

The logo for the 2X Challenge Financing for Women. The number '2X' is stylized with horizontal stripes in blue, green, yellow, and red. To its right, the word 'CHALLENGE' is written in large, orange, sans-serif capital letters. Below 'CHALLENGE', the words 'FINANCING FOR WOMEN' are written in smaller, black, sans-serif capital letters.

2X CHALLENGE FINANCING FOR WOMEN

Two new investors join the 2X Challenge initiative

Both pledge to foster women's economic empowerment and promote gender equality

Washington – October 22nd, 2019 – Two new investors have joined the “2X Challenge: Financing for Women” initiative, a commitment to mobilize USD3 billion in capital for global women’s economic empowerment. The Swiss Investment Fund for Emerging Markets (SIFEM) is joining the 2X Challenge Group and the European Investment Bank (EIB) is committing to endorse the 2X Challenge criteria.

The 2X Challenge was launched in June 2018 during the G7 Summit in Canada as a major new commitment to unlock resources that will help advance women in emerging markets as entrepreneurs, as business leaders, as employees and as consumers of products and services that enhance their economic participation. Development finance institutions (DFIs) from the G7 countries – FinDev Canada, CDC, OPIC, CDP, Proparco, JBIC, JICA, and DEG – have since been backing investments and initiatives that provide women in developing countries with access to leadership opportunities, quality employment, finance and enterprise support. In May of 2019, the group welcomed four new members to the challenge: the DFIs of the Netherlands (FMO), Sweden (Swedfund), Finland (Finnfund) and Denmark (IFU).

“To accelerate development and reduce poverty, we must tackle the obstacles that limit women’s potential. Gender equality is a core European value and central to the European Union’s external policies”, said Andrew McDowell, Vice-President at EIB, “As the bank of the European Union, we are honoured to be the first multilateral development bank to endorse the 2X Challenge. By joining forces with 13 G7 development finance institutions we are committing to a common effort to advance women’s economic empowerment and gender equality through our investments. The 2X Challenge is a fantastic initiative, and we strongly encourage others to join it.”

The partnership was officialized during a signing ceremony taking place in Washington during the World Bank Annual Meetings. SIFEM and the EIB both pledged to increase the number of gender-smart investments they make and to encourage existing investee businesses to advance gender equality.

“We are proud to join the 2X Challenge and we are looking forward to working with the other participants to foster women’s economic empowerment. We believe the 2X Challenge initiative is beneficial not only for women, but also for the whole of society. Supporting women strengthens economic prosperity and improves livelihoods”, said Jörg Frieden, Chairman of the Board of SIFEM.

In addition, EIB investments meeting the 2X criteria will come on top of the overall G7 2X mobilization target of USD3 billion.

“To have a Multilateral Development Bank (MDB) endorsing the 2X criteria and applying it to its portfolio is a major step for the 2X Challenge,” said Anne-Marie Lévesque, Chair of the 2X Challenge Working Group and Gender Lead at FinDev Canada. “We look forward to working with EIB and SIFEM to accelerate capital flows towards gender lens investing worldwide”.

To qualify under the 2X Challenge, investments need to meet one of the following criteria:

- **Entrepreneurship:** 51% of the business is owned by women, or the business was founded by a woman.
- **Leadership:** 20-30% of senior leadership positions are occupied by women, or 30% of the Board or Investee Committee are women.
- **Employment:** 30-50% share of women in the workforce (depending on sector), and one quality indicator beyond compliance.
- **Consumption:** Products or services that specifically or disproportionately benefit women.
- **Investment through financial intermediaries:** 30% of the DFI loan proceeds or portfolio companies meet the 2X Challenge criteria.

The case for investing in women:

- **Growth opportunity:** Studies have repeatedly demonstrated that women are key drivers to achieving economic prosperity and global stability. In its 2015 report, “The Power of Parity: How advancing women’s equality can add \$12 trillion to global growth”, the McKinsey Institute forecasted a GDP growth opportunity of \$700 billion for Sub-Saharan Africa and \$2,600 billion for Latin America by 2025 if the gender gap is bridged.
- **Credit gap:** Women SME’s worldwide face between \$260 billion and \$320 billion shortfall in access to credit, representing a significant opportunity for investors to bridge this financing gap.
- **Women as leaders:** Research regularly demonstrates that an increase in women across senior management, executive, and board level generates an increase in business performance.
- **Women as consumers:** In 2018 alone, women globally were estimated to control around \$40 trillion in consumer spending.

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