

A Community Where Ideas, Innovation, Empowerment, and Opportunity are Shared



SUSTAINABLE & INCLUSIVE

Women and women-owned enterprises face greater vulnerabilities to the impacts of climate change and disasters, as they are often more reliant on the threatened natural resources. As climate disasters become more intense and frequent, the need to understand the intersection between gender, financial inclusion and climate change has become imperative. Our fourth newsletter explores how this can be achieved.

LATEST FROM WFX

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GENDER-SMART CLIMATE FINANCE

Gender smart climate finance is the way forward to enable women and women-owned enterprises to cope with the potential financial losses and to seize opportunities to proactively reduce the impacts of climate change, according to experts speaking at the WFX organized webinar. The webinar “How are Financial Institutions Closing Gender Gaps in Green Finance?” was held on 5 September.

During the panel discussion, experts shared their experiences on making gender-smart climate finance investments and the lessons learned. ADB’s Christine Engstrom, Director, Private Sector Financial Institutions Division, opened the panel discussion that was attended by over 100 participants and moderated by Samantha Hung, ADB’s Chief of Gender Equality Thematic Group.

CLOSING THE GENDER GAP IN CLIMATE FINANCE

“Climate change has disproportionate effect on developing economies. By 2050, 4.7 billion people will be affected by climate change, of which 80% will be women,” said Nithya Sharma, Director of Global Strategy at Women’s World Banking. “Low-income women and women-owned small- and medium-sized enterprises are economically more vulnerable to the impact of climate change.”

Jessica Espinoza, CEO of 2X Collaborative, shared that 2X collaborated with Mega, a specialized leasing company focused on micro-, small- and medium-sized enterprises (MSMEs), in issuing a structured bond in the local capital market that caters to green, gender and MSME initiatives. “Gender smart climate finance means a project that contributes to the goals of the Paris agreement and is aligned to the 2X criteria,” she said adding, “Our members are using a number of sustainable indicators and then combining those with 2X criteria in their lending or investment strategy.”

Amina Hassan, Business Group Head of Khushhali Microfinance Bank in Pakistan, shared that Khushhali’s goal is not only to deliver sustainable growth but also to promote gender equality. “We are trying to include women and promote green finance in our lending,” she said.

BUILDING RESILIENCE

Building resilience against climate change is critical to cope with the unforeseen risks. Tanya Hotchkiss, Executive Vice President and Chief Technology Officer of Cantilan Bank in the Philippines shared that in addition to the products and services, including savings and loans, they provide micro-insurance and remittance packages to help clients build resilience against the same risks that they face as an institution.

“We also help our clients in building the resilience against climate change by ensuring that the Bank remains resilient against natural disasters and related risks,” said Hotchkiss. “During the super typhoon last December, disaster-stricken areas had no electricity, no connectivity, and limited or no access to water for weeks. But in one week after the super typhoon, 78% of our branches were already online. We were able to serve our community when they needed us the most because of our investments in business continuity and disaster recovery strategy.”

TECHNOLOGY FOR CLIMATE FINANCE

Innovative technology enables financial inclusion of women-owned businesses. According to Hassan, Khushhali has been on a digital transformation journey to enrich their product offerings for their MSME customers.

Khushhali works with a technology company that uses satellite-based imaging for accurate weather forecasts, plant health analysis, and fertilizer recommendations among others. “This gives us a better understanding of where to lend and where to mitigate our institutional risks,” said Hassan. “It guides our farmer clients on how to maximize their produce and the crops. They are now able to increase their produce and outcomes by almost 20-30% annually.”

GREEN FINANCE IN PAKISTAN

In recent years, Pakistan has been facing the strong impact of climate change, such as record high temperature, flash floods, and landslides. In the Global Climate Risk Index 2020, Pakistan ranked 8th in the list of 10 countries most affected during the period 2000-2019. Pakistan needs climate finance to combat the effects of climate change and as women are most vulnerable to its impact, a gender inclusive approach is required.

WFX recognizes that introducing gender-responsive green finance will require commercially viable financial risk management products that incentivize financial institutions to increase investments in climate change mitigation, adaptation, and disaster risk prevention. WFX is undertaking research to identify the constraints and opportunities for green lending to women and women entrepreneurs in Pakistan.

The proposed research will assess the enabling environment, map the existing green finance initiatives, including those catering to women entrepreneurs, review the barriers facing green finance, and explore potential solutions such as financial products and risk sharing mechanisms. WFX will share insights from the study with recommendations on how to successfully increase green lending to women and women entrepreneurs. Watch this space for more news.



1 YEAR OF WFX



Co-financing

- Women Entrepreneurs Finance Initiative (We-Fi)
- ADB-managed funds



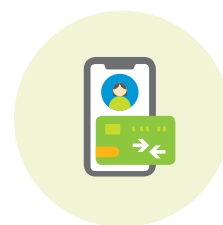
Capacity Building

- Virtual trainings on digital financial literacy, business planning & debt management, & e-commerce
- 212 WSMEs trained
- 55 WSMEs linked with Business Link Pacific for advisory services



Knowledge Sharing

- webinars on various aspects of women's and green finance - 6
- Videos - 2
- Blog - 1
- Publication (testimonials) - 1



Innovation & Technology

- *Technology Innovation Challenge 2021* organized
- Winning gender-responsive solution being piloted in PNG

GLOBAL INDEX 2021

5 Key takeaways from the report on women's financial inclusion in developing countries:

Women continue to be more likely than men to be unbanked.

Globally, 1.4 billion adults are unbanked of which about 740 million are women.

The gender gap in account ownership has narrowed. It fell to 6 percentage points from 9 percentage points between 2017 and 2021, although there are notable regional and intra-regional differences.

Mobile money has the potential for further closing the gender gap in account ownership. In some regions, the spread of mobile money accounts has created new opportunities to better serve women and other groups traditionally excluded from the formal financial system.

Women and men have equal rates of account inactivity excluding in India. Adults in India did not use their accounts for three main reasons: distance from a financial institution, lack of trust, and having no need.

Women are more likely than men to say they would have difficulty accessing emergency money. This may also be due to the composition of their social networks since men are more likely to have wider networks.

WFX BLOG

Women across the world have difficulties in obtaining loans from banks and financial institutions. It is more challenging for those who can't provide collateral or have never borrowed from banks because they are unable to show credit history. Historic repayment behavior is a crucial component to secure a credit score, which traditional banks rely on to rate creditworthiness of loan applicants. In their blog, WFX's principal investment specialist Sabine Spohn and credit scoring expert Dean Caire explain how financial institutions can remedy this situation by adopting a credit scoring model that considers women-specific data for the algorithms to help in evaluating the creditworthiness of women.

[READ HERE](#)

LINKS TO RESOURCES

How are Financial Institutions Closing Gender Gaps in Green Finance?

[Click here to watch the video of the WFX-organized webinar](#)

Financial Instruments to Strengthen Women's Economic Resilience to Climate Change and Disaster Risks
(<https://www.adb.org/publications/financial-instruments-women-economic-resilience>)

Towards an Inclusive Green Future: An Analysis of the Intersection Between Inclusive Green Finance and Gender Inclusive Finance
(<https://www.afi-global.org/publications/towards-an-inclusive-green-future-an-analysis-of-the-intersection-between-inclusive-green-finance-and-gender-inclusive-finance/>)

The Growing Trend of Gender Bonds in 2022
(<https://www.dechert.com/knowledge/onpoint/2022/7/the-growing-trend-of-gender-bonds-in-2022.html>)

Gender and Climate Finance (https://climatefundsupdate.org/wp-content/uploads/2022/03/CFF10-Gender-and-CF_ENG-2021.pdf)

Amazon, Apple and Google Pledge Training for Women in Indo-Pacific

(<https://www.bloomberg.com/news/articles/2022-09-08/amazon-apple-google-pledge-training-for-women-in-indo-pacific>)

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