

gWFX DISPATCH

A Community Fostering Inclusive and Green Finance

SEEKING SOLUTIONS AT THE NEXUS OF CLIMATE AND GENDER FINANCE

While women entrepreneurs are more likely to factor in climate considerations in their business decisions, they face significant challenges in accessing finance. It is imperative to bridge the gender gap to support women in finding innovative solutions to climate risk and climate related events. In this issue of the gWFX Dispatch, we highlight inspiring examples of gender-inclusive green finance from Asia and the Pacific. We are also pleased to feature insights from Samantha Anderson from Heading for Change, a donor-advised fund that makes catalytic investments to advance gender equity and accelerate climate solutions.

GENDER-INCLUSIVE GREEN FINANCE DEMYSTIFIED: EXAMPLES FROM ASIA AND THE PACIFIC

By Joanna Romero

There has never been a more opportune time for gender-inclusive green finance, and financial institutions have a critical role to play. Gender-inclusive green finance aims to achieve both climate mitigation and adaptation outcomes and expansion of women's access to quality, affordable finance. It could lead with green finance that integrates gender considerations or vice versa. There are several notable examples from Asia and the Pacific.

Mortgages for green, affordable housing for women:

In India, the estimated demand for women's housing loans is \$32.3 billion, yet only 5% of women have borrowed formally and only 3% have a housing loan. IIFL Home Finance Ltd. (IIFLHF) incentivizes property ownership by lower income women through lower interest rates supported by the government's Credit-Linked Subsidy Scheme. About 95% of IIFLHF's customers are women. Together with ADB, it is creating a green, inclusive housing ecosystem by partnering with developers and others to adopt green building certification standards and raise awareness.

LATEST FROM gWFX

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Gender bond to support rural women and their climate financing needs:

In Georgia, 40% of women entrepreneurs are engaged in agriculture, while men own 70% of land. Lack of assets for collateral is a barrier to women's access to finance. To address this gap, Joint Stock Company Microfinance Organization Crystal (Crystal) targets women and rural micro and small entrepreneurs. About 62% of its borrowers are women. In 2023, Crystal issued the first certified gender bond in the South Caucasus and in the Georgian Stock Exchange with ADB as anchor investor. The use of proceeds aims to expand Crystal's rural customer base and climate finance portfolio by providing green literacy alongside financing of green technologies, including drip irrigation.

Integrating a gender lens into green leasing and blue financing:

In China, micro, small and medium enterprises (MSMEs) are 40% less energy efficient than large enterprises due partly to a lack of access to finance. Leasing energy efficient equipment helps address this financing gap, especially among women owned MSMEs (WMSMEs). Together with ADB, Ping An International Financial Leasing (PAIFL) Co. Ltd. aims to grow its WMSME lessees and its energy efficiency lease portfolio through targeted outreach.

Women are indispensable in the blue economy in Asia and the Pacific, which offers a \$5.5 trillion financing opportunity. Women hold 20% of fishing and aquaculture jobs and 90% of related jobs like fish processing. Bank of Qingdao (BoQ), with ADB, aims to increase WMSMEs' access to blue finance in China by piloting

a gender equality scorecard in its lending process, training its loan officers on gender sensitivity and applying a gender lens to evaluating potential blue finance investments, and developing targeted marketing and outreach.

These examples show that gender-inclusive green finance is feasible. Financial institutions serving a female customer base can integrate green mortgages (IIFLHF) and green technology financing (Crystal), while FIs with established green offerings such as energy efficient equipment leasing (PAIFL) and blue financing (BoQ) can tailor their outreach to WMSMEs and the sectors they dominate.



EMPOWERING WOMEN, EMPOWERING THE PLANET: HOW HEADING FOR CHANGE IS REVOLUTIONIZING CLIMATE FINANCE

By Samantha Anderson

Over the next decade, tens of trillions of dollars will be invested in climate solutions: McKinsey estimates that the world needs \$9.2 trillion in annual spending in order to reach net zero emissions by 2050. But at present, just 3% of climate investment goes to women-led businesses. This presents a serious risk to our ability to identify and scale solutions that resonate with the whole population, as well as our ability to shepherd a just transition.

Heading for Change, a new endowment investing at the nexus of climate and gender, is working to change that by transparently using processes, scorecards and other tools. It was the brainchild and legacy project of gender lens investing pioneer Suzanne Biegel, who passed away in September 2023.

Suzanne believed that gender was key to addressing the climate crisis. In the last five years of her life in particular, she spearheaded groundbreaking research on how investors could combine climate and gender, and best practices for integrating the two lenses.

Heading for Change, as she saw it, was her opportunity to put those insights into practice - and provide other investors with the tools to follow in her footsteps.

Heading for Change's investment thesis is grounded in the concept of women as agents of change. We believe that

investors and commercial lenders should view women not just as beneficiaries of climate finance, but as leaders, innovators, and creators of climate solutions. When it comes to our own investments, we look for funds that don't approach climate and gender separately, but which understand that each factor intersects with and strengthens the other. This approach is clearly delineated in our investment criteria.

In November 2023, we announced our first tranche of investments, including AiiM, a US-based and woman of color-owned climate technology fund; Supply Change Capital, a diverse, women-led US-focused venture fund investing in sustainable and resilient food systems; and Just Climate, a global fund focused on decarbonizing the world's highest emitting and hardest to abate industries.

Two of Heading for Change's investees, WaterEquity and MCE Social Capital's MESA Fund, invest in financial institutions that lend to women in emerging markets, including institutions across Asia. With \$260 million in capital deployed, WaterEquity has provided more than 774 thousand microloans and provided water and sanitation to more than 4.1 million people. MCE Social Capital's portfolio consists of \$57.3 million in 22 countries. By investing in financial intermediaries, these funds are able to reach a large number of people at smaller investment sizes, increasing accessibility and affordability to smaller scale women entrepreneurs in ways that would not be possible via direct investments.

We are also excited to continue to build a community and ecosystem of climate and gender investors. In 2024, we intend to make another 15 private markets investments, further diversifying our portfolio geographically and thematically. In Asia, we see key regional investment opportunities in decarbonization and the low-carbon economy; sustainable food systems; and waste, recycling, and the circular economy. Learn more about these projects and more at www.headingforchange.org.

LAUNCH OF WOMEN ENTREPRENEURS FINANCE CODE IN FIJI

On 23 March, ADB and the Women Entrepreneurs Finance Initiative (We-Fi) will hold a launch event in Suva, Fiji to promote the Women Entrepreneurs Finance Code (WE Finance Code), a global multi-stakeholder effort that aims to eliminate constraints and financing gaps for women entrepreneurs by collaborating closely with policymakers and financial institutions. Fiji is one of the first countries to pilot this initiative, led by the Ministry of Women, Children and Poverty Alleviation and the Reserve Bank of Fiji, in partnership with ADB. The event will gather key stakeholders from government agencies, the private sector, development organizations, financial institutions and civil society. They will formally endorse the WE Finance Code, announcing their pledge to support women entrepreneurs and women led businesses in Fiji. They will also discuss the proposed roadmap for pilot implementation of the Code.

INCLUSIVE GREEN HOUSING BLOG

Three Pathways to Inclusive Green Housing for Women in Asia and the Pacific

Addressing Asia and the Pacific's urgent need for affordable, green housing is vital for women's resilience and sustainable development. It requires inclusive policies, awareness, gender-sensitive financing, and technology-enhanced access to financing. Our blog explores how affordable green housing can close the gap in gender equality and climate action. [Read more](#)

FINTECH INNOVATION CHALLENGE: DIGITAL FINANCIAL INCLUSION FOR WOMEN'S BUSINESSES IN NEPAL

Women in Nepal struggle to access finance to help them build their businesses and secure their livelihoods, because they often lack the required paperwork and collateral. gWFX is collaborating with a financial institution in Nepal to identify and onboard innovative and creative technology solutions through a fintech innovation challenge. We are seeking out technology solutions or applications that can help financial institutions analyze alternative data points and can provide alternative credit scoring models. Access to real time data insights can expand lending to women entrepreneurs in Nepal, making a big difference in their lives. We will share more about the selected solutions in future updates.

Links to Resources

Towards an Inclusive Green Future
(https://www.afi-global.org/wp-content/uploads/2022/05/Towards-an-Inclusive-Green-Future_270622.pdf)

2X Global Toolkit
(<https://www.2xglobal.org/about-toolkit#about-toolkit>)

The Net Zero Transition: What It Would Cost, What It Could Bring, McKinsey
(<https://www.mckinsey.com/capabilities/sustainability/our-insights/the-net-zero-transition-what-it-would-cost-what-it-could-bring>)

Empowering Change: The Crucial Intersection Between Gender and Climate, European Investment Bank
(<https://www.eib.org/en/stories/gender-climate>)

Why Climate Change Matters for Women
(<https://data.unwomen.org/features/why-climate-change-matters-women#:~:text=If%20droughts%20continue%20to%20increase,as%20a%20loss%20of%20agency>)

IPCC Sixth Assessment Report: Impacts, Adaptation and Vulnerability
(<https://www.ipcc.ch/report/ar6/wg2/>)

Heading for Change research and case studies
(<https://www.headingforchange.org/tools-and-resources>)

WHAT'S HAPPENING AT gWFX

ADB, VISA SIGN MOU TO COOPERATE ON FINANCIAL INCLUSION

On 21 February, ADB Private Sector Operations Department (PSOD) Director General Suzanne Gaboury signed a Memorandum of Understanding with VISA at ADB's Singapore office to promote financial and digital inclusion in the region. VISA will collaborate with PSOD, including its Women's Finance Exchange (gWFX), to address gender finance and digitalization gaps faced by small and medium-sized enterprises (SMEs), especially those owned by women. Together, they will cooperate to raise awareness and share knowledge about digital innovations to support financial inclusion.

NEW BRIEF: SUSTAINABLE FINANCE BENEFITS FROM A GENDER LENS

Our latest brief outlines why investing in women makes economic sense and explains how financial institutions can incorporate gender into sustainable financing. It sets out ways FIs can weave gender into their lending processes, strategy, product development, and data analysis to amplify the role of women in green finance and bolster their long-term resilience.

[Read and download here](#)

DEAL IN THE SPOTLIGHT: THAI CREDIT BANK PUBLIC COMPANY LIMITED

ADB acted as a cornerstone investor, investing \$29 million in the initial public offering of Thai Credit Bank Public Company Limited (TCB) in February 2024. The investment will support the growth of TCB's MSME, nano finance and micro finance portfolios. TCB is the first and only licensed Thai bank that focuses on providing nano and micro finance loans and MSME loans to underserved segments in Thailand. The investment will support TCB in reaching out to and serving underserved groups, fostering financial inclusion and economic development in Thailand.

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