



## Interview with Jessica Espinoza (2x Global)

Ambika Samarthya-Howard

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**Ambika Samarthya-Howard: Can you start off by introducing yourself and explaining what problem your organization is trying to address and what your approach is in addressing it?**

**Jessica Espinoza:** I'm Jessica Espinoza, CEO of 2X Global. We're solving for global gender inequality by changing systems of finance as an industry body for gender lens investing. 2X Global is a membership network of over 150 institutions along the spectrum of capital, including financial institutions, pension funds, asset managers, fund managers, and other ecosystem builders and technical support organizations. Our aim is to build a global field of gender finance, with the ultimate aim of contributing to gender equality. Essentially, we operate by three strategic pillars.

The first is to build investor capacity in order to run communities of practice, which are industry working groups that aim to resolve big challenges around equal care through finance.

Our second pillar is to advance and align standards, so we have spearheaded the creation of a global standard that we call the "2X Criteria," defining what it means to invest with the gender lens.

Our third pillar is to shift, shape markets, and innovate. We have our own market-building initiatives like the Climate Gender Equity Fund – a grant fund to catalyze innovative solutions at the nexus of gender and climate – that we were selected to manage by USAID, Amazon, and Kimonix. We have also designed 2X Ignite, which is a market-building facility to shift capital towards the next generation of women-led fund managers.

**Ambika Samarthya-Howard: Can you share a specific example of gender lens investing?**

**Jessica Espinoza:** In 2018, we launched the 2X Challenge at the G7 Summit. It was initially a collective commitment by the development finance institutions of the G7 countries to come together and shift more capital with a gender lens. We initially started with a \$3 billion target over a period of three years.



Even though everybody thought that goal was very ambitious, we were able to significantly surpass our initial target. We ended the year 2020 with over \$11 billion invested. That was the first time that investors in our network showed that it was possible to change their strategies to adopt the gender lens. So we continued with the 2X Challenge, and have now collectively invested over \$30 billion under the 2X Criteria. That's how it started: we all had this desire to do something, but we were seeing very little change within our organizations. Creating this challenge and public capital commitment allowed us to accelerate change and bring others along.

**Ambika Samarthya-Howard: How do you measure your success?**

**Jessica Espinoza:** One way is by volume, because our mission is to unlock gender-smart capital at scale. But we also look at the quality of capital that's flowing, and the depth of its impact. We've developed a 2X Certification mechanism that we're now piloting and plan to launch later this year, so that during the next 2X Challenge, we will be able to measure how much further we're going into – for instance – the care economy, or into climate-smart investments.

**Ambika Samarthya-Howard: What are some things that you've tried that haven't worked? Do you have any lessons that you can share from that?**

**Jessica Espinoza:** When we launched the 2X Challenge, the idea was really to mainstream gender across any kind of investment in our network. So whether a member was in private equity, or investing debt in infrastructure, they would adopt a gender lens in that context. It was very broad, and I think that was one reason for the success of the 2X Criteria. However, when we did our learning report after the first three years, and then again after five years, we realized that there were other areas in the global landscape that were still significantly underfunded.

For example, the gap hasn't really narrowed at a global level for women entrepreneurs and companies owned and founded by women. Under the 2X Challenge, we were able to channel significant funding through financial intermediaries, but even with that strategy, there was a mismatch between fit-for-purpose capital and how investment strategies often work.

We realized that a lot of capital was flowing to very established fund managers, which are traditionally male-dominated and gender-blind. We think that it's really important to work with them, and to get them to become gender smart and excited about the impact case of gender lens investing. At the same time, we see that many emerging, women-led fund managers don't get capital allocation. That's a big market failure that we identified and weren't able to resolve with the 2X Challenge alone, but which has inspired us to launch 2X Ignite as a vehicle to bridge that gap.

**Ambika Samarthya-Howard: Outside of funding, what do you think are the main limitations for the work that you're doing?**



**Jessica Espinoza:** We are still limited by social norms when it comes to discussing underfunded areas, like women's health. For example, I was recently at the World Economic Forum to speak in three sessions about women's health. It was amazing, because for the first time there was really a spotlight on the issue. But due to social norms and taboo topics in society and in the investment world, there's still a lot of misconceptions about why funding for women's health is important and what the investment opportunities actually look like. Ultimately, it's all connected: a lot of the challenges that we see in the funding space have to do with social norms around gender.

**Ambika Samarthya-Howard: Do you find yourself to be a systems change organization?**

**Jessica Espinoza:** That's our purpose. The vision is really to change systems of finance towards gender equality, broader sustainability, and a livable planet.

**Ambika Samarthya-Howard: What do you need the other actors in this space in order to make this change?**

**Jessica Espinoza:** I think it's really important that everybody plays their role. There's a role for investors, but there's also a really important role for governments in setting incentives and creating policy frameworks. For example, we've placed a spotlight on the influence that investors have to change dynamics around gender-based violence and harassment. But it's really important that policymakers and governments address the issue as well.

So every actor has a role to play. We now see much more engagement from big stock exchanges and ministries of finance with regards to joining gender lens investing initiatives, which is really exciting and an interesting opportunity. Over the last few years, there's been significant progress in talking about the private sector – allocators both in development and commercial mainstream finance – but that engagement has to go all the way up to the central banks to really create system-level change. There are so many power dynamics that we really need every actor to play their role in order to promote change at scale.

**Ambika Samarthya-Howard: How do you see your work evolving in the next five years?**

**Jessica Espinoza:** We are launching the next 2X Challenge, and this time we are bringing on board a much broader spectrum of capital providers, which is really exciting. We hope that will lead to more co-investment and more innovative, blended finance structures between sources of catalytic and commercial capital. But we also want to go much deeper on thematic priorities. For example, we all know that there's too little capital going into women's health, the care economy, and the climate. So how can we all collaborate and be really intentional in shifting more capital towards these things?



We've done so much work on looking at pipelines, opportunities, and market sizes, so now we want to be a lot more intentional in bringing together like-minded investors who want to fund these things that have historically been more difficult to fund.

**Ambika Samarthya-Howard: What advice would you give to someone who was starting an organization like yours?**

**Jessica Espinoza:** It's really important to build partnerships and to connect the dots. From the beginning, it was very important for us not to try to reinvent the wheel, but to serve as a connector between different initiatives. A lot of what we do is through partnership, and that has made us so successful. I would also say to be bold in bringing different actors on board. When we started, we had a more narrow sense of the actors that we should bring together based on who would naturally collaborate, but now we see much more diverse collaboration across different sectors, which is really important to create system-level change.

There's still a lot of excitement around big numbers, and we know that we need to get trillions of dollars of capital moving. But at the same time, it's really important not to forget that small tickets are often the most impactful ones. So it's important to keep an eye both on volume and depth of impact, and to make sure that you're not inadvertently setting incentives just to write big checks.

*Ambika Samarthya-Howard (she/her) is the Solution Journalism Network's Chief Innovation Officer. She leads on innovation and technology, leverages communication platforms for the network strategy and creates cool content. She has an MFA from Columbia's Film School and has been creating, teaching and writing at the intersection of storytelling and social good for two decades. She has produced content for Current TV, UNICEF, Havas, Praekelt.org, UNICEF, UNFPA, Save the Children, FCDO, Global Integrity and Prism.*

*\* This interview has been edited and condensed.*