SUSTAINABLE AND INCLUSIVE: HOW ARE FINANCIAL INSTITUTIONS CLOSING GENDER GAPS IN GREEN FINANCE?

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Nithyasri Sharma, Women’s World Banking
Climate change has a disproportionate effect on developing economies

By 2050...

4.7 Billion
affected by climate change

11-14% decrease in global GDP, with the most significant impact felt in South and Southeast Asia

1.2 billion
could be displaced globally due to climate stressors

Source: 
1. Institute for Economics and Peace (2021) 
2. Guo et al, SwissRe (2021) 
Low-income women and women-led MSMEs are economically vulnerable to the effects of climate change

**Overrepresentation in low-income communities** – of the 1.3 billion living in poverty, 70% are women

**Overrepresentation in vulnerable sectors** – women represent 60% of agriculture sector and make up the majority of informal sector workers

**Limited decision-making power** – Gendered roles within the household exclude women from making decisions to benefit herself and her family

**On the “frontlines” of environmental challenges** – women are responsible for essential household labors which require more effort or become more dangerous with the effects of climate change

**Increased vulnerability when displaced due to climate change** - the majority (80%) of those displaced by climate-related disasters are women and girls

MSMEs are the engines of growth, contributing to 90% of businesses, 50% of employment and 40% of GDP\(^1\).

Women-owned MSMEs face a credit gap of USD $1.7TR, largely because they lack access to skills, technology, and collateral / credit history needed to secure financing and grow their businesses.

1Source: Small and Medium Enterprise (SME) Finance, World Bank
...and need financial solutions to help them adapt to the economic impact of climate change

**PAYMENTS AND REMITTANCES** – broad access to digital payments (including G2P transfers) and remittances ensure that low-income women have access to funds to both prepare for disaster risk relief prior to and during climate crises as well as support disaster risk recovery after climate crises take place.

**CREDIT** – access to flexible credit products can help low-income women, particularly small business owners, increase investments in new, clean technologies to develop climate resilient goods and help mitigate and adapt to the economic impacts of climate change.

**SAVINGS** – savings can provide low-income women with a designated safety net to help adapt to the economic impacts of climate change and support disaster risk recovery after catastrophic events. Furthermore, formal savings may provide more security than saving in livestock or other informal means commonly used in some regions.

**INSURANCE** – access to insurance can provide economic security in emergencies and help low-income women mitigate against climate-related threats.
Inclusion of women’s voices is critical to transitioning to a more gender inclusive and climate resilient economy

- **Female representation in national parliaments** leads to adoption of more stringent climate policies, resulting in lower emissions.¹

- **Women-led MSMEs have a critical role in developing climate resilient products** and engage directly with their local communities to support adaptation to climate change.²

- **Women’s access to resources increases productivity** - expanding equal access to resources for women smallholder farmers can increase farm yields by nearly 20-30%, reducing food insecurity for nearly 100 to 150 million people.³

- **Advocate** for gender-inclusive policies and equal economic participation of women and girls

- **Collect** gender-disaggregated data to understand the unique impacts on women and girls

- **Design** solutions with women in mind, understanding their unique barriers and challenges

- **Invest** in women-led actions and solutions that create positive change

Source: ¹Mavisakalyan and Tarverdi (2019), ²Terpstra and Ofstedahl (2013), ³UN Women (2022)
About Women’s World Banking

Our Mission
Expand the economic assets, participation, and power of low-income women and their households by helping them access financial services, knowledge and markets.

Our Vision
One day all women will be able to build a secure and prosperous financial future for themselves and their households.

40+ Years of Experience
Founded at the UN Conference on Women in 1975, Women’s World Banking has been dedicated to ensure access to financial products and services for low-income women in the developing world.
How Women’s World Banking Drives Systemic Change

**Increase activation and engagement for women**

Developing effective and commercially viable solutions to increase access and engagement

**Build gender-diverse institutions**

Strengthen capacity and build gender-diverse institutions through leadership and diversity (training) programs and Women’s World Banking Asset Management (WAM).

**Influence governments to promote women’s financial inclusion**

Influence governments in priority markets to invest in women leaders and implement policies and initiatives that promote women’s financial inclusion

**Build the evidence base**

Build the evidence base to articulate how women are economically empowered when they choose to access and are able to use financial services that meet their needs.
2X Criteria: defining what good looks like

The 2X Criteria have quickly become the global standard for gender lens investing.

A broad range of investors and investee companies is adopting the 2X criteria.

The criteria and metrics are aligned with the GIIN’s IRIS+ (final) and HIPSO (in process).

### 2X Criteria

Fulfilling **one** criteria makes an investment 2X eligible:

<table>
<thead>
<tr>
<th>Direct Criteria</th>
<th>Criteria</th>
<th>Threshold</th>
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<tbody>
<tr>
<td>1. Entrepreneurship</td>
<td>1A. Share of women ownership 51% OR 1B. Business founded by a woman Yes/No</td>
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<td>2. Leadership</td>
<td>2A. Share of women in senior management 20-30% OR 2B. Share of women on the Board or IC 30%</td>
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<tr>
<td>3. Employment</td>
<td>3A. Share of women in the workforce 30-50% AND 3B. One “quality” indicator beyond compliance Yes/No</td>
<td></td>
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<td>4. Consumption</td>
<td>4. Product or service specifically or disproportionately benefit women Yes/No</td>
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<tr>
<td>5. Investments through Financial Intermediaries</td>
<td>On-Lending facilities: Percent of the DFI loan proceeds supporting businesses that meet direct criteria 30% OR Funds: Percent of portfolio companies that meet the direct criteria 30%</td>
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### Sector-Specific Thresholds

<table>
<thead>
<tr>
<th>Category</th>
<th>Sector</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
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<td>3.A Women in the Workforce*</td>
<td>Infrastructure, Power, Telecom</td>
<td>30%</td>
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<td></td>
<td>Financial Services, Manufacturing</td>
<td>45%</td>
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<td>Professional Services</td>
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<td>Healthcare, Education, Consumer Services, Manufacturing  ~30%</td>
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*Room for judgement: Investors in unique sectors or geographies may require case-by-case consideration.
Launched at the UN Generation Equality Forum 2021

A Global Industry Body for Gender Lens Investing convening the entire spectrum of capital providers & mobilizers

Key Benefits:

- Structured network with membership open to the spectrum of capital providers and mobilizers
- Unique platform for deal pipeline, peer-learning, shared tools
- One-Stop-Shop for Gender Lens Investing
Launched at COP26: Gender & Climate Finance Toolkit

Available here: www.2xcollaborative.org/toolkit

More case studies: www.2xchallenge.org/stories
ABOUT CANTILAN BANK

- Rural Bank delivering *Inclusive, Sustainable, and Digital Financial Services* to 46 Branches across Mindanao and Visayas, serving over 100 underbanked communities

- 2019 BSP Digital Trailblazer Award - First Bank in the PH to be given final BSP approval to go on cloud

- 2021 Northstar Impact Award- APIX

ROUND 1
72% CANBNK MICROFINANCE BORROWERS ARE FEMALE

60% CANBNK SME BORROWERS ARE FEMALE

Source: 2022 CANBNK figures
BUSINESS CONTINUITY AND RESILIENCE

SYSTEM AVAILABILITY
- Cloud-based corebanking system

NETWORK REDUNDANCY
- Cloud-based network solution
- Satellite for disaster areas

CASH READINESS
- Cloud-based ATMs

ROUND 1

CANBNK: DX FOR FINANCIAL INCLUSION
Before Christmas eve, just one week after the supertyphoon, 78% of branches were online
Leveraging the cloud-based corebanking, network, payments switch, omni-channel platform, mobile app, and open APIs.

Maximizing the omni-channel platform to effectively increase end-client access to a variety of digital financial services during the pandemic crisis; leveraging existing local, international networks.

Key partners: ADB, BSP, IFC, APIX/AFIN.
DIGITAL BANKING ESSENTIALS

- My Accounts
- My e-Wallet
- Pay Someone
- Transfer Funds
- Pay Bills
- Prepaid Load
- E-KYC/AML
- QR Code P2P, P2B, Cash In/Out
- Offers
- Messages
- Location Services
- Files Manager
- FAQs
- Check and Document

ROUND 2
Bills Payments
DIRECT & HASSLE FREE payments to more than 100 Bayad Center billers nationwide

Fund Transfer
CONVENIENT fund transfers between accounts and banks via PesoNet

Prepaid iCAN Load
SEND & RELOAD to any prepaid mobile

ROUND 2
Quick Balance Enquiry & Transaction History
ONE CLICK ACCESS to account information.

Secured Banking 24/7
PROTECTED bank details and account information.
Leasing: Nexus of Gender – Climate – Digital and MSMEs

Case Study: Mega - Leasing

- Specialized leasing company focusing on MSMEs
- Issued a Green – Gender – MSME Bond in the local capital markets: 2x-aligned and strong green focus
- Impact-linked finance project to transform business model with a clear strategy at the gender + green nexus focused on MSMEs, leveraging digital innovation
- Clear business & impact case

2X Communities of Practice:
- Financial & Digital Inclusion
- Gender & Climate
- Commercial Teams
- ... and more

2X communities for practice with special focus on FI
- Peer learning
- Knowledge exchange
- Collaboration on structuring products and transactions
CHALLENGES OF DIGITAL ADOPTION AMONG MSMES

TECHNICAL
- Limited and poor connectivity
- Smartphone hardware

SOCIAL
- Financial and Digital Inclusion and Literacy

INTEROPERABILITY
- Merchants might have exclusive agreements

ROUND 3
CHALLENGES v OPPORTUNITIES: Barriers to FIs in providing sustainable and inclusive services to mSMEs

DIGITAL FRONT-END
Rapid rise of digital credit and other digital financial services

PROCESS AUTOMATION
Many institutions have been hampered by back-end processes that have not been automated

INNOVATION
Many institutions are not as digitized as they thought they were; expensive

PARTNERSHIPS
Focus on innovation & partnerships & capacity building

ROUND 3
Thank you!
Watch out for the upcoming WFX activities:
• Launch of our website
• Launch of our technology innovation challenge
Please sign up to our newsletter for future updates.