

# 2X Challenge and Gender Finance Collaborative response to the COVID-19 pandemic

## Why women and girls should be central to response mechanisms

The COVID-19 pandemic is disrupting global health, economic and financial systems at remarkable speed. Emerging markets are expected to be especially hard hit by the pandemic and its aftermath, and development finance institutions (DFIs) are [coming together](#) to identify common solutions to help the private sector in these markets weather the crisis.

As DFI-led initiatives with expertise in gender lens investing, the 2X Challenge and the Gender Finance Collaborative (GFC) stress that the COVID-19 pandemic has and will continue to [disproportionately affect women and girls](#), and our response to it should take these differences into account. We are therefore calling for a gender-sensitive response to the crisis by investors, including our peer DFIs, by providing a set of practical recommendations to incorporate in to COVID-19 relief strategies.

### Our call to action

The 2X Challenge Working Group and the Gender Finance Collaborative seek to ensure that gender dynamics are considered in the COVID-19 responses of **DFIs, investors and other financial intermediaries**. Our immediate recommendations follow two lines of action, namely rapid crisis response and investments in longer-term solutions and recovery:

- **Rapid crisis response:**
  - **Provide direct financial and advisory support to existing investees** affected by the crisis, prioritizing sectors such as healthcare services, manufacturing for the healthcare sector (particularly safety equipment for health workers) and solution providers ([childcare solutions](#), healthcare and psychosocial services for women). DFIs should also collaborate to understand the immediate needs of the current 2X qualified investees and provide support as needed.
  - **Collaborate to provide liquidity or working capital to financial institutions and intermediaries that incorporate a gender lens**, for example by targeting sectors such as those mentioned above, or financial institutions catering to women borrowers (e.g. microfinance institutions and SME lenders) and women-focused fund managers. The Gender Finance Collaborative's Investment Officer Working Group can play a role in the identification, assessment and sharing of those opportunities.
  - **Use and deploy technical assistance (TA) funding** to help existing investees weather the crisis in a gender-responsive way, leveraging existing platforms such as the Association of European DFIs (EDFI) TA Working Group.
  - **Proactively work with investees to assess the differentiated impact of collective dismissals and mass retrenchments on women and men**, so women are not disproportionately exposed or left vulnerable due to their over-representation in low-skilled or low-paid job roles and that all employees (male and female) understand their labour rights.

- **Investing for solutions that have a gender lens:**

- **Review existing portfolios and share good practice examples** from the rapid crisis response phase and previous crises to inform longer-term recovery solutions with a gender lens.
- **Create longer-term recovery-focused projects with a gender lens** to ensure that businesses build the business case for women's economic inclusion into plans and that gender smart interventions that were taking place prior to the pandemic are not de-prioritized without due consideration.
- **Collaborate to design vehicles, joint facilities, and other solutions** to provide liquidity to financial institutions and intermediaries that incorporate a gender lens, for example by targeting sectors such as those mentioned above, or financial institutions catering to women borrowers and women-focused fund managers. The Gender Finance Collaborative's Investment Officer Working Group can play a role in the identification, assessment and sharing of those opportunities. The 2X Criteria can be a useful tool to identify such opportunities.
- **Invest in solutions to better collect, review and share [gender-disaggregated data](#) (and other data that can shed light on issues of intersectionality) with other DFIs and investors** to monitor the effectiveness of rapid and longer-term interventions and improve the response to future crises.
- **Invest in opportunities that increase resilience to future pandemics and other shocks from a gender equality perspective**, such as childcare support, healthcare solutions, personal protective equipment, as well as suppliers and retailers of women-centric products as well as women's economic empowerment. The 2X Criteria can be a useful tool to identify such opportunities.

In their response to the crisis, DFIs and investors should ensure that **women are represented in their decision-making bodies and that they are involved in the design of solutions**. They should encourage their investees and partners to do the same. [Evidence](#) shows that gender-diverse boards and leadership teams are associated with better company performance during times of financial difficulty.

DFIs can also rely on **shared principles and platforms for co-investments and the deployment of capital from a gender lens** developed by the 2X Challenge and the Gender Finance Collaborative.

## Why does gender matter in a COVID-19 response?

Gender inequity and vulnerabilities are magnified during times of crises. As seen during previous health crises, women are amongst the most negatively affected.

According to the WHO, women represent [70% of health and social workers worldwide](#). Nurses, doctors and other health professionals and health facility service staff (e.g. cleaners, laundry) are the most exposed and the most at risk of contracting the virus. It is essential that these workers are adequately supported and protected so they can do their jobs safely and are protected in terms of sick pay or safe accommodation should they contract the virus.

Outside the formal healthcare system, the role of women in the care economy puts them at greater risk of income loss and heightened exposure to the virus. When schools, daycare centres or nurseries are closed; or when older relatives become ill or need help, it is primarily women who are expected to stay at home as unpaid caregivers, especially in the absence of social safety nets. This puts them at greater risk of contracting the illness, but also increases their workload.

Existing workforce structures resulting in occupational segregation (the concentration of men and women in certain types of occupations) and gender pay gaps globally tell us the economic impacts of the crisis on businesses and global supply chains will also be gendered. Without mitigation, they are likely to have deep long-lasting effects on gender inequality.

Women are typically overrepresented in lower-skilled and often lower-paying jobs in the short-term, part-time and other precarious employments which offer poorer social insurance, health insurance schemes, and are often in sectors such as agriculture, services, and light manufacturing. These workers are particularly at risk during a crisis, which can further reinforce their position of vulnerability in the household and traditional roles as unpaid caregivers. Women may find it harder to find another job or earn an income after the crisis, as some evidence from the [Ebola outbreak](#) in West Africa indicates. Furthermore, female migrant workers living far away from home or who are embarking on long journeys to make their way back home are at heightened risk of exploitation and lack safety or protection.

We also know that women entrepreneurs face significant barriers in gaining access to finance and markets and are often given [smaller and higher-interest loans](#) than men. As business owners everywhere will suddenly find themselves in financial distress, the response from financial institutions and intermediaries should mitigate, not exacerbate, the specific challenges faced by women entrepreneurs in accessing financial support to keep their businesses open.

As seen during the recent [Ebola and Zika epidemics](#), overwhelmed health services and reduced mobility is likely to hamper access to health services for women and girls, including maternal and child health, gender-based violence survival care, HIV/AIDS treatment and childbirth and neonatal services. Services could be reduced, or eliminated altogether, as scarce resources are reallocated to combat the pandemic. This could mean an increased risk of maternal mortality, as well as a rise in domestic violence cases or sexual assaults. In addition to threatening women's rights and freedoms, these issues also have repercussions on women's ability to work or earn a living outside the home.

There is also limited information or evidence about how these viruses may or may not affect [pregnant women](#) or their babies, also placing disproportionate mental and economic stress on women, as they are categorised as a vulnerable group. As the current COVID-19 pandemic builds, these gender-specific issues increase too.

The integration of a gender lens by DFIs and other investors to both immediate response and longer-term recovery solutions to the COVID-19 pandemic will be crucial in avoiding disproportionately negative impacts for women, but also increasing resilience to future shocks by contributing to a more equal and stable private sector.



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### About the 2X Challenge:

The 2X Challenge was launched in June 2018 as a major new commitment of the development finance institutions (DFIs) from the G7 countries (CDC Group, CDP, DEG, US DFC, FinDev Canada, JBIC/JICA and Proparco) to unlock resources that will help advance women's economic empowerment and gender equality. These DFIs have since been supporting investments and initiatives that provide women in developing countries with access to leadership opportunities, quality forms of employment, finance, enterprise support, as well as products and services that enhance the inclusion or economic participation of women and girls. Since the launch, six new DFI members have joined to expand the commitment: BIO-Invest, Finnfund, FMO, IFU, SIFEM, and Swedfund. In October 2019, the EIB became the first multi-lateral development bank to endorse the 2X Criteria.

[2xchallenge.org](http://2xchallenge.org)

### About the Gender Finance Collaborative:

The Gender Finance Collaborative was formed in March 2018 and comprises 14 DFIs and EIB who have come together to leverage their combined capital, capacity, networks and knowledge to advance gender lens investing. Collectively the group aims to:

1. Demonstrate that investing with a gender lens and helping investees to sharpen their gender focus can reap business returns in addition to social returns;
2. Support opportunities to improve the lives and livelihoods of women and girls around the globe; and
3. Promote increases in gender diversity to build a bigger base of women in leadership and corporate governance.

The Gender Finance Collaborative is hosted by CDC Group.

[cdcgroupp.com](http://cdcgroupp.com)