2X Challenge Criteria\(^1\) for Qualifying DFC Transactions

DFC uses the five 2X Challenge criteria outlined below to qualify transactions as 2X, with eligibility determined at the time of a transaction’s approval. Entities receiving direct financing or political risk insurance from DFC can qualify as 2X by meeting \textit{at minimum} one of the first four criteria. Transactions can also exceed the minimum thresholds or meet more than one criterion.

1. **Entrepreneurship**: An entity qualifies under this criterion if:
   a. It was founded by a woman, or the majority of its founders are women who remain actively engaged in the business, OR
   b. The majority (over 50% by shares) of its direct owners are women.

2. **Leadership**: An entity qualifies under this criterion if:
   a. Over 30% of its senior management and leadership positions are held by women, OR
   b. Over 30% of its Board or Investment Committee members are women.

3. **Employment**: An entity qualifies under this criterion if:
   a. Women represent 30% - 50% of its workforce, depending on sector\(^2\), AND
   b. It has implemented or commits to implementing policies and/or practices designed to support women’s hiring, recruitment, retention, and advancement in the workplace.

4. **Consumption**: An entity qualifies under this criterion if it offers products or services that specifically or disproportionately benefit women. Products and services align if they:
   a. Are designed for women’s unique needs, AND
   b. Address a problem disproportionately impacting women, AND
   c. Have a majority of women customers, OR
   d. Have a majority of women beneficiaries.

5. **Financial Intermediaries**: On-lending facilities through financial institutions and investment funds (together, Financial Intermediaries) can qualify under the following portfolio-level criterion:
   a. On-lending facilities: At least 30% of DFC’s loan proceeds or the Financial Intermediary’s portfolio will support/ be on-lent to businesses that meet one of the four 2X criteria above, OR
   b. Funds: At least 30% of the Fund’s portfolio companies meet one of the four 2X criteria above, AND
   c. Financial intermediaries also need to meet one of the four criteria above to qualify.

\(^1\) See [https://www.2xchallenge.org/criteria](https://www.2xchallenge.org/criteria) for the full 2X Criteria as developed by 2X Challenge. DFC has refined its own internal interpretation of some criteria — specifically the Financial Intermediary criterion.

\(^2\) The sectoral thresholds are 30% for infrastructure, power, and telecoms; 40% for financial services, heavy manufacturing, agribusiness and food, and professional services; and 50% for healthcare, consumer services, education, and light manufacturing.