

New playbook launched to optimise investing by unleashing more inclusive climate finance for underserved communities

Investors can drive positive change by factoring in both climate action and gender equality, according to new report from investment network 2X Global.

LONDON, UK, February 28, 2023 /EINPresswire.com/ -- A shift towards more inclusive finance



We know that inequality is a systemic risk, and yet not enough investors are accounting for this in their portfolios”

Sana Kapadia, Director of Strategy at 2X Global

that accounts for gender inequality and climate vulnerability would help tackle the world’s most pressing challenges, according to a new report from 2X Global, a global organisation of investors, intermediaries and financial actors.

The report, entitled *Inclusive gender and climate finance: Centring frontline, underrepresented and underserved communities in investment*, outlines how an integrated approach can help investors identify new opportunities

with multiple, overlapping benefits while also addressing systemic prejudices and inequities.

For example, investing with a gender lens would also reduce the risk of climate-related shocks, given evidence that women can be quicker to adopt climate solutions than men. Yet in 2021, female founders of clean technology businesses raised \$26.1 million compared to \$10 billion by male founders.

Climate finance that tackles gender inequality would also diversify and strengthen the market given that women, particularly women of colour, remained overlooked by investors. In 2020, venture capital funding for women-led start-ups fell to just 2.3 per cent in the US, the report found, while Black women and Latina entrepreneurs received less than one per cent.

The authors called on impact investors to use a gender, climate and justice lens to channel more finance towards social and environmental progress.

“We know that inequality is a systemic risk, and yet not enough investors are accounting for this in their portfolios,” said Sana Kapadia, Director of Strategy at 2X Global and co-author of the

report.

“This report offers accessible pathways for all investors to shift and rethink their investment decisions, processes and strategies to drive progress towards more equitable socio-economic and ecological transformation from the ground up, which stands to benefit the entire economy in the long-term.”

The report set out four entry points for investors, and five rationales for more inclusive finance. It also featured different types of investments at the intersection of gender, climate and justice, and case studies of investment vehicles and opportunities.

It highlighted the Matriarch Revolutionary Fund (MRF), for example, as the first social impact integrated capital investment fund led and managed by and for Indigenous women across the US. The fund supports Native women entrepreneurs by providing patient capital to help build restorative, regenerative, and resilient communities.

Inclusive finance with a climate and gender lens would also improve the economic stability of the

countries most impacted by climate disasters, with up to 3.6 billion people living in contexts that are highly vulnerable to climate change. The Rallying Cry was included in the report as one example of a small and growing global initiative to direct private sector investment towards gender and climate, starting with agribusinesses in Kenya and Zambia.

Finally, the report outlined a number of due diligence questions to help investors consider frontline, underserved and underrepresented communities in their decisions, building on the [Justice, Equity, Diversity and Inclusion \(JEDI\) Investing Toolkit](#) released by GenderSmart last year. The questions included: who is leading this fund or company, what is their racial/ethnic/gender background, and what is their direct experience with these issues? And where may this investment be reinforcing or counterbalancing extractive approaches environmentally and socially?

It comes as the UN Environment Programme’s Finance Initiative begins a series of roundtables on [sustainable finance](#) while the Commission on the Status of Women takes place from March 6.



Inclusive gender and climate finance

Centring frontline, underrepresented and underserved communities in investment

February 2023



The report, entitled *Inclusive gender and climate finance: Centring frontline, underrepresented and underserved communities in investment*, outlines how an integrated approach can help investors identify new opportunities with multiple, overlapping benefit

“In the last 20 years, the world’s most climate vulnerable countries have lost an estimated \$525 billion to climate change impacts,” said Jessica Espinoza, CEO of 2X Global.

“Investing in climate adaptation and resilience, particularly among women and frontline communities, not only represents long-term savings on disaster-related losses but also generates new economic opportunities and returns that would otherwise have been too risky.”

Insights from the report will be discussed in an online event on Tuesday, March 14 at 16:00 GMT. More information and registration details are available [here](#).

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About 2XGlobal

2X Global, formerly GenderSmart and 2X Collaborative, is a global membership and field-building organisation for investors, capital providers, and intermediaries working in public and private finance, across both developed and emerging markets. GenderSmart and the 2X Collaborative, two organisations working to mobilise more gender-smart capital since 2018, became 2X Global on January 1, 2023. The GenderSmart Gender & Climate Investment Working Group – now Gender & Climate Finance Community of Practice – was launched in early 2020 with the goal of unlocking the potential of applying a gender lens to climate finance, and vice versa. The group tapped into the collective wisdom and experience of more than 100 investment pioneers, with the aim of driving positive outcomes for women and the world. Meanwhile, 2X Green, the 2X Gender and Climate Finance Taskforce, united development finance institutions to leverage the power of gender-smart investments for climate action and contribute to building the field in this space.

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