gaps that need to be filled for successful scaling.

6.2 DUE DILIGENCE

Grand Challenges Canada uses a due diligence process to gain a deeper knowledge of an organization or company's ability to deliver on its objectives and outcomes. Because of their nature (building from traditional investment practices), due diligence processes often struggle with questions of power, trust and communication.

The Grand Challenges Canada team has worked to deepen its awareness of these gendered dynamics in order to gain a better understanding of the role that gender plays in the organizations they are reviewing. For example, as a part of its formal Transition To Scale annual portfolio review, Grand Challenges Canada analyses the number of female-led enterprises it funds, working to understand whether there are common differences between female-led and male-led enterprises (for example, service-delivery innovation vs. product innovation), and whether Grand Challenges Canada’s due diligence process is appropriately designed to analyze these different types of innovations. Regular informal analysis also takes place on a more frequent basis so that Grand Challenges Canada may continue to deepen its knowledge of the gender dynamics (both risks and opportunities) within the organizations it evaluates for funding.

Grand Challenges Canada has learned that care must be taken to mitigate power differentials in the due diligence process that might unduly influence investment decisions. There are several considerations that can also help to reveal gender patterns that are important in the due diligence process. For example, **norms** are the differential standards or expectations our culture ingrains in us about how women and men should behave. Many innovations assume or require that cultural norms will shift as a result of their efforts. For example, although maternal health practices may have empirically better health outcomes there may not be a market for these practices if they challenge cultural norms around motherhood within a particular context.

As a second example, **gender biases** in many contexts lead to differential access or power, generally in favour of men. For example, a female entrepreneur with a family may be undervalued as the investor may translate biases about how her family will impact on her commitment to the enterprise into a reduced valuation, compared to a male entrepreneur with the same family situation. Conversely, shifting patterns of women’s purchasing power may be overlooked and, as a result, the potential market of a company geared toward selling to male heads of household can be overvalued.

Annex 1 outlines a number of standard due diligence questions that Grand Challenges Canada has developed along with additional questions that explore gender considerations.

6.3 APPLICATION OF DUE DILIGENCE IN TWO GLOBAL MENTAL HEALTH DEALS

Grand Challenges Canada, in collaboration with gender development and gender lens investing experts, worked through a series of examples from its portfolio in order to better understand the questions that should be asked/considered when applying a gender lens to due diligence. The following are two examples from this exercise.

Enterprise 1: A Mental Health Information Mobile Platform

A gender analysis would include exploring the following issues (context-dependent):



- Differences in how men and women experience mental health issues: differences in clinical treatment or family support.
- Differences in health-seeking behavior: gender inequalities, norms and stereotypes influence who seeks healthcare, and when.
- Differences in mental healthcare systems' responses to men and women: for example, women are more likely to be prescribed with anti-depressants than men.
- Socio-economic impacts of mental illness: as women undertake the majority of unpaid care work, by extension they also tend to shoulder the 'care' burden of family members with mental illnesses. As well, women with mental illness are more likely to be abandoned by their families than are men due to social stigma.
- Links to gender-based violence: how the online platform will respond to these issues; for example, does it recognize the phrase, "I was raped"?
- Gender differences in the audience/clients in the transition from free service to paying service: a clear breakdown of gender dimensions of willingness and ability to pay is important; for example, whether there are specialized services that women or men would be more or less likely to pay for.
- Capacity of partners: capacity of institutional partners to understand and address gender equality issues.
- Gendered patterns in access to technology: due to cost factors, control of family resources, literacy/numeracy requirements.

Enterprise 2: A Supportive Housing Program

A gender analysis in this context would include answering the following questions/outlining the following issues (for the specific contexts within which the enterprise is working):

- How mental illness, related homelessness (life on the street), institutionalization and re-entry into society (and other key points in the sequence) differ for women and men (and women/men of different ages, classes, etc.). It would also look at whether or not the 'treatment' options for women and men differ (or should differ), given these differences and inequalities. Finally, it could also identify any specific issues that arise from considering differences/inequalities between women and men: potential for physical/sexual abuse in care facilities, social norms and expectations, implications for relations with family members (including children), etc.
- Is there an argument for facilities segregated by sex? Could children be accommodated in order to keep families together?
- What are the gender dynamics that influence the ability to scale? The long-term impact of the innovation comes from an understanding of how a government would support this work over a significant period of time.
 - Are there gendered patterns in budgeting with respect to government health expenditures? How might these affect the likelihood of sustained

funding?

- What are the gendered cost differentials in delivery of treatment? This would break down by gender but also by other key intersectional factors such as ethnicity and religion.
- Disaggregation of all data by sex should be a basic commitment for a monitoring and evaluation plan. This would include not just the participants but also the staff and contractors.

6.4 GRAND CHALLENGES CANADA'S GENDER EQUALITY CODING SYSTEM

During its due diligence process, Grand Challenges Canada applies a gender equality coding system to each project that they consider. The purpose of this coding system is threefold, to understand:

1. Whether/how gender considerations have been incorporated into an applicant's operations,
2. Opportunities/risks associated with this approach to gender; and, most importantly,
3. How the Grand Challenges Canada team can **work with the innovator to improve** how they incorporate gender considerations into their operations.

The ultimate goal of the coding system is to determine how Grand Challenges Canada can work with our innovators to help them to shift their scores over time. Their intention is that very few if any of investments end at a 0 score.

As part of Grand Challenges Canada's due diligence process (described earlier), each innovator is assigned a gender score based on their answers to specific gender-related questions. Once an innovator has been funded, Grand Challenges Canada will work with them to improve their baseline gender equality score. To this end, Grand Challenges Canada is working to build out a support platform including:

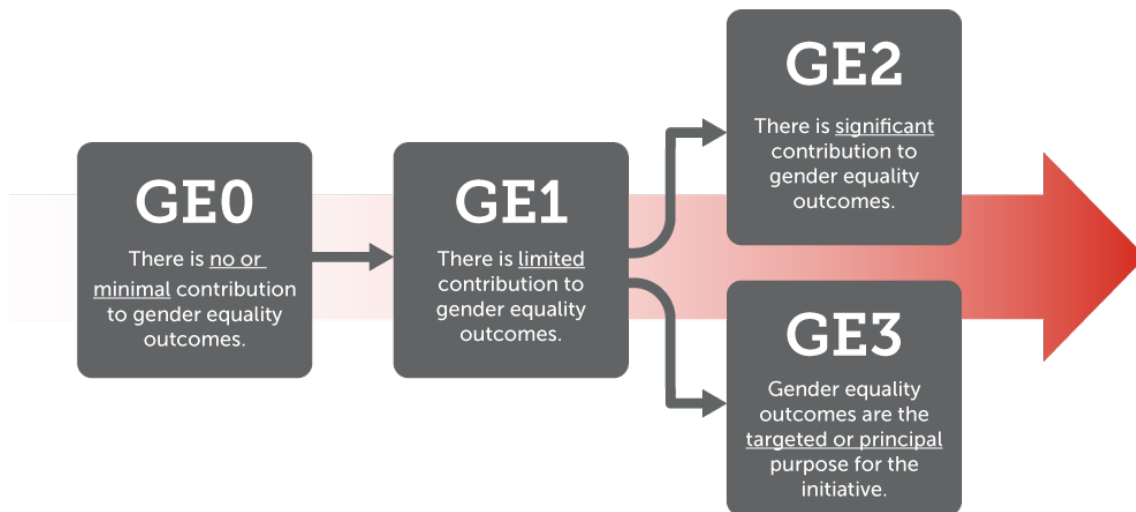
- Access to targeted gender resources and expertise, and
- A suite of online internal capacity building tools and activities.

These resources are intended to support innovators as they work to improve their gender equality scores over the life of their projects.

The gender equality coding process is not intended to be a screen but rather a tool to support the overall development of a portfolio that achieves a high level of gender equality and impact. Grand Challenges Canada recognizes that it may be difficult for innovators to fully capture the impact of their projects on gender equality due to constraints of time and resources. Often, what emerges in the due diligence process is the need for an innovator to do more gender analysis or to build a gender equality strategy. Grand Challenges Canada can work with innovators to build these

considerations into the structure of an investment and to support them through post-deal execution.

Grand Challenges Canada uses a clear and transparent scoring system to determine gender equality scores, based on the information that innovators have submitted, outlined below.



Grand Challenges Canada’s Gender Equality Coding System

GE0 – There is no or minimal contribution to gender equality outcomes.

- No evidence that the relationship between gender and other socio-economic factors in the context in question have been evaluated and considered in:
 - the design of the innovation
 - the introduction of the innovation, its implementation or the innovation’s transition to scale
 - the research design, monitoring and evaluation
- As a result of the innovation, no details are provided on **which** women or girls might:
 - benefit from the innovation
 - see their health improved and/or;
 - see improved access to and control over resources

GE1 – There is limited contribution to gender equality outcomes.

Minimum conditions for this rating:

- Sex-disaggregated data used and reported on.
- Some evidence that the relationship between gender and other socio-economic factors in the context in question have been evaluated and considered in:
 - the design of the innovation



- the introduction of the innovation, its implementation or the innovation’s transition to scale
- the research design, monitoring and evaluation
- As a result of the innovation, limited details provided on **which** women or girls might:
 - benefit from the innovation
 - see their health improved and/or;
 - see improved access to and control over resources

N.B., Having women and/or girls as the primary target group is insufficient to gain this rating.

GE2 – There is significant contribution to gender equality outcomes.

Minimum conditions for this rating (**all** must be met):

- A secondary objective of the project is to narrow gender inequalities **or** support the empowerment of women or girls.
- Sex-disaggregated data used and reported on.
- Evidence that the relationship between gender and other socio-economic factors in the context in question have been evaluated and applied in:
 - the design of the innovation
 - the introduction of the innovation, its implementation or the innovation’s transition to scale
 - the research design, monitoring and evaluation
- Target beneficiaries have been involved in the design, implementation and/or transition to scale of the innovation
- Explicit mention of outcomes that measure which women or girls might:
 - benefit from the innovation
 - see their health improved and/or;
 - see improved access to and control over resources
- Presented indicators are gender-sensitive, enabling innovators to tracked and reported on the expected outcomes, including gender equality outcomes, of the project

GE3 – Gender equality outcomes are the targeted or principal purpose for undertaking the initiative

Minimum conditions for this rating (**all** must be met):

- The primary objective of the project is to narrow gender inequalities **or** support the empowerment of women or girls.
- Sex-disaggregated data used and reported on.
- Evidence that the relationship between gender and other socio-economic factors in the context in question have been evaluated and applied in:
 - the design of the innovation
 - the introduction of the innovation, its implementation or the innovation’s transition to scale
 - the research design, monitoring and evaluation
- Target beneficiaries have been involved in the design, implementation and/or transition to scale of the innovation
- Explicit mention of outcomes that measure which women or girls might:
 - benefit from the innovation
 - see their health improved and/or;
 - see improved access to and control over resources
- Presented indicators are gender-sensitive, enabling innovators to tracked and reported on the expected gender equality outcomes

It is expected that relatively few projects will meet the GE2 rating, demonstrating significant contribution to gender equality outcomes, and even fewer will rate a GE3, where the goal of the project is to narrow gender inequalities or empower women and girls. It is important to note that GE2 and GE3 are equally beneficial. They reflect two different ways Grand Challenges Canada can invest in gender equality outcomes. In general, Grand Challenges Canada anticipates that the majority of their supported innovations will receive a code of GE1.

7.0 DEAL STRUCTURING AND POST-DEAL EXECUTION

As alluded to in the previous section, most of the enterprises in Grand Challenges Canada's pipeline are not directly focused on gender equality, nor have they paid particular attention to gender dynamics within their operations. Although this is not ideal, it also means that there is room for improvement and an opportunity to show leadership in enabling this improvement. This final section of the white paper outlines how Grand Challenges Canada influences the organizations and companies that it funds to enhance their gender impacts, particularly through the **milestones and work plan** attached to their funding. This process provides a structured way for the innovator to continue to deepen their understanding of gender dynamics and create strategies within their organization to respond to both risks and opportunities those dynamics present. Attention is also given to the ongoing **monitoring and evaluation** process during post-deal execution, and how Grand Challenges Canada is working to incorporate gender considerations into its processes, and into the processes of investees and other funding recipients.

Grand Challenges Canada supports innovators through its Venture Advisor program (external expert consultants funded by Grand Challenges Canada to achieve innovator aims – many of whom have gender equality expertise), which provides a flexible way for innovators to tap the expertise they need to grow. Grand Challenges Canada will use this program to help innovators to shift their gender equality scores, allowing improvement over time. This could include accessing experts in gender equality to support their strategy. Mentoring programs have been shown to be a successful strategy to increase the support for women entrepreneurs. Oxfam's Not Strictly Business¹⁸ report, for example, provides an overview of the impact of various mentoring approaches on innovators.

In addition to the Venture Advisor program, Grand Challenges Canada has implemented a set of online tools for innovators (and the general public) to help build their knowledge of gender equality and ability to undertake gender analysis. Concurrently, Grand Challenges Canada continues to work on building internal capacity, so that team members are better-equipped to invest with a gender lens.

7.1 DESIGN AND INCORPORATION OF A GENDER STRATEGY INTO AN INVESTEE'S WORK PLAN

Many innovators and their organizations do not have a clear gender strategy at the outset of their projects. Their relationship with Grand Challenges Canada, however, can enable them to develop a gender strategy and can offer some support to undertake a deeper gender analysis of their innovation. An intentional focus on gender considerations as an investor may also provide some innovators, particularly women, with the opportunity to direct resources toward this as a priority within their organization or company. Grand Challenges Canada has found that designing and incorporating a

¹⁸ Not Strictly Business: Improving Women's Entrepreneurship Through Soft-Skills Training and Engagement of Men. Oxfam (2016).

gender strategy into an investee's work plan can be an effective process to advance the overall gender equality goals of an innovation, while strengthening the enterprise as a whole.

Grand Challenges Canada's coding scheme can be a useful framework to guide the goals of a gender strategy. For example, a gender strategy would be a necessary component of the analysis necessary to move an enterprise from no or limited contribution to more significant contribution toward gender equality. The goal of the strategy would not be to shift the organization or company's goals so that gender equality outcomes are the primary purpose of the innovation. Rather, across all four scoring categories, a gender strategy should contribute to strengthening the approach to scaling as the organization learns to navigate growth in their particular context.

There is considerable literature on what companies or organizations need to do if they wish to incorporate gender perspectives and results into their activities. However, there is no single recipe and each organization has to do their own analysis and figure out what makes sense for them, given their mandate, resources, structure and areas of work.

7.2 MONITORING AND EVALUATION

Grand Challenges Canada monitors and evaluates its outcomes at three levels:

1. **Internal** - Monitoring and evaluation that an innovator does on their own
2. **External** - Grand Challenges Canada's evaluation of the funded organization's efforts
3. **Portfolio** - Evaluation of Grand Challenges Canada's portfolio and organization

At each of these levels, outcomes are measured against an organizational Logic Model and Performance Measurement Framework that includes specific metrics and indicators on gender equality. As Grand Challenges Canada has a significant amount of influence in how monitoring and evaluation at a project level is carried out under the Transition To Scale program, Grand Challenges Canada can ensure during the negotiation and the early stages of an award that all monitoring and evaluation (M&E) undertaken by an organization is gender-sensitive. At minimum, Grand Challenges Canada requires all projects supported to collect and report on sex-disaggregated data to determine gender-related trends.

In the active management of investments made by Grand Challenges Canada, deal leads work with innovators to support them to build sustainable, impactful innovations. On the M&E front, this includes providing suggestions and oversight on attention to gender considerations in their work, as well as suggesting where additional attention might be given. To support innovators, Grand Challenges Canada has built, and continues to build, capacity internally to support innovators' needs and, where possible and relevant, has the ability to provide expert consultant support to innovators.

Grand Challenges Canada provides quarterly, semi-annual and annual reviews (each of differing degrees of detail) to its stakeholders including funders, partners, and others in the 'innovation ecosystem'. During these reporting cycles, Grand Challenges Canada reports on the most recent outputs and outcomes of its gender equality strategy, lessons learned, and next steps to continue to implement and improve its strategy and resulting outcomes.

Grand Challenges Canada has recently updated both the Logic Model and Performance Management Framework to ensure that indicators of outcomes and changes to gender coding scores for specific innovations are captured. Grand Challenges Canada continues to build internal capacity and leverage external gender experts to support innovators and their organizations to incorporate gender considerations throughout their activities. Grand Challenges Canada also aims to contribute to the field of gender lens investing by sharing its learnings from the activities outlined in this document and how they may have contributed (or not) to investees' success in achieving enhanced outcomes by incorporating a gender lens.

8.0 CONCLUSION

This white paper has attempted to lay out how Grand Challenges Canada has incorporated gender into its overall approach to investing. In summary, the core elements of this approach are:

1. A strong focus on and clear communication about the importance of gender equality outcomes for innovators and for programs as a whole.
2. The incorporation of gender considerations throughout the investment process, rather than relegating it only to metrics and outcomes.
3. A conscious focus on building a strong pipeline of women-led innovators and gender-focused partners.
4. Continuous improvement of and focus on gender analysis within due diligence process both in terms of the impact of the innovations being assessed and on their potential to scale.
5. Investments in a comprehensive post-deal support process to enable innovators to improve their gender equality score and enhance their gender equality outcomes.

ANNEX 1: GENDER CONSIDERATIONS IN DUE DILIGENCE PROCESSES

	Standard questions in due diligence	Questions that explore gender considerations
COMPETITIVE LANDSCAPES	<p>Who are the key competitors? Is the market for the company's product or service well formed?</p> <p>Who is moving into this space and how well do they know the market?</p> <p>What is the company's competitive edge?</p>	<p>A gender analysis of the enterprise's competitive edge.</p> <p>The stage of the market and whether men and women are participating in the market equally.</p>
CAPITAL STRUCTURES	<p>Who are the other investors? Are incentives aligned (for founders, employees, key partners, other investors)? Do key stakeholders have ownership? What is the debt to equity ratio? Is the company raising the necessary capital to fund future growth?</p>	<p>Women have a higher likelihood to attract debt over equity. Have biases in the capital markets shaped whether the company has the right financing?</p> <p>The gender make-up and the knowledge and commitment to gender issues of investors and key partners</p>
ORGANIZATIONAL STRUCTURES	<p>Does the structure facilitate investment in the relevant geography? Does the organizational structure support the goals of the enterprise? What does the organizational chart look like?</p> <p>What is the structure and strength of the board of directors?</p>	<p>Diversity in the executive team, governance structure and official and unofficial advisors.</p>
EXIT SCENARIOS	<p>What are most likely exit scenarios for investors? Are the founders aligned with the investors around exit opportunity and timing? Who is leading thinking about exits?</p>	<p>Distribution of ownership between men and women in the enterprise.</p>



INTELLECTUAL PROPERTY (IP)	Is there protectable IP in products, systems, service models? Are there patents or patent applications? Are trademarks of value? What is to stop competitors from taking the company's core ideas?	Whose intangible assets are seen as valuable? Are technological innovations privileged over process and relationships, or “traditional knowledge”? For example, fewer than 8 percent of patents list women as the primary inventor. ¹⁹
FINANCIALS AND PROJECTIONS	Is the balance sheet, profit and loss, cash flow statement complete and up to date? What is the best use for the cash on the company's balance sheet? What is the current cash flow and its seasonality? What are the models for revenue and costs?	Understand the gender patterns in how much risk is being proposed, the confidence in the projections and various scenarios and how that translates into request for investment. For example, men typically start their business with higher loans / startup cash of approximately \$30,000, where women on average start with \$8,000. ²⁰
LEGAL	How strong are the contracts with key suppliers, partners, staff, and other stakeholders? What legal risks should investors know about? Is the company facing any pending litigation or disputes that could lead to litigation?	Clear policies around sexual harassment or other forms of exploitation or discrimination, i.e., iterating a zero-tolerance policy around sexual harassment/ exploitation and putting in place a strong accountability system to respond to complaints. Awareness of legal environment related to gender in low- and middle-income countries where they operate.
OPERATIONAL FUNDAMENTALS	Does the company understand costs, revenues, billing, logistics, operational activities that run the business? Is technology handled appropriately, securely, efficiently? Are supplier relationships solid? Does the company have the right resources to run the operations?	The gender patterns within the supply chain and risks or opportunities that might result. Equitable remuneration for male and female staff/intermediaries.

¹⁹ [There's a Huge Gender Gap Among Inventors](#). Fortune (2016).

²⁰ [The Confidence Gap And Women Entrepreneurs](#). Forbes (2013).



QUALITY OF TEAM	Looking from founders, management, staff and board to key contractors and service firms, does the company have what it needs right now? How is the company culture supporting success? Can the company attract and retain talent?	Biases ingrained in assumptions about the leadership organization. Gender often plays a role in the perceptions of what makes a “strong leader.” Patterns of gendered behavior within the company culture or in the organization structure. This could affect ability of the organization to build a diverse team.
REGULATORY ENVIRONMENTS	Do you see where regulation is coming and are you ahead of your competition? Are the regulations in this industry changing soon? Do you have all the required regulatory and other government licenses, permits, and consents?	Potential shifts in the legal structures that constrain or support women’s active participation in the economy. How activism and pressure from actors seeking social change could advance or impede regulatory changes.
SALES AND MARKETING	What are plans for customer acquisition and retention? What are the marketing and sales ratios in this industry and sector and for this business model? Do you have the resources needed to understand, to reach, and to sell into your market?	Distribution methods differently reach men and women, boys and girls. The face of the sales and marketing team. Who is selling and whether male or female customers would trust them differently. Equitable remuneration for male and female members of marketing team. The product challenges assumptions about a particular norm/set of norms. What time will be required to shift norms so that the product will have uptake?
VALIDITY OF IDEAS	What does the product or service do that is of value? Have you proven that you can make, sell, deliver, charge for your product or services in the current market? Where is the market for this type of product or service headed? What still needs to be proven about market demand or supply?	Seeing gender patterns in what is happening in industry, the market and in the particular customer base.

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