

# **Report on DFC's Efforts to Advance the 2X Initiative**

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**September 2023**

## Introduction

This report is in response to the Congressional request laid out in H. Report 117-401, p.80 on DFC's 2X Women's Initiative. DFC is committed to addressing the unique challenges women face globally and to unlocking the multi-trillion-dollar opportunity their engagement in the economy represents. Through the 2X Women's Initiative, established in 2018, DFC has catalyzed billions of dollars in investment in companies or projects that are owned by women, led by women, or provide a product or service that empowers women. Across Fiscal Years (FY) 2021 and 2022, 32 percent of DFC commitments by value met 2X criteria, demonstrating the Corporation's dedication to bolstering women's economic empowerment across its portfolio.

DFC collaborates with peer development finance institutions (DFIs) around the world on women's economic empowerment. DFC is one of the founding members of the 2X Challenge, launched as a partnership between DFIs, international financial institutions (IFIs) and the private sector at the 2018 G7 Summit.<sup>1</sup> DFC and DFI partners established five 2X Challenge criteria for meaningful gender lens investing. DFC qualifies projects as 2X if they meet one or more of the following criteria:

1. *Entrepreneurship*: Projects qualify under entrepreneurship if women are the company founders or own a majority of the client company.
2. *Leadership*: Projects qualify if women comprise at least 30% of senior management or at least 30% of boards or investment committees.
3. *Employment*: Projects qualify if women comprise at least 30-50% of employees at the client company and the client implements a measure aimed at recruiting, retaining or advancing women in the workforce.<sup>2</sup>
4. *Consumption*: Projects qualify if women comprise the majority of customers or if women's needs and unique perspectives are incorporated in product or service design and provision.

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<sup>1</sup> For more information on the 2X Challenge, please visit [2xchallenge.org](https://2xchallenge.org).

<sup>2</sup> The threshold for qualification depends on the sector in which the DFC project would operate. Sector-specific qualifications are as follows:

- 30%: Infrastructure, Power, Telecoms
- 40%: Financial Services, Manufacturing -- Heavy, Agribusiness & Food, Professional Services
- 50%: Healthcare, Education, Consumer Services, Manufacturing -- Light

5. *Investments through Financial Intermediaries:* Projects qualify if women comprise at least 30% of on-lending facilities or women-owned or women-led companies comprise at 30% of fund investments.<sup>3</sup>

The 2X Challenge merged with GenderSmart in 2023 to become 2X Global, a membership organization of DFIs, public and private sector investors and non-profit institutions that provides a forum for collaborating on advancing gender lens investing and scaling up financing for women. To date, the partnerships have helped to catalyze billions in investments, far surpassing original targets.

## DFC 2X Transactions in FY 2021 and 2022

Across FY 2021 and 2022 DFC committed more than \$4.4 billion to 125 projects qualifying as “2X”, representing 50 percent of projects and 32 percent of dollars committed by DFC during this period.

Time Period	DFC Commitments	Number of DFC Projects	Number of 2X Projects (% of DFC Projects)	2X Dollars Committed (% of DFC Commitments)
FY21	\$4,935,040,576	122	60 (49%)	\$2,232,750,046 (45%)
FY22	\$8,957,412,499	127	65 (51%)	\$2,192,397,999 (24%)
<b>Total</b>	<b>\$13,892,453,075</b>	<b>249</b>	<b>125 (50%)</b>	<b>\$4,425,148,044 (32%)</b>

Transactions do not include technical assistance projects, of which DFC committed nine projects under the 2X portfolio across fiscal years 2021 and 2022. The number of 2X-

<sup>3</sup> For more information on qualifying criteria, please visit the 2X Global website:  
<https://www.2xglobal.org/what-we-do/#2xcriteria>

designated technical assistance projects will continue to rise with the introduction of the 2X Technical Assistance Facility described below.

The amount committed to 2X projects declined from FY 2021 to FY 2022 because our portfolio had a number of high-value 2X investments in FY 2021 that drove up the total dollar value invested for that year. In FY 2022, we increased the number of 2X projects, but the average value was lower.

## Disaggregation by Transaction Type

Transaction Type <sup>4</sup>	Time Period	DFC Commitments	Number of DFC Projects	Number of 2X Projects (% of DFC Projects)	2X Dollars Committed (% of DFC Commitments)
Direct Loan	FY21	\$3,163,783,893	57	38 (67%)	\$1,884,739,547 (60%)
	FY22	\$4,405,550,000	60	32 (53%)	\$1,554,620,000 (35%)
	<b>Total</b>	<b>\$7,569,333,893</b>	<b>117</b>	<b>70 (60%)</b>	<b>\$3,439,359,547 (45%)</b>
Unfunded Guaranty	FY21	\$727,955,568	41	13 (32%)	\$231,320,500 (32%)
	FY22	\$989,790,500	41	19 (46%)	\$325,528,000 (33%)

<sup>4</sup> This table does not include other transaction types, such as Technical Assistance projects, of which there were 9 2X projects representing \$0 in additional commitments.

	<b>Total</b>	<b>\$1,717,746,068</b>	<b>82</b>	<b>32</b> <b>(39%)</b>	<b>\$556,848,500</b> <b>(32%)</b>
Political Risk Insurance	FY21	\$819,140,000	12	1 (8%)	\$3,690,000 (0.5%)
	FY22	\$3,018,822,000	7	1 (14%)	\$9,750,000 (0.3%)
	<b>Total</b>	<b>\$3,837,962,000</b>	<b>19</b>	<b>2</b> <b>(11%)</b>	<b>\$13,440,000</b> <b>(0.4%)</b>
Equity	FY21	\$224,161,116	12	8 (67%)	\$112,999,999 (50%)
	FY22	\$528,249,999	18	12 (67%)	\$287,499,999 (54%)
	<b>Total</b>	<b>\$752,411,114</b>	<b>30</b>	<b>20</b> <b>(67%)</b>	<b>\$400,499,997</b> <b>(53%)</b>

### Disaggregation by Sector

A predominant share of 2X-designated projects and dollars committed are within the Finance and Insurance sector. DFC projects in the Accommodation and Food Services;

Educational Services; Professional, Scientific, and Technical Services; Retail Trade and Wholesale Trade sectors were most likely to qualify as “2X”.<sup>5</sup>

Sector	Number of Projects			Dollars Committed		
	2X	DFC Portfolio	Share 2X	2X	DFC Portfolio	Share 2X
Accommodation and Food Services	2	2	100%	\$12,290,000	\$12,290,000	100%
Administrative and Support and Waste Management and Remediation Services	0	0	- %	\$ -	\$ -	- %
Agriculture, Forestry, Fishing and Hunting	3	7	43%	\$33,750,000	\$105,249,000	32%
Construction	1	3	33%	\$8,000,000	\$294,500,000	3%
Educational Services	1	1	100%	\$37,048,855	\$37,048,855	100%
Finance and Insurance <sup>6</sup>	96	175	55%	\$3,972,259,192	\$7,442,248,377	53%

<sup>5</sup> DFC defines sectors using the North American Industry Classification System (NAICS), which is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy

<sup>6</sup> A huge percentage of the 2X Portfolio is invested in Financial Institutions. The vast majority of those investments are on-lended to women, women-owned and led small and medium-sized businesses across all sectors, including food and agriculture, health, consumer goods/ retail and other services.

Health Care and Social Assistance	6	16	<b>38%</b>	\$116,150,000	\$1,459,500,000	<b>8%</b>
Information	1	4	<b>25%</b>	\$14,000,000	\$369,000,000	<b>4%</b>
Manufacturing	4	12	<b>33%</b>	\$72,700,000	\$1,034,464,846	<b>7%</b>
Mining, Quarrying, and Oil and Gas Extraction	1	3	<b>33%</b>	\$30,000,000	\$1,555,000,000	<b>2%</b>
Other Services (except Public Administration)	0	1	<b>0%</b>	\$ -	\$10,000,000	<b>0%</b>
Professional, Scientific, and Technical Services	2	2	<b>100%</b>	\$54,200,000	\$54,200,000	<b>100%</b>
Public Administration	0	2	<b>- %</b>	\$ -	\$675,000,000	<b>- %</b>
Real Estate and Rental and Leasing	0	1	<b>0%</b>	\$ -	\$9,000,000	<b>0%</b>
Retail Trade	3	3	<b>100%</b>	\$10,999,997	\$10,999,997	<b>100%</b>
Transportation and Warehousing	1	3	<b>33%</b>	\$4,000,000	\$18,630,000	<b>21%</b>
Utilities	2	12	<b>17%</b>	\$34,750,000	\$780,322,000	<b>4%</b>
Wholesale Trade	1	1	<b>100%</b>	\$10,000,000	\$10,000,000	<b>100%</b>

## Disaggregation by 2X Criteria

There are multiple criteria under which a project may qualify as “2X”, and a single project may qualify under more than one criterion depending on the circumstances.<sup>7</sup> On average, each 2X-designated project qualifies under roughly two criteria. The table below shows the disaggregation of 2X projects and dollars committed by criteria.

Criteria	Time Period	Number of 2X Projects	2X Dollars Committed
Entrepreneurship	FY21	14	\$346,689,999
	FY22	12	\$255,669,999
	<b>Total</b>	<b>26</b>	<b>\$602,359,997</b>
Leadership	FY21	27	\$1,033,940,692
	FY22	36	\$1,081,169,999
	<b>Total</b>	<b>63</b>	<b>\$2,115,110,691</b>
Employment	FY21	19	\$645,397,691
	FY22	35	\$1,025,749,999
	<b>Total</b>	<b>54</b>	<b>\$1,671,147,689</b>
Consumption	FY21	15	\$293,181,855

<sup>7</sup> For more information on qualifying criteria, please visit the 2X Global website: <https://www.2xglobal.org/what-we-do/#2xcriteria>



	FY22	15	\$288,494,999
	<b>Total</b>	<b>30</b>	<b>\$581,676,854</b>
Investment through Financial Intermediaries	FY21	36	\$1,535,378,192
	FY22	36	\$1,630,103,000
	<b>Total</b>	<b>72</b>	<b>\$3,165,481,192</b>

**Note:** Transactions must meet at least one of five criteria to qualify as 2X. The transactions covered in this report represent only the cohort that either met or exceeded 2X thresholds. Please see the downloadable spreadsheet [here](#), and in particular the note on application of the 2X indicator and qualifying criteria in the read me tab.<sup>8</sup>

## Steps to Strengthen the 2X Initiative throughout DFC’s Portfolio

DFC continues to build on the strong 2X foundation to date to ensure alignment with DFC’s strategic priorities and strengthen our emphasis on leveraging our investments for greater overall impact. This includes:

- Better embedding inclusivity and 2X across DFC’s transaction lifecycle;
- Defining what 2X qualification means to the Corporation and ensuring consistent guidance around the interpretation and application of 2X Criteria;
- Strengthening our monitoring and reporting to ensure robust data collection and ability to “tell our story”;
- Building staff capacity through trainings and 2X resources; and

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<sup>8</sup> According to 2X guidance, projects may qualify for more than one criterion and, in the case of financial intermediaries, should qualify under more than one criterion to be designated as “2X”. Therefore, a single project may be represented more than once in Table 6. Figures should be compared against the total FY 2021 and 2022 DFC 2X Portfolio of 129 projects and \$4,337,001,893 committed.

- Launching a dedicated 2X Technical Assistance Facility to further support and strengthen DFC's gender-smart investments in financial intermediaries.

Furthermore, DFC will continue to leverage the broader gender-lens investing ecosystem and its strong partnerships to increase collaboration across the interagency as well as with sister DFIs and private sector investors. We coordinate closely across U.S. government efforts, guided by the US Strategy on Gender Equality and Equity and Women's Economic Security Strategy. Our continued leadership in 2X Global allows us to contribute to and benefit from capacity strengthening initiatives, advance and refine global standards and understanding around gender-lens investing, drive investor commitment and unlock capital at scale in public and private markets – especially in newer sectors.