



A **global** solution
to **currency risk**

IMPACT REPORT

2025

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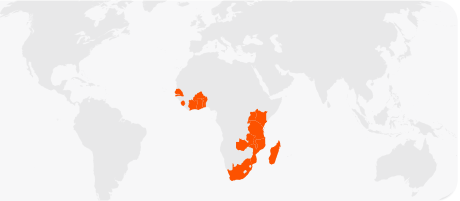
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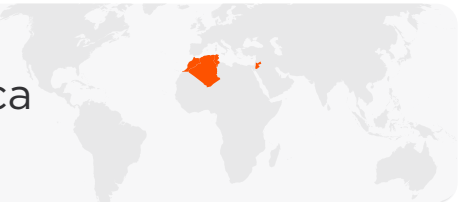
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About TCX

TCX is a global development finance initiative supported by a shareholder base that includes FMO, KfW, EBRD, IFC, EIB, as well as the European Commission and Dutch, Swiss, British, French and German governments and other DFIs and impact investors.

TCX protects borrowers in emerging and frontier markets from currency risk by facilitating currency hedges that transfer the risk to TCX’s balance sheet. TCX offers derivative instruments — cross-currency swaps and FX forwards — in currencies not or insufficiently covered by commercial parties. TCX started operations in 2007 and has since then hedged a total volume

of over USD 19.5 billion in development loans in 70 currencies and hedged the currency risk for over USD 3.5 billion in frontier market currency denominated bonds.

For questions about the Impact Report, please contact t.oostheim@tcxfund.com



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Letter from the CEO

Development finance is beginning to address currency risk more systematically. TCX saw this shift materialize in 2025 through deeper institutional partnerships and expanded mandates. Donors and multilateral development banks that recognize the problem of the currency mismatch are now committing capital and operational resources to solutions.

That expansion showed in TCX's operational footprint: 54 currencies hedged across 59 countries in 2025, up from 41 currencies in 45 countries the year prior. Development finance succeeds when capital reaches the places commercial markets avoid, and TCX continued to operate where others cannot or will not.

The African Development Bank returned as a TCX shareholder in September with a USD 25 million equity commitment, eighteen years after participating as a founding member. The re-entry signals that currency risk mitigation has moved from technical concern to strategic priority within the Bank's mandate. CAF—Development Bank of Latin America—deepened its engagement as a user of the fund, embedding hedging into its regional operations. IDB Invest expanded its work with TCX to support clients in challenging markets, while the Asian Development Bank used TCX instruments to protect climate finance in frontier currencies against foreign exchange risk. What these partnerships have in common is governance: each represents a counterparty embedding currency risk mitigation into how it lends, not just whether it lends.

Blended finance structures advanced in parallel. The EFSD+ pricing component launched in Q4 2025 and generated USD 1.5 billion in hedging requests within weeks of opening. The BMUKN blending facility,

developed with the German Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety, detailed later in this report, delivered early results that confirm what targeted pricing interventions can achieve: access to funding for borrowers for whom currency risk would otherwise be a structural barrier to financing.

TCX prepared for this expanded mandate by strengthening its institutional capacity. The organization grew across all teams in 2025, reaching a headcount of over 50 professionals. Changes to the Executive Committee brought new leadership to guide the strategic direction and operational oversight required for the scale of work ahead.

That strategy is organized around four priorities: blended finance, market development, public sector engagement, and product innovation. Each addresses a specific barrier to scaling local currency finance where institutional readiness and market need converge. TCX is positioned to meet the demand, and in 2025 we continued to demonstrate that managing currency risk is foundational to resilient development lending.

This report sets out what that work looked like in 2025: the transactions, the markets, and the institutional shifts behind them.



Ruurd Brouwer
Chief Executive Officer

2025 at a glance

Over the course of 2025, TCX hedged 54 currencies, benefiting borrowers across 59 countries, with an average weighted tenor of 3.84 years.

CURRENCIES

54

COUNTRIES

59

AVERAGE WEIGHTED TENOR (YEARS)

3.84

ASIA AND PACIFIC

\$407m

\$255m

Bangladesh	15	8
Bhutan	8	0
Fiji	2	0
India	126	128
Indonesia	141	71
Pakistan	20	16
Philippines	56	12
Sri Lanka	29	5
Vietnam	11	15

EUROPE AND CENTRAL ASIA

\$1,397m

\$1,036m

Albania	15	0
Armenia	21	6
Azerbaijan	143	157
Bosnia & Herzegovina	20	0
Georgia	31	46
Kazakhstan	227	214
Kyrgyzstan	50	18
Mongolia	184	155
North Macedonia	66	0
Serbia	190	29
Tajikistan	134	78
Uzbekistan	315	333

LATIN AMERICA AND CARIBBEAN

\$429m

\$315m

Argentina	15	0
Brazil	6	0
Colombia	21	16
Costa Rica	73	29
Dominican Republic	86	102
Guatemala	81	65
Haiti	1	0
Honduras	24	21
Jamaica	27	68
Mexico	5	0
Nicaragua	13	0
Paraguay	58	8
Peru	20	6

MIDDLE EAST AND NORTH AFRICA

\$183m

\$61m

Algeria	145	31
Egypt	25	10
Jordan	2	20
Tunisia	12	0

SUB-SAHARAN AFRICA

\$426m

\$92m

Angola	13	10
Benin	11	0
Botswana	33	0
Burkina Faso	4	0
Côte d'Ivoire	17	0
Ethiopia	1	0
Ghana	24	4
Kenya	52	8
Madagascar	2	0
Malawi	10	1
Mali	2	0
Mozambique	6	4
Nigeria	8	0
Rwanda	21	0
Senegal	2	0
Sierra Leone	12	0
South Africa	1	8
Tanzania	159	57
Togo	10	0
Uganda	20	0
Zambia	21	0

TOTALS

\$2,842m

\$1,759m

OF PRIMARY HEDGES572

OF TRANSACTIONS359

— of which Bond issuances37

■ RISK ONBOARDED (USDm)

■ RISK ON-SOLD (USDm)

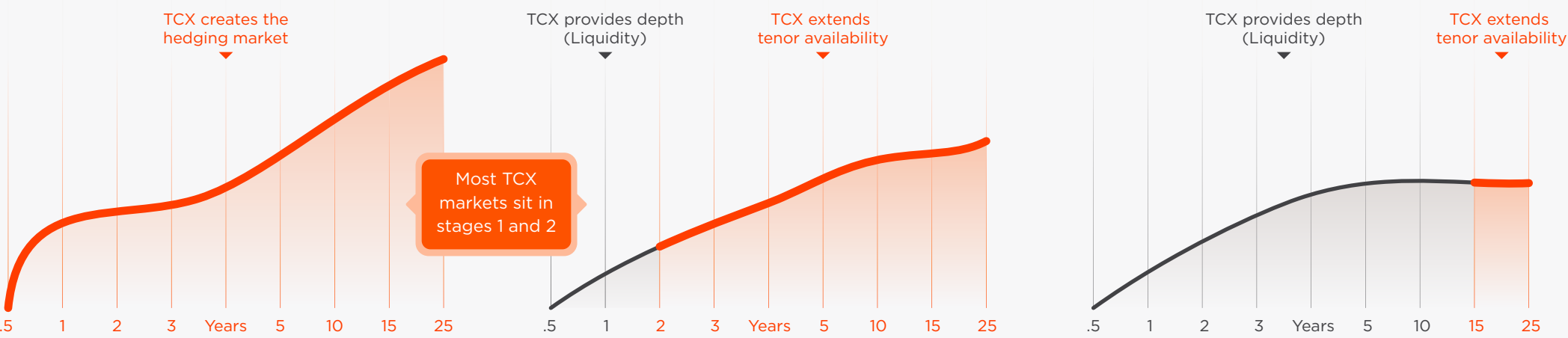
Theory of Change

Despite decades of development finance innovation, borrowers across emerging and frontier economies continue to be financed predominantly in US dollars or euros while generating revenues, collecting taxes and servicing obligations in local currency. The exchange-rate exposure this creates is not a manageable risk — it is a structural vulnerability embedded in the architecture of development lending itself. When currencies depreciate, debt-service costs rise in local terms. This compresses fiscal space and limits governments’ ability to invest in their own economies. In severe cases, it can precipitate systemic instability.

The absence of functioning hedging markets amplifies the problem. With limited access to risk-mitigating financial instruments, interbank liquidity remains shallow, and forward curves rarely extend beyond six to twelve months. This creates a self-reinforcing cycle: borrowers are unable to hedge foreign exchange risk, lenders are constrained in scaling local-currency portfolios, and investors lack the pricing benchmarks necessary to assess and allocate frontier currency risk. Without pricing transparency, risk premia stay elevated. The hard-currency bias of development lending persists.

Markets sit at different stages of development, each with distinct infrastructure gaps.

Market development spectrum



1 Frontier	2 Developing	3 Emerging
MARKET CHARACTERISTICS		
Bank-centric financial systems, limited deposit base invested in government securities, persistent savings gap, heavy reliance on external hard currency debt, no domestic interbank hedging market.	More diversified investor base (domestic asset managers, limited global capital market access), continued reliance on external hard currency debt, shallow interbank markets with uncertain frameworks, some hedging for larger borrowers at shorter maturities only.	Access to domestic and cross-border investors, domestic hedging instruments available (mainly short to medium term), some system imperfections (custody, collateral transfer), maturity mismatches remain a challenge.
TCX ROLE		
Price-Maker Building initial hedging market where no commercial alternatives exist.	Price-Maker at longer maturities Deepening liquidity at short end, extending tenor beyond commercial coverage.	Price-Taker Filling gaps for smaller borrowers and longer tenors not covered commercially, providing floating rate swaps on alternative benchmarks, adding liquidity.
EXAMPLES		
Ethiopia, Fiji, Bhutan, Papua New Guinea	Tanzania, Kenya, Georgia, Vietnam	Colombia, Mexico, South Africa, India

How TCX intervenes

TCX was established to solve this problem where markets fail to do so. The Fund’s role in each market depends largely on the level of capital market development and the availability of commercial hedging. The more hedging already exists in a market, the lower TCX’s additionality. But in most frontier and developing markets, that infrastructure simply does not exist.

TCX’s intervention operates through three mutually reinforcing activity pillars.

P1

DE-RISKING
DEVELOPMENT FINANCE

TCX structures derivative contracts with DFIs, impact investors and banks, converting foreign-currency obligations into local-currency cash flows and absorbing residual FX risk onto its own balance sheet. Where hedging costs remain prohibitive, blended finance bridges the affordability gap, making transactions viable in currencies and tenors that commercial pricing alone would not reach.

Pillar 1

P2

MOBILIZING
THE PRIVATE SECTOR

TCX transfers portions of absorbed FX risk to private investors through derivatives and hedged bond structures, many representing market firsts in new currencies, tenors or structures. These transactions set reference prices, demonstrate replicability and build the investor familiarity that is a precondition for commercial market formation.

Pillar 2

P3

INCREASING
AWARENESS

This pillar shapes the conditions for the first two to scale — through research, thought leadership advocacy, policy engagement and capacity building that expand institutional appetite for local currency solutions. The Local Currency Academy (LCY Academy), an independent foundation launched in December 2025 with EUR 7.1 million in EFSD+ funding administered by KfW, will support public and private sector borrowers in low-income and lower-middle-income countries in building the awareness and institutional capacity needed to engage with currency risk management.

Pillar 3



TCX's ultimate measure of success is not the volume of transactions it executes but the degree to which markets it has catalyzed can function without it.

From transactions to systemic change

The three pillars operate through distinct but complementary mechanisms. The first builds markets from the bottom up — creating pricing and liquidity for EMDE FX through sustained transaction activity. The second builds from the top down — drawing in commercial capital, establishing benchmarks and demonstrating that frontier currency risk is investable at scale. The third shapes the conditions for the first two to scale — through research, advocacy, policy engagement and capacity building that expand institutional appetite for local currency solutions.

Critically, TCX's ultimate measure of success is not the volume of transactions it executes but the degree to which markets it has catalyzed can function without it. TCX's mission is achieved when commercial providers cover the majority of hedging needs, when local-currency bond markets operate with adequate investor depth and when borrowers and financial institutions have adopted durable FX risk-management frameworks that support resilience in times of turmoil.

To track this trajectory, TCX is assessing new market development measurement tools in 2026, assessing whether catalytic interventions are producing lasting systemic change across the currencies and tenors where TCX has been most active.

Results against indicators

P1

Pillar 1

DE-RISKING
DEVELOPMENT FINANCE

Indicator 1

Hedging Activity

Indicator 2

Joint Impact Model (JIM) Results

Indicator 3

Additionality Score (DoH)

P2

Pillar 2

MOBILIZING
THE PRIVATE SECTOR

Indicator 1

Bond Hedging Activity

Indicator 2

Capital Mobilisation

Indicator 3

Additionality Score (DoH)

P3

Pillar 3

INCREASING
AWARENESS

Indicator 1

Market Coverage

Indicator 2

Price Making Activity

TCX tracks its results using defined indicators across each of its three activity pillars. For Pillars 1 and 2, key metrics include hedge volumes by region and sector, and the Difficulty of Hedge score (see right), which measures the additionality of each transaction based on market accessibility. For Pillar 3, outputs are quantifiable while eventual stakeholder uptake and change is more qualitative. As TCX’s strategy evolves, so too does its approach to measurement: work is underway to develop more granular tools for tracking how markets change over time.

The Difficulty of Hedge (DoH)

The ability to be additional guides where TCX operates. TCX provides currency risk solutions in markets where commercial hedging options are unavailable, insufficient or inaccessible and applies a Difficulty of Hedge score to each transaction to assess the additionality of each intervention. The score ranges from 2 to 10 and reflects how difficult it would be for a highly creditworthy institution to hedge a given currency-tenor combination in

the open market. It considers factors including market depth, liquidity, and counterparty availability. A higher score indicates greater market difficulty: a hedge in Madagascar, where FX markets are shallow and hedging instruments scarce, scores higher than a comparable transaction in Indonesia, where a more developed financial sector provides greater market access.

P1

DE-RISKING
DEVELOPMENT FINANCE

Indicator 1	Hedging Activity	2024	2025
USD volume		2,758m	2,842m
# Transactions		600	572
# Currencies		41	54
# Countries		45	59
Average tenor (volume weighted in years)		3.7	3.8

Indicator 2	JIM Results	2024	2025
Total jobs		122.9k	123.2k
Direct jobs (M)		32.4k	40.5k
Direct jobs (F)		21.4k	29.3k
Indirect jobs (M)		39.7k	31.5k
Indirect jobs (F)		29.4k	21.9k
Wages		503m	360m
Taxes		195m	130m
Savings		581m	579m

Indicator 3	Additionality Score (DoH)	2024	2025
Average DoH score		7.6	7.3

P2

MOBILIZING
THE PRIVATE SECTOR

Indicator 1	Bond Hedging Activity	2024	2025
USD volume of bond issuances		539m	434m
# Bond issuances		47	37
# Currencies (bonds)		18	12

Indicator 2	Capital Mobilisation	2024	2025
USD volume of direct risk transfers		1,166m	1,326m
Number of on-selling transactions		358	359

Indicator 3	Additionality Score (DoH)	2024	2025
Average DoH score - bond issuances		7.6	7.9

P3

INCREASING
AWARENESS

Indicator 1	Market Coverage	2024	2025
Number of currencies in portfolio		52	58

Indicator 2	Price Making Activity	2024	2025
Currencies where TCX is price maker		53	53

PILLAR 1

P1

DE-RISKING
DEVELOPMENT FINANCE

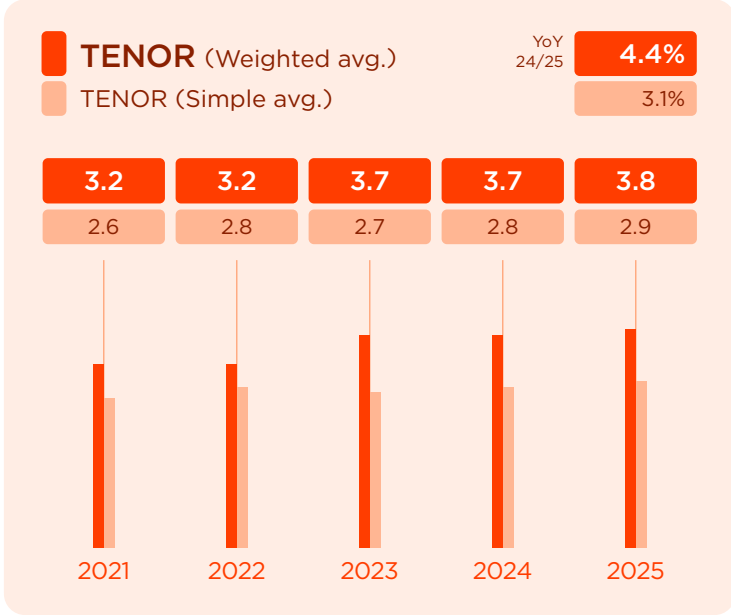
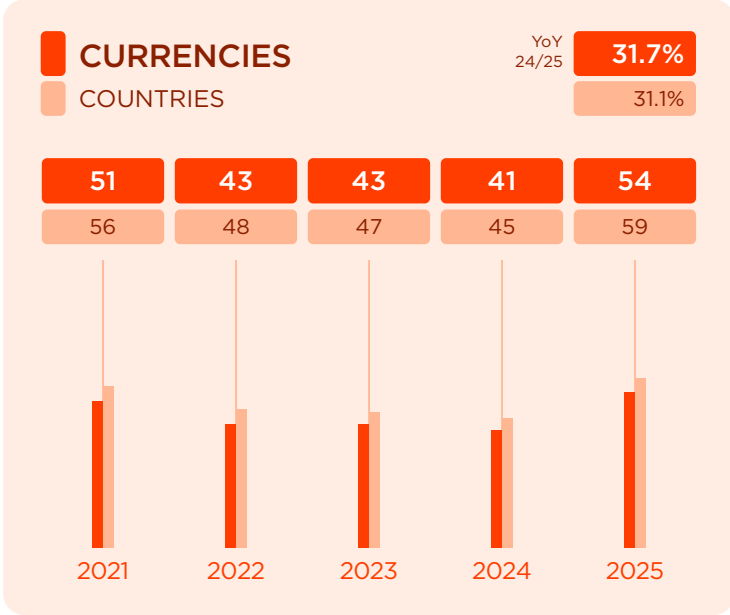
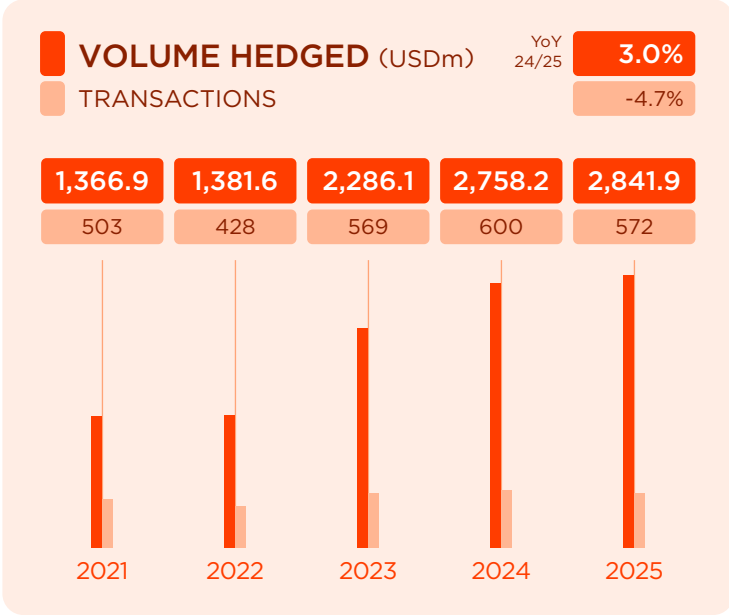
P1



DE-RISKING
DEVELOPMENT FINANCE

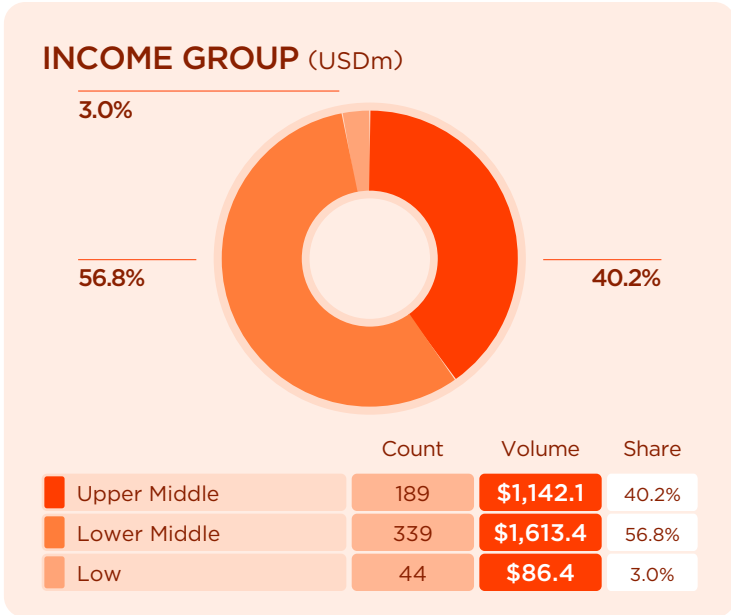
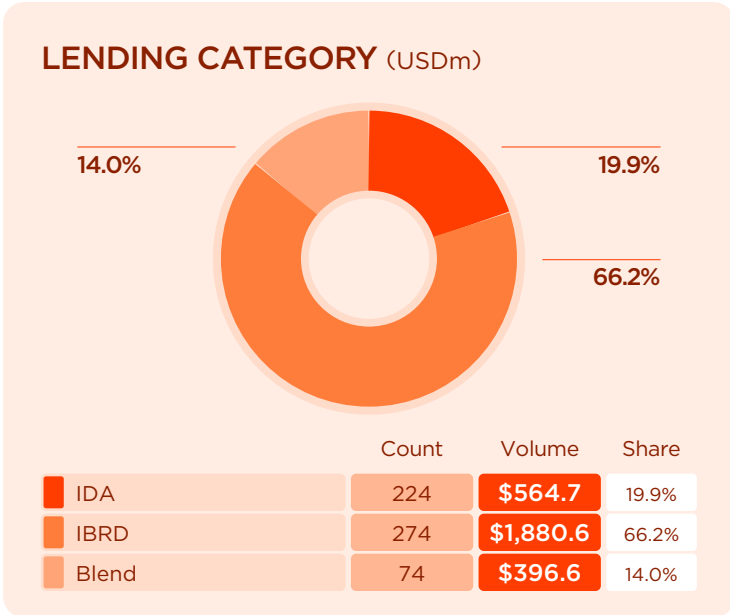
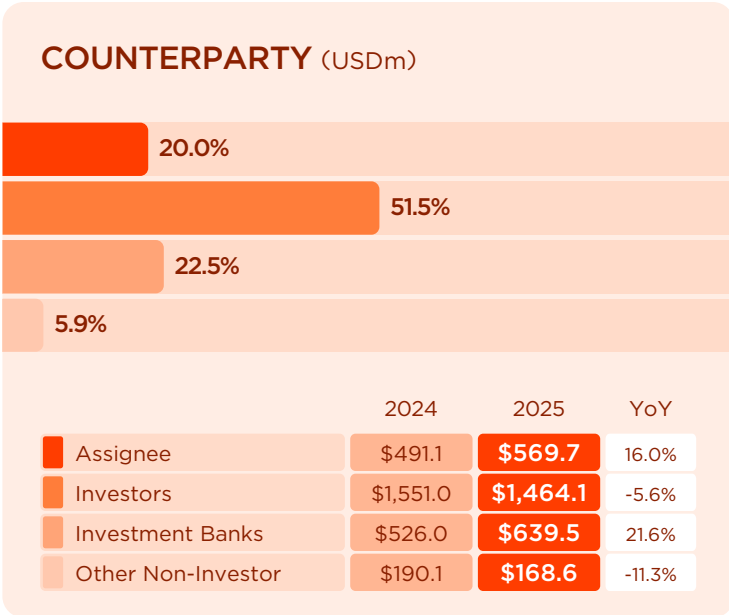
Hedging volumes at a glance

In 2025, TCX executed 572 primary hedges across 54 currencies and 59 countries, bringing total Pillar 1 volume to USD 2,842 million — a further increase on 2024’s record-setting USD 2,758 million and the highest annual volume in the Fund’s history. The weighted average tenor at inception extended to 3.84 years, up from 3.68 years in 2024, continuing a multi-year shift toward longer-dated instruments that provide borrowers with more durable protection against exchange-rate volatility.



SECTOR (USDm)	2024	2025	Share 2025	YoY
Energy	\$96.4	\$139.1	4.9%	44.3%
Infrastructure	\$124.0	\$226.2	8.0%	82.5%
Public sector	\$177.4	\$43.0	1.5%	-75.8%
Microfinance	\$969.5	\$825.0	29.0%	-14.9%
SME finance	\$898.8	\$960.1	33.8%	6.8%
Other finance	\$372.0	\$443.5	15.6%	19.2%
Other sectors	\$110.0	\$205.2	7.2%	86.5%

REGION (USDm)	2024	2025	Share 2025	YoY	Weighted Tenor 25'
Asia Pacific	\$228.7	\$406.8	14.3%	77.8%	6.6
Europe & Central Asia	\$1,142.2	\$1,396.9	49.2%	22.3%	3.6
Latin America	\$658.0	\$429.0	15.1%	-34.8%	5.2
Middle East & North Africa	\$309.3	\$183.3	6.4%	-40.8%	1.0
Sub-Saharan Africa	\$420.0	\$426.2	15.0%	1.5%	3.6



Long-tenor transactions in 2025

Several transactions in 2025 exemplify the demand for longer-dated hedging:

Bhutan Power Corporation
Supporting grid modernization
BTN

14.8
YEARS

Jamaica water infrastructure facility
Forward-starting across multiple disbursements
JMD

20
YEARS

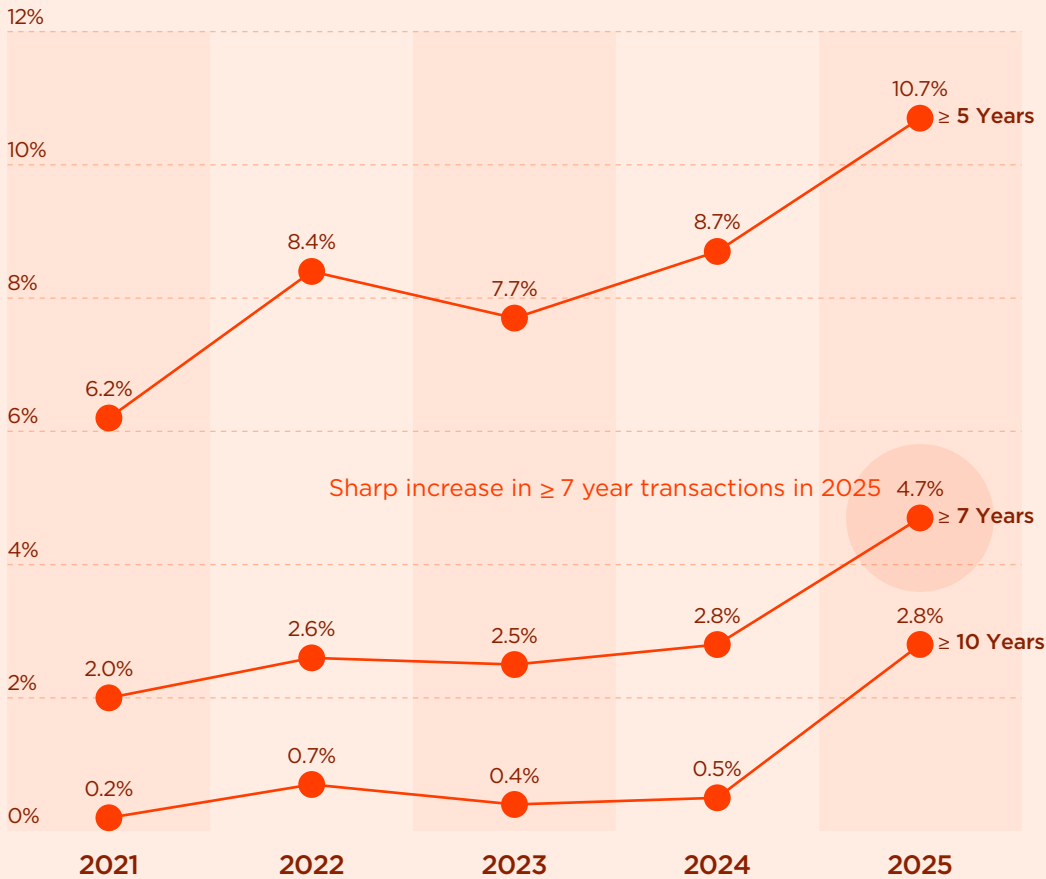
Paraguay infrastructure facility
USD 50 million
PYG

10.2
YEARS

1

Share of primary deals at tenor thresholds

(% of total number of deals)



Number of primary deals

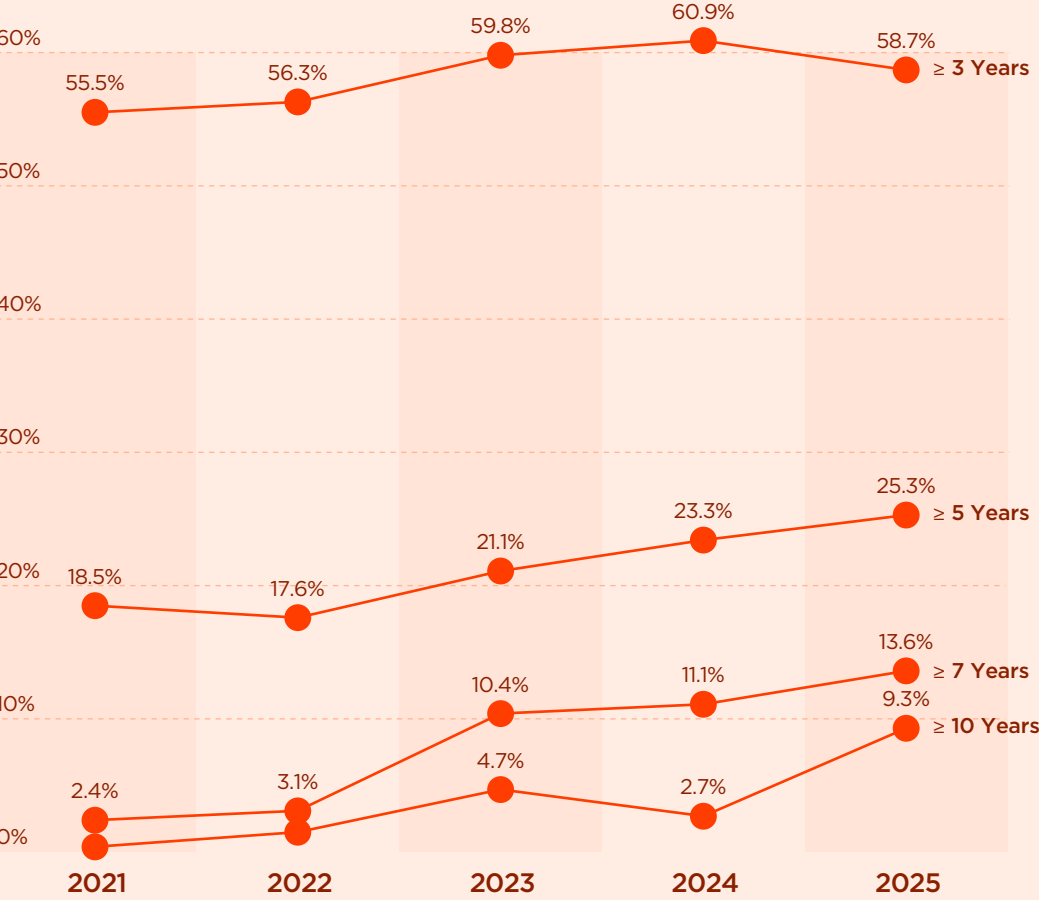
(# of deals / % of total)

	≥ 5 Years		≥ 7 Years		≥ 10 Years	
2021	31	6.2%	10	2.0%	1	0.2%
2022	36	8.4%	11	2.6%	3	0.7%
2023	44	7.7%	14	2.5%	2	0.4%
2024	52	8.7%	17	2.8%	3	0.5%
2025	61	10.7%	27	4.7%	16	2.8%
	# of deals	% of total	# of deals	% of total	# of deals	% of total

2

Year-over-year growth in long-tenor transactions

(Volume weighted)



Key insight

Long-tenor transactions are significantly larger than short-tenor deals. While only 10.7% of transactions are ≥5 years, they represent 25.3% of total volume — reflecting the larger ticket sizes typical of infrastructure and long-dated development finance.



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Growth in 2025 reflected geographic expansion alongside volume increases. The number of currencies hedged expanded from 41 in 2024 to 54 in 2025, and the number of countries served rose from 45 to 59 — a widening of the Fund’s operational frontier that reflects deliberate engagement in markets where commercial hedging alternatives are insufficient.

Four currencies were hedged by TCX for the first time in 2025. Their inclusion in TCX’s portfolio is a direct expression of the Fund’s additionality principle —

Extending the frontier
of what is hedgeable,
one currency at a time.

Sector distribution

SME finance and microfinance together accounted for 62.8% of total Pillar 1 volume in 2025, consistent with prior years. SME finance led all sectors at USD 960 million (33.8%), its highest annual volume to date, while microfinance contributed USD 825 million (29.0%). Together these two segments represent the institutions closest to the underserved: microfinance institutions, local banks and credit cooperatives that borrow in hard currency to on-lend in local currency, and where unhedged FX exposure translates directly into borrower credit risk. The financial sector is regulated such that open FX exposure is typically capped at 25% of equity, protecting the system, and ultimately depositors. The absence of comparable prudential limits for sovereigns explains in part why the shift toward local currency lending in the public sector proceeds more slowly.

Infrastructure reached USD 226 million (8.0%), nearly doubling from the 2024 USD 123 million, as TCX deepened its engagement with transport and water projects requiring longer-tenor coverage. Other finance¹ capturing financial sector transactions outside microfinance and SME categories — contributed USD 443 million (15.6%). Energy transactions totaled USD 139 million (4.9%), with the SE4ALL subset supporting off-grid and energy access transactions across 15 countries. Public sector transactions — sovereign and quasi-sovereign borrowers including debt management offices and state-owned enterprises — contributed USD 43 million (1.5%) across five transactions in Bhutan, Costa Rica and the Dominican Republic. Other sectors added USD 205 million (6.8%).

Borrower profile

Lower middle-income countries accounted for 56.8% of Pillar 1 volume in 2025 (USD 1,613 million across 339 transactions), with upper middle-income countries contributing 40.2% (USD 1,142 million). Low-income country transactions totaled USD 86 million (3.0%) across 44 transactions, a small total portion for a segment where blended finance is often required to bridge the affordability gap between market-reflective hedging costs and what borrowers can bear. Fragile and conflict-affected states accounted for USD 128 million (4.5%) across 43 transactions, including positions in Ethiopia, Sierra Leone, Mali, Burkina Faso and Haiti. Compared to last year, this represents a slight decrease in volume (-10.6%) but a 10% increase in transaction count.

62.8%

SME finance and **microfinance** accounted for 62.8% of total Pillar 1 volume in 2025.

\$960m

SME finance reached USD 960 million — its highest annual volume to date.

56.8%

Lower middle-income countries accounted for 56.8% of Pillar 1 volume.

3.0%

Low-income country transactions represented just 3.0% of volume, highlighting where blended finance is often needed most.

¹ Other finance includes various forms of financial intermediation, such as commercial banks, leasing companies, consumer finance, housing finance, and financial infrastructure.

Firsts in 2025

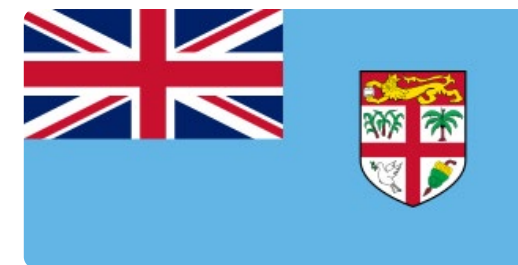
Every currency TCX hedges for the first time represents the same underlying commitment: building pricing capability from the ground up in a market where no offshore, and likely onshore, hedging solution previously existed. The four new currencies TCX entered in 2025 are each at the frontier stage of market development — markets where TCX acts as price-maker, establishing the first reference points that could eventually enable broader market participation.



Ethiopian birr

ETB

Ethiopia's exchange rate reform in July 2024 moved the birr from a managed rate to a more market-determined currency. The birr immediately depreciated 30% and has continued to weaken. But the shift did unlock a USD 3.4 billion IMF program and over USD 1.5 billion in World Bank financing, reopening Ethiopia to development capital at scale. TCX's first birr hedge, supporting an IFC investment in Ethiopia's telecommunications sector, was priced entirely from macroeconomic fundamentals, as no observable offshore market references exist and onshore references are limited. At USD 0.5 million across a 6.6-year tenor, the transaction is small. Its significance is structural: it establishes that the birr is hedgeable, creating the foundation for larger transactions as Ethiopia's FX regulatory environment continues to open.



Fijian dollar

FJD

Fiji's case for local currency finance is inseparable from its climate exposure. Tropical cyclone Winston in 2016 caused losses equivalent to nearly one-third of GDP; average annual asset losses from cyclones and floods exceed FJD 500 million, or more than 5% of GDP. TCX's first FJD transaction hedged the Asian Development Bank's first local currency loan in Fiji, for a facility supporting a local financial institution's lending to women-owned SMEs. At USD 2 million across a 2-year tenor, the transaction represents a first step toward financing local-currency-generating investments without currency mismatch.

P1

DE-RISKING

DEVELOPMENT FINANCE



Bosnian Convertible Mark

BAM

Bosnia and Herzegovina's convertible mark has been pegged first to the Deutsche Mark, then to the euro since 2002, but local financial institutions have historically relied on euro-denominated funding to support SME lending, leaving borrowers exposed to currency risk despite the peg. TCX's first BAM transactions in 2025 totaled USD 20 million across four hedges supporting SME finance, with tenors ranging from six months to two years. Executed with a counterparty that gained access to TCX via one of its shareholders (using the assignment mechanism), the hedges demonstrate that even in pegged currency environments, local currency-indexed financing can reduce structural mismatch and support financial stability.



Bhutanese ngultrum

BTN

Bhutan's ngultrum has been pegged 1:1 to the Indian rupee since 1974, and the structural reform that made TCX's entry possible came in May 2025, when Bhutan revised its External Commercial Borrowing Guidelines to allow local entities to borrow from foreign lenders in local currency terms for the first time. TCX's hedge of IFC's USD 8 million ngultrum-linked loan to Bhutan Power Corporation – supporting grid modernization at a 14.8-year tenor – is the first offshore hedging transaction in the currency and among the longest-dated in TCX's 2025 portfolio. It reflects the infrastructure financing profile of hydropower projects, which generate revenues in both ngultrum and Indian rupees and require financing structures matched to their long operational lives.

TCX INSIGHTS

The evolution of local currency markets

For a deeper exploration of how TCX supports market development across frontier, developing, and emerging market stages.

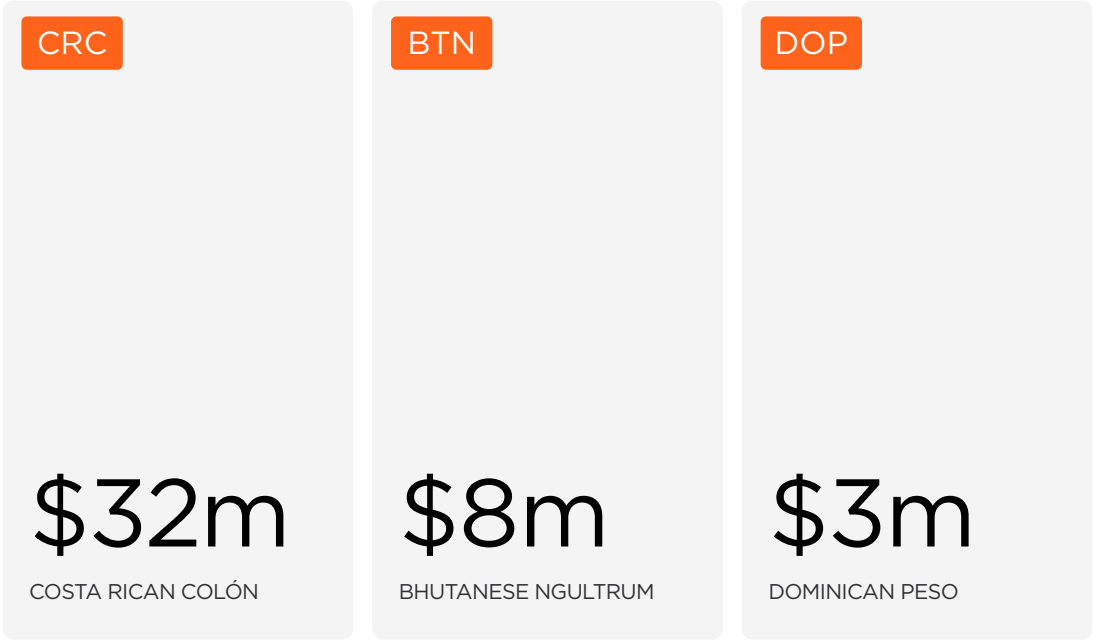
[View publication ↗](#)



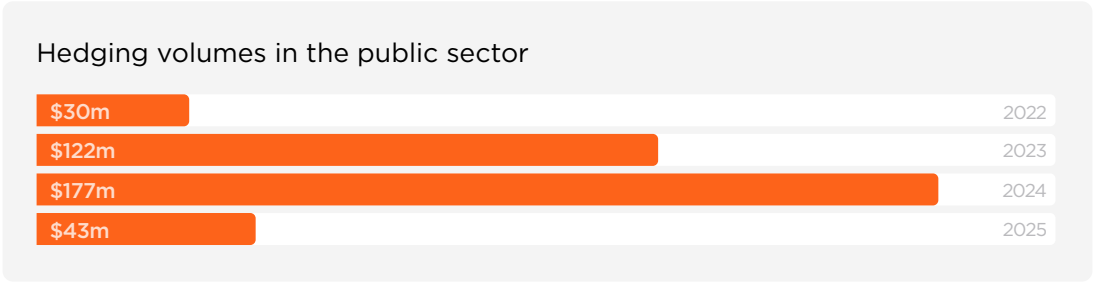
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DEVELOPMENT FINANCE

Public sector **snapshot**

TCX’s public sector work addresses one of the most structurally important and underserved segments of development finance: sovereign and sub-sovereign borrowers. Coming in the form of ministries of finance, Debt Management Offices, (DMOs), State Owned-Enterprises and sub-nationals (regions, municipalities), who carry currency risk on behalf of their economies. When a public entity borrows in foreign currency to fund public infrastructure, the exchange-rate risk sits with the public balance sheet. A fluctuating currency can therefore directly impact the budget, making hedging that risk not just financial risk management but a financial sustainability intervention.



In 2025, TCX executed five public sector transactions totaling USD 43 million across three currencies. Costa Rican colón (CRC, USD 32 million) carried tenors of approximately ten years — among the longest in the regional portfolio. Bhutanese ngultrum (BTN, USD 8 million) was transacted for the first time at a tenor approaching fifteen years. Dominican peso (DOP) accounted for the remaining USD 3 million.



Public sector volume was lower than in 2024, when USD 177 million was recorded across larger sovereign transactions in Kazakhstan, Costa Rica, and Jamaica. The 2025 result reflects deal timing rather than a shift in direction. Public sector hedging is expected to grow in 2026.



Public sector engagement is one of TCX’s four strategic priorities for 2026–2030. The December 2025 signing of the Local Currency Academy (LCY Academy), a capacity-building facility funded under the EU’s EFSD+ framework, intends to equip debt management offices and public institutions across low-income and lower-middle-income countries with practical currency risk management tools and hands-on support to improve debt sustainability and reduce FX exposure. The LCY Academy measure of success is whether counterparties improve their knowledge and capacity to mitigate currency risk effectively — both onshore and offshore — reducing their open exposure and the associated potential for debt distress with follow-on consequences to the domestic financial system.



The BMUKN Facility — Blending for energy access

Access to affordable local currency financing remains one of the most persistent constraints to scaling clean energy investment in emerging markets. Foreign exchange risk inflates the cost of capital and exposes borrowers to currency volatility that undermines project viability. The BMUKN-supported pricing program, launched in partnership with TCX in 2025, directly addresses this barrier.

How it works: BMUKN provides interest rate subsidies that reduce the all-in cost of local currency financing for eligible energy access projects. TCX hedges the foreign exchange risk through its standard swap instruments. This blended structure makes transactions viable where thin margins in frontier markets would otherwise prevent borrowers from absorbing the full cost of FX protection.

When TCX brought the program to its counterparty base in Q2 2025, demand was immediate: USD 316 million in applications from 16 investors across 57 requests in 21 currencies — a 7.6x oversubscription. Applications spanned financial institutions (31%) and direct energy/mobility projects (69%), including clean cooking, e-mobility, solar production, and telecommunications infrastructure.

Against this demand, TCX executed USD 16.9 million across eight transactions in 2025 (see following pages). The oversubscription — and the leverage achieved on deployed capital — demonstrates what targeted blended finance can unlock: economically sound transactions that require subsidy to bridge the affordability gap in frontier markets.

APPLICATIONS

\$316m

INVESTORS

16

REQUESTS

57

CURRENCIES

21

ON THE FACILITY

The BMUKN facility enables TCX to reduce hedging costs for eligible renewable energy, energy access and other climate mitigation and adaptation-related transactions structured by its counterparties. TCX does not select, assess or promote the environmental characteristics of underlying projects. Project eligibility is determined by the BMUKN facility guidelines. References to 'green' loans, bonds, or frameworks describe classifications applied by TCX's counterparties or third-party certifiers, not sustainability assessments conducted by TCX.

WHY LOCAL CURRENCY ISN'T EXPENSIVE

Local currency hedging has a real capital cost, but the alternative is worse. Many frontier market transactions simply don't happen without LCY financing — lenders won't extend USD credit to borrowers earning in local currency, and borrowers can't absorb catastrophic devaluation risk. The choice isn't "LCY vs USD." It's "LCY vs no loan at all."

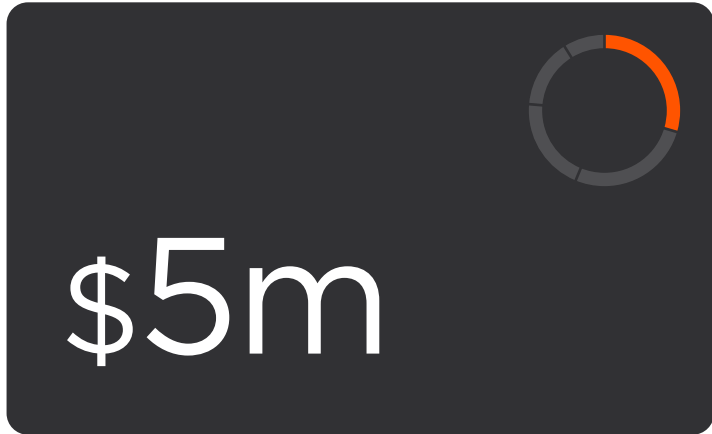
High nominal rates reflect currency volatility, not excessive pricing. A 15% UGX loan may be cheaper in real terms than an 8% USD loan if the UGX depreciates 12% and wipes out the unhedged borrower's balance sheet.

Blended finance doesn't make expensive hedging "affordable" — it absorbs capital costs that would otherwise prevent economically sound transactions from closing, particularly where thin margins in low-income markets leave little room to pass through the full cost of protection.

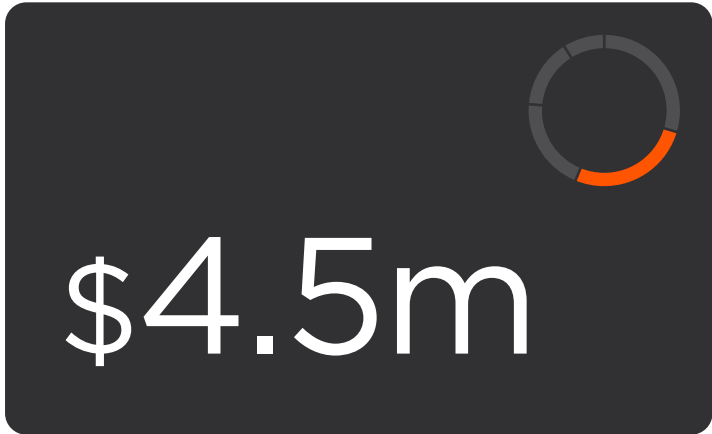
Transactions in 2025

Against that demand, TCX executed eight trades in 2025, working with five counterparties across five currencies for a total of USD 16.9 million in notional. The average unweighted discount extended to borrowers was 2.53%. USD 1.5 million in pricing support was consumed in doing so — representing 12x leverage on the facility funds deployed. USD 2.6 million remains available, ensuring the program’s reach extends into 2026.

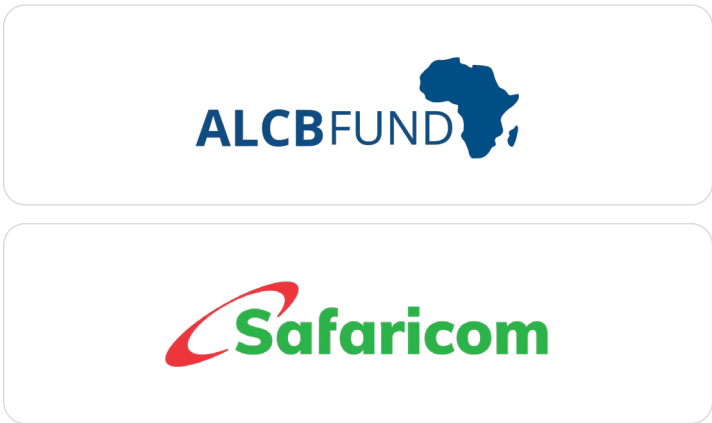
The loans spanned financial, telecommunications, energy, and agriculture sectors. TCX’s counterparties have designated these transactions as supporting energy access objectives under their own sustainability frameworks. TCX does not assess or promote these environmental characteristics; TCX’s role is limited to establishing them and providing FX risk mitigation.



The Global Climate Partnership Fund (GCPF) deployed a USD 5 million transaction for **ACBA Leasing** in Armenia under a green loan framework. Loan proceeds are directed toward building a portfolio of products providing access to solar panels and improving energy efficiency for Armenian farmers and small businesses transitioning away from fossil-fuel-powered production.



The African Local Currency Bond Fund (ALCBF) made a USD 4.5 million investment in a green bond issued by **Safaricom** in Kenya. The bond proceeds fund new mobile towers powered by renewable energy, replacing legacy infrastructure with lower-emission alternatives.



MTX provided three direct hedges to **Oxus Kyrgyzstan** (USD 1.4 million) and one direct hedge to **Bailyk Finance in Kyrgyzstan** (USD 2 million). Both hedges were contracted to manage FX risk derived from USD-denominated green loan portfolios, reducing the cost of holding climate-aligned assets in volatile currency environments.





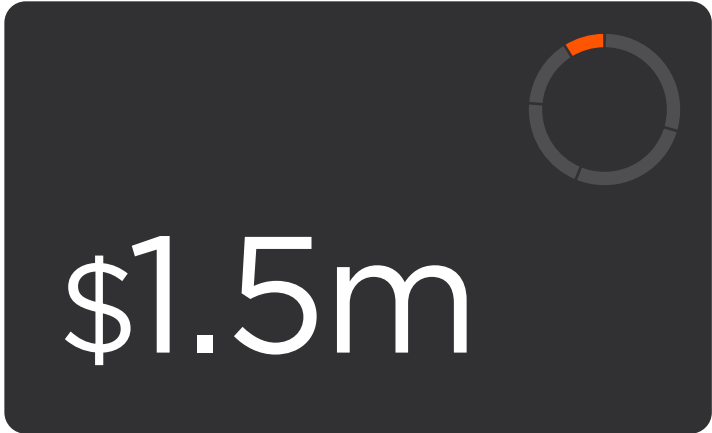
DE-RISKING
DEVELOPMENT FINANCE

“The BMUKN facility’s range — from solar panels in Armenia to telecom infrastructure in Kenya to replacing diesel generators in Zambia — shows what subsidized hedging can unlock across industries. With energy price volatility intensifying in 2026, protecting local-currency businesses from both FX and energy risk has become even more critical.”

Roy Forney
Associate | Structuring & Sales



African Frontier Capital (AFC), acting through **MFX**, hedged a USD 2.5 million securitization in Ugandan shillings for **d.light** Uganda. The transaction securitized UGX receivables from d.light’s solar home system products under the Brighter Life program, enabling low-income communities to access renewable energy and solar-powered appliances. This transaction forms the basis of the first case study in this section.



The **Africa Agriculture and Trade Investment Fund** (AATIF) provided local currency financing to **Seba Foods** in Zambia for the construction of a new agri-processing plant, with a portion earmarked for the installation of solar panels to replace diesel generators used in food processing operations. This transaction is the subject of the second [case study](#).



7.6x

The 7.6x oversubscription of a first-year facility is a strong market signal that TCX can build upon. It reflects both the strength of the counterparty relationships that made rapid deployment possible and the depth of unmet demand that a well-structured blended finance instrument can surface.



Hedging for off-grid solar access in Uganda: TCX, AFC and d.light





Hundreds of millions of people across sub-Saharan Africa are still without reliable electricity. For them, off-grid solar represents a lifeline. Yet the cross-border financing structures required to make clean energy affordable and scalable at the last mile are complex and often dependent on solving one fundamental problem: foreign exchange risk.

The d.light transaction TCX hedged for African Frontier Capital (AFC) in Uganda in 2025 offers a blueprint for how that problem is being solved.

The securitization model

AFC is a specialist impact asset manager that purchases receivables generated by d.light when its off-grid clients acquire solar home systems and other appliances on instalment terms. By acquiring securitized receivables, AFC frees d.light to reinvest in product innovation and last-mile distribution rather than tying up the balance sheet in consumer credit. As AFC COO Karim Slimani put it in an interview with TCX:



Karim Slimani
COO — AFC

“All financing has to bring them towards being cash flow positive — so they can grow, focus on their OpEx, on distribution. That’s the goal.”

AFC’s approach is data-driven and contract-level: repayment curves are modelled from raw portfolio data, enabling precise calibration of advance rates and risk. The Brighter Life by d.light (BLd) facility has now reached over USD 842 million in total securitized value across five facilities since 2020, recycling working capital at scale to expand affordable energy access across the region. But this model carries an inherent tension that, when left unaddressed, can undermine the entire structure.

TCX offers a solution

The vulnerability is currency mismatch. Customer repayments flow in Ugandan shillings while senior capital and securitization obligations are denominated in US dollars. Left unhedged, that gap travels down the value chain during episodes of depreciation and lands on the end-customer as higher monthly instalments, and price out the very households the structure exists to serve.

TCX hedged the UGX/USD exposure underlying the facility. The transaction was executed via MFX, which acts as an access channel to TCX for smaller impact funds that cannot meet the collateral and operational thresholds required for a direct relationship. By absorbing exchange rate volatility at the financing level, TCX prevents depreciation from becoming a price increase for customers. The hedge recorded in the Uganda transaction stands at approximately USD 2.5 million equivalent, covering AFC’s first investment in the new d.light facility. Solving the FX problem, however, introduces another: in frontier markets, the cost of hedging itself can become a barrier.





The BMUKN facility helps reduce the cost of FX risk protection



Federal Ministry
for the Environment, Climate Action,
Nature Conservation and Nuclear Safety

The transaction was supported by the BMUKN facility, which provided interest rate subsidies that reduced the effective hedging cost for AFC. This made the local currency financing commercially viable for d.light while maintaining TCX’s risk-reflective pricing approach.

The result is a chain in which AFC’s purchase of securitized receivables provides the working capital engine for d.light, TCX neutralizes the FX risk that could otherwise break it, and BMUKN ensures the cost of that protection does not undermine affordability. Together, they are contributing to d.light reaching millions of people across Tanzania and Uganda, many of whom are connecting to electricity for the first time.

TCX’s Role

TCX provided a foreign exchange hedge to African Frontier Capital (AFC), enabling AFC to offer local currency financing for d.light’s operations. TCX does not assess or select projects based on environmental characteristics. The renewable energy outcomes described below are determined by AFC and d.light.

Deal highlights



LENDER		BORROWER
African Frontier Capital (AFC)		d.light
COUNTRY	CURRENCY	TRANSACTION SIZE
Uganda	UGX	USD 2.5m equivalent
BLENDED FINANCE		DEVELOPMENT RELEVANCE
BMUKN facility support to reduce effective hedging cost		Supports affordability and scale of off-grid solar access, aligned with SE4ALL

Impact



Unlocks investment capital for d.light to expand clean energy access to millions of off-grid households in East Africa.



Stabilizing long-term investment in Zambia's agri-food sector for 260 Brands





In Zambia, high levels of food insecurity remain a structural concern. In this context, strengthening domestic food processing and storage capacity is a strong imperative. Yet domestic savings cannot provide the necessary investments, and thus entrepreneurs rely on foreign capital, which has one structural challenge: foreign exchange risk.

Storage, solar and scale

In October 2025, the Africa Agriculture and Trade Investment Fund (AATIF) provided a USD 10 million loan to 260 Brands (Seba Foods), a Zambian agri-processor. The funding is for increased storage capacity and to finance the installation of solar power to reduce reliance on diesel generation. The company procures from smallholder farmers to produce a range of nutritious consumer food products based on maize and soy. As is often the case with industrial upgrades, the project required imported machinery and long-term capital.



TCX's Role

TCX provided a foreign exchange hedge to AATIF, enabling AATIF to offer local currency financing to 260 Brands (Seba Foods). TCX does not assess or select projects based on environmental characteristics. The solar installation and other project outcomes described below are determined by AATIF and 260 Brands.

As Lombe Lumbwe, investment lead at AATIF, put it during the interview:

“Anybody trying to invest in long-term infrastructure has a dollar exposure regardless. There’s no way around it.”

Even businesses with a largely local footprint must access USD to procure equipment. In a volatile currency environment such as Zambia’s, this creates a mismatch that can quickly undermine project economics.

The kwacha has depreciated against the dollar consistently in recent years and unhedged USD liabilities have placed significant strain on otherwise viable businesses and fiscal budgets. At the same time, local long-tenor financing is scarce. Following macroeconomic stress, private sector borrowers may struggle to access funding in local currency at reasonable rates and necessary tenors.

This is where TCX and the BMUKN-supported blended finance facility can play a role. TCX converted USD 1.5 million of the total investment into Zambian kwacha (ZMW) terms through a cross currency swap. The conversion aligned part of the company’s debt obligations with its local-currency revenue base. Importantly, the structure provided an over 8-year tenor, matching the infrastructure profile of the investment.



Lombe Lumbwe
Investment lead — AATIF



For AATIF, the objective was clear: address the currency mismatch at the outset, rather than allow it to become a destabilizer later. As Lombe explained:

“For me, the first measure of success is resilience — ensuring that 260 Brands can continue operating and servicing its customers without being derailed by exchange rate swings.”

At the same time, Lombe pointed to a broader lesson about development finance. Impact does not always present itself directly in traditional output indicators. Often, the most important outcome is far more fundamental: a business that continues sourcing from farmers during a volatile cycle and keeps essential products affordable on local shelves.

And that is why foreign exchange volatility does not stay confined to the balance sheet. Because unhedged USD liabilities in more volatile markets inevitably filter through into lower reinvestment capacity or higher prices for consumers. Each would pose a challenge to 260 brands’ ability to continue to grow and to sustain its role in Zambia’s food system.

Managing FX risk at the financing stage therefore serves a dual purpose:

- 1. **It protects the financial resilience of the business**
- 2. **It safeguards the affordability of its products**

The transaction was supported by the BMUKN facility, which provided interest rate subsidies that reduced the effective hedging cost for AATIF. This made the local currency financing commercially viable for 260 Brands while maintaining TCX’s risk-reflective pricing approach.

In a market where long-dated local currency financing is rarely available, this transaction shows what targeted FX risk mitigation and blended finance can unlock. By shifting currency risk away from the operating business, TCX, AATIF and BMUKN strengthened the company’s foundation for long-term growth.

Deal highlights



TCX COUNTERPARTY		BORROWER
Africa Agriculture and Trade Investment Fund (AATIF)		260 Brands Seba Foods Zambia Ltd.
COUNTRY	CURRENCY	TRANSACTION SIZE
Zambia	ZMW	USD 1.5m into local currency
BLENDED FINANCE		TENOR
BMUKN facility support		Over 8 years

Impact



“By stabilizing our ability to invest for the long term, this facility has unlocked widespread adoption of renewable energy and enabled significant expansion of local food processing capacity. The effect ripples beyond our own operations — it strengthens the entire value chain, from smallholder farmers who gain more reliable demand and better prices, to processors who can scale and innovate, to consumers who benefit from steadier supply and more affordable, nutritious products. Ultimately this investment builds resilience across the system, reduces dependency on imports, supports job creation and local enterprise, and improves food security and nutrition outcomes across Zambia and the wider region.”

Ethel Mwambazi
Head of Marketing & PR — 260 brands

P2

MOBILIZING
THE PRIVATE SECTOR

P2

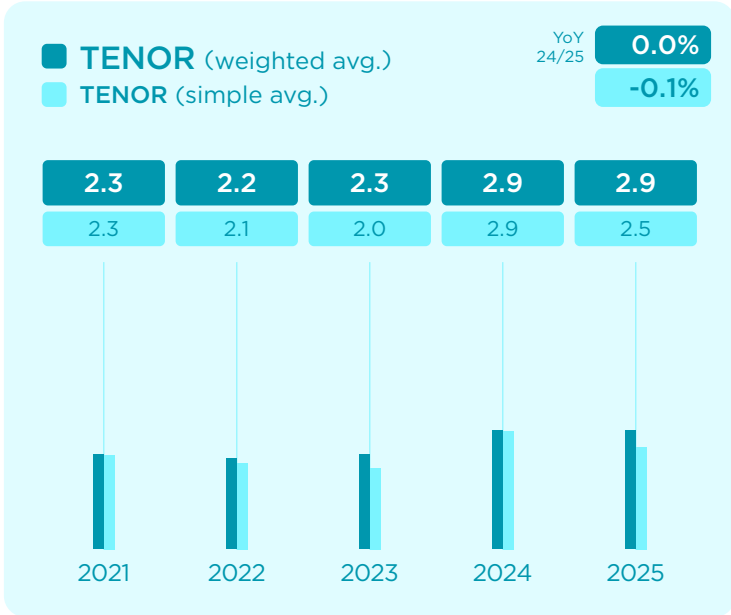
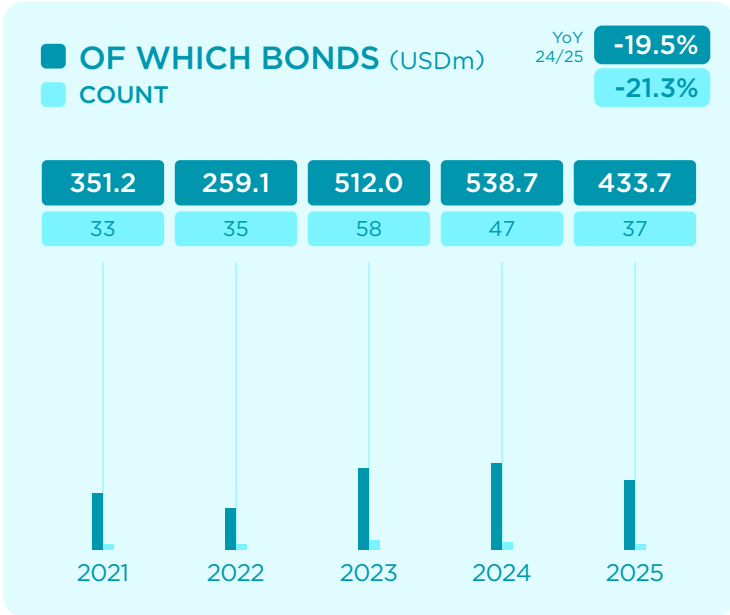
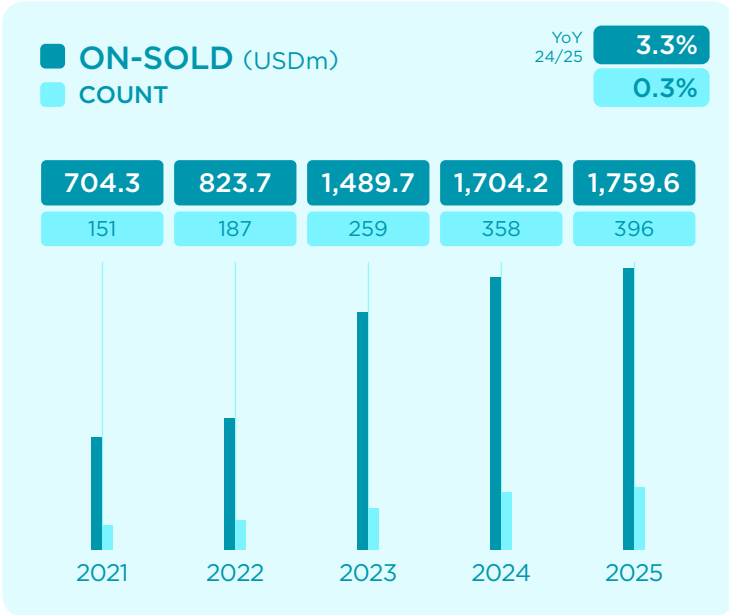


MOBILIZING
THE PRIVATE SECTOR

Market creation at a glance

In 2025, TCX transferred USD 1,760 million in FX risk to private investors across 396 transactions — the highest annual on-sold volume in the Fund’s history and a 3% increase on 2024’s USD 1,704 million. This activity reflects TCX’s most fundamental market development mechanism: recycling balance sheet capacity by transferring absorbed frontier currency risk to private counterparties, creating the transaction history and pricing reference points that are preconditions for commercial market formation.

Bond issuance volume reached USD 434 million across 37 issuances in 12 currencies in 2025 — down from USD 539 million in 2024. That decline reflects a shift to more efficient on-selling channels, not reduced market activity. In several currencies, TCX found that transferring risk via non-deliverable forwards (NDFs) was more cost-effective than structuring bond issuances. When a cheaper channel achieves the same risk transfer, TCX uses it.



BOND ISSUANCES BY CURRENCY (USDm)											
		Count	Volume	Share			Count	Volume	Share		
AMD	Armenia	1	\$6.0	1.4%	JMD	Jamaica	3	\$62.7	14.4%		
AZN	Azerbaijan	4	\$56.5	13.0%	KGS	Kyrgyzstan	2	\$18.1	4.2%		
DOP	Dominican Republic	4	\$33.4	7.7%	MNT	Mongolia	6	\$105.3	24.3%		
GEL	Georgia	1	\$6.4	1.5%	TJS	Tajikistan	8	\$77.8	17.9%		
GTQ	Guatemala	1	\$10.0	2.3%	TZS	Tanzania	2	\$15.3	3.5%		
HNL	Honduras	1	\$7.0	1.6%	UZS	Uzbekistan	4	\$35.3	8.1%		

Six currencies present in 2024 — the Algerian dinar, Jordanian dinar, Pakistani rupee, Paraguayan guaraní, Tunisian dinar, and West African franc — did not transact via bonds in 2025, accounting for most of the volume decline. In these cases, NDF-based risk transfer replaced bond structures as the more efficient mechanism.

That said, bonds remain the superior instrument for building local currency capital markets. Bond issuances create institutional investor participation, establish pricing benchmarks, and enable

the longer tenors that infrastructure finance requires. Where bond structures are viable, TCX prioritizes them. Where NDF channels offer materially lower transaction costs, TCX adapts. Either way, the development mandate is served:

Transferring frontier currency risk to private counterparties and building the market infrastructure that sustains it.

P2

MOBILIZING
THE PRIVATE SECTOR

Three currencies more than doubled their bond volume in 2025, deepening markets for local currency issuance.

MNT

Mongolia

More than doubled from USD 47 million to USD 105 million across six issuances.

+123%

JMD

Jamaica

Expanded from USD 26 million to USD 63 million, with a weighted average tenor of 5 years — among the longest in the bond portfolio.

+142%

TJS

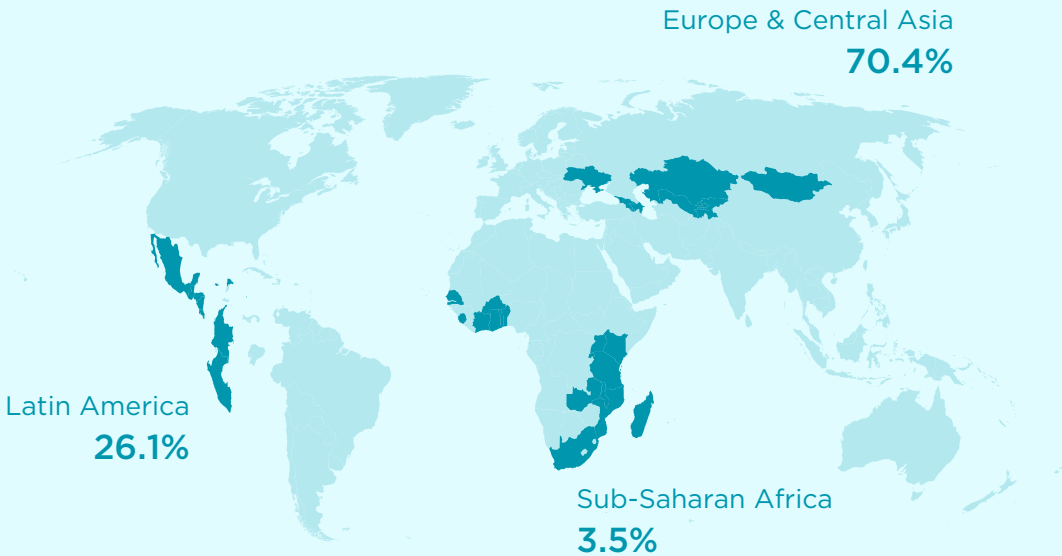
Tajikistan

Reached USD 78 million across eight issuances, its largest annual bond volume to date.

+69%

BOND ISSUANCES BY REGION (USDm)

	Count	Volume	Share
Asia Pacific			
Europe & Central Asia	26	\$305.4	70.4%
Latin America	9	\$113.6	26.1%
Middle East & North Africa			
Sub-Saharan Africa	2	\$15.3	3.5%



P2

MOBILIZING
THE PRIVATE SECTOR

Frontier market development in Tanzania

Where some frontier markets open through decisive policy breaks, Tanzania's path toward local currency finance has followed a different logic: steady macroeconomic management, gradual market deepening and fifteen years of consistent counterparty engagement.

TZS



TCX executed its first shilling hedge in 2008, within a year of beginning operations. At the time, the offshore hedging market was effectively non-existent. International lenders had no reliable mechanism for managing shilling exposure and most development finance flowed in hard currency as a result.

17 years later, in 2025, TCX executed 23 primary shilling hedges totaling USD 159 million, its largest annual TZS volume to date and the highest of any Sub-Saharan African currency for the fourth consecutive year. The portfolio reflects genuine breadth: 73% of volume was placed by impact investors, with SME finance (USD 75 million) and microfinance (USD 44 million) as the dominant sectors. Several transactions extended to five and seven years, a signal that lenders are willing to commit to Tanzania in local currency terms over the medium run.



The story runs deeper: TCX on-sold USD 57 million in shilling exposure in 2025 through two bond issuances totaling USD 15 million and USD 42 million in direct risk transfers to commercial counterparties. Tenors and sizes in the NDF market have expanded steadily and investor appetite has grown alongside them. The shilling now features in TCX's Frontier Index, giving international investors insight to the performance of shilling-linked bonds hedged by TCX.

TCX's role remains active and growing, which is itself an indicator of both the opportunity and the momentum in the TZS market.

PILLAR 3

P3

P3

INCREASING
AWARENESS

P3 **INCREASING**
AWARENESS

TCX’s advocacy work in 2025 addressed currency risk and debt sustainability at a time when both continued to be central concerns in development finance. More than 10 countries were in or near default — the highest level in 24 years — and the Fourth International Conference on Financing for Development convened in Seville to address a USD 4 trillion annual SDG financing gap.

TCX responded by formalizing its thought leadership mandate. In 2025, the Fund established a dedicated advocacy function and launched three content series — TCX Insights (thematic research), TCX Spotlights (case studies), and TCX Perspectives (policy positions on currency risk) — published on the TCX website and distributed via LinkedIn. Four major publications anchored the year’s work:



Currency risk and
debt sustainability

MARCH

A pragmatic policy note drawing on nearly two decades of market experience, engaging directly with the G20 roadmap and FfD4. Case studies of Jamaica, Paraguay, Georgia and Uzbekistan anchor the argument.

[Read publication ↗](#)



The offshore-onshore
nexus

APRIL

A research paper on how TCX’s market-making in offshore markets supports the gradual development of onshore local currency capital markets. The paper traces how TCX’s hedge of the Paraguayan guaraní helped establish benchmark pricing for Paraguay’s second sovereign local currency Eurobond in February 2025—a USD 600 million issuance that attracted over 45 international investors.

[Read publication ↗](#)



Blended finance
for local currency
solutions

NOVEMBER

A comprehensive overview of TCX’s four blended finance facilities and the case that currency hedging remains underrepresented in mainstream blended finance despite its foundational role in enabling private capital to reach frontier markets.

[Read publication ↗](#)



Currency risk
management and
debt sustainability:
Recognizing what’s at
stake for sovereigns

NOVEMBER

Released around the World Bank Annual Meetings, this TCX Insights paper examines how currency-driven debt distress fundamentally disrupts fiscal policy and argues for enhanced recognition of currency risk management within the IMF’s Debt Sustainability Framework for Low-Income Countries.

[Read publication ↗](#)

P3 **INCREASING**
AWARENESS

External recognition reinforced TCX’s positions. The OECD Development Matters blog published ‘*To make ODA fit for the future, focus on currency risk*’ ([visit](#)) and ‘*Beyond hard currency: A new approach for development finance*’ ([visit](#)), both explicitly cite TCX. The Bretton Woods Committee published ‘*A Tale of Two Sectors*’ ([visit](#)), placing TCX’s core argument on original sin and hard-currency lending into a multilateral policy forum.

This and previous years’ active engagement with the ecosystem translated into institutional commitments. Select partnerships formalized in 2025:



Finance in Common

JULY / SEVILLE

TCX and the Finance in Common secretariat (FiCs) signed a cooperation agreement endorsed by the governments of the UK and the Netherlands and included in the Sevilla Platform for Action. Up to USD 500 million is made available for concessional hedging with Public Development Banks (PDBs), with potential to support up to USD 2 billion in local currency-denominated investment.

[Read press release ↗](#)



EU Market Creation
Facility Pricing
Component Plus

JULY / SEVILLE

TCX, the European Commission and EDFI Management Company signed a EUR 150 million guarantee agreement under Global Gateway, expected to support up to EUR 2 billion in local currency financing across Sub-Saharan Africa, Asia, the Pacific, MENA and the European Neighborhood.

[Read press release ↗](#)



UNCTAD Debt
Management
Conference

SEPTEMBER / GENEVA

TCX convened a panel on debt sustainability and FX risk that drew over 80 participants, including debt management offices from across emerging and frontier markets. The session demonstrated the growing institutional recognition that currency risk management is central to debt sustainability.



TDB-TCX ISDA
Agreement—Africa
Investment Forum

NOVEMBER / RABAT

TCX and the Trade and Development Bank Group signed an ISDA Master Agreement enabling collaboration on local currency hedging across TDB member states, with an embedded capacity-building program for clients on derivative instruments and hedging strategies.

[Read press release ↗](#)



INCREASING
AWARENESS



The Local Currency Academy

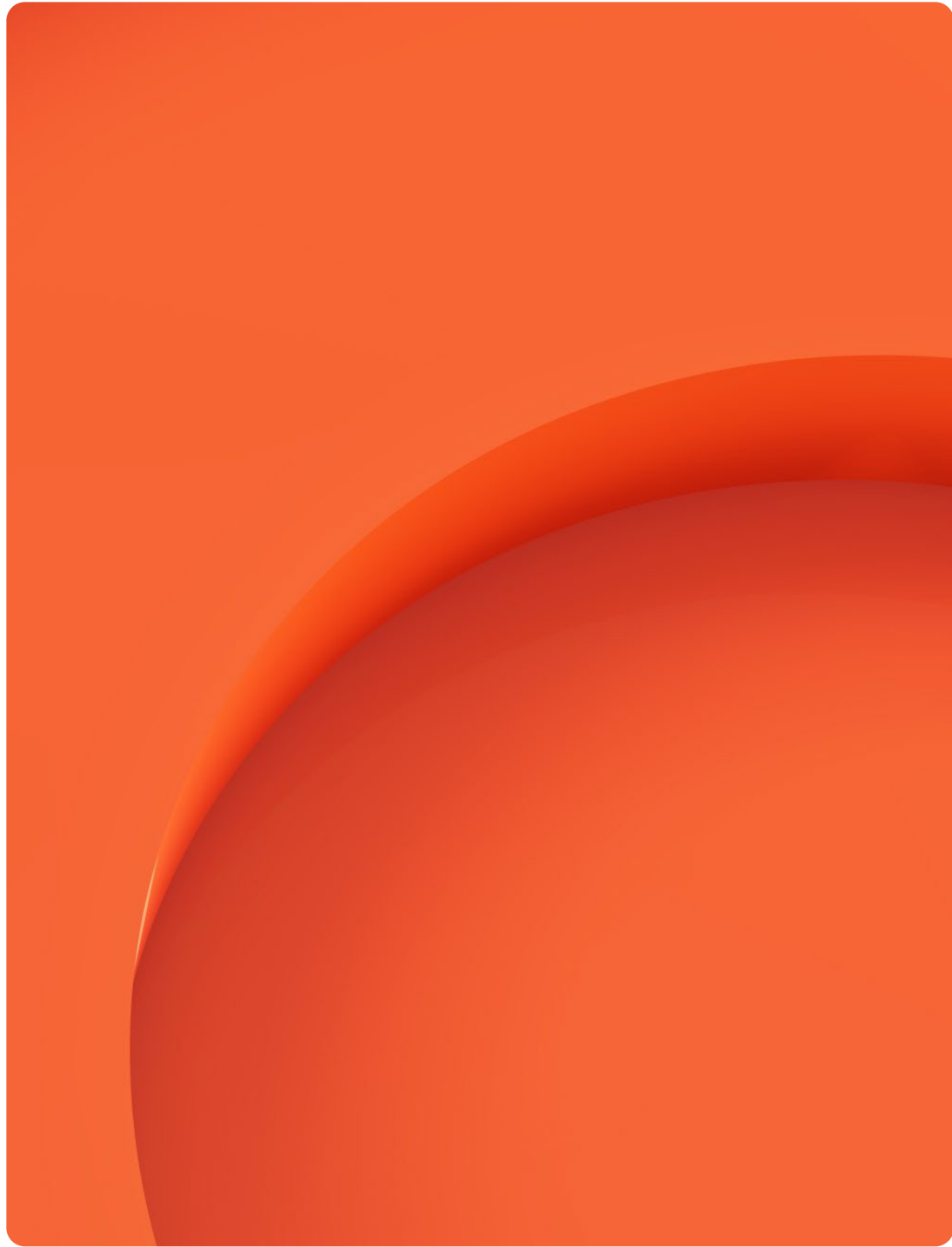
The most structurally significant development under Pillar 3 was the launch of the Local Currency Academy. On 9 December, KfW and TCX signed a Technical Assistance grant agreement under EFSD+ totaling up to EUR 22.9 million — EUR 7.1 million for capacity building and EUR 15.8 million to further support the BMUKN Pricing Component Plus.

The Academy will operate as a partner-based facility across at least 20 low- and lower-middle-income countries, providing public and private sector borrowers with practical frameworks, analytical tools and hands-on technical support to understand, mitigate and manage FX exposure and improve debt sustainability. Where previous capacity-building work was a complement to transaction activity, the Academy makes knowledge transfer a dedicated institutional function — building the enabling conditions for local currency finance to take root independently of TCX’s own intermediation.

[Read press release ↗](#)

Publications

FEBRUARY	OECD Development Matters To make ODA fit for the future, focus on currency risk	↗
FEBRUARY	Podcast Breakthrough moments — Sustainable lending with Othman Boukrami	↗
MARCH	OECD Development Matters Beyond hard currency — A new approach for development finance	↗
MARCH	Bretton Woods Committee A tale of two sectors — How financial double standards expose the poorest to risk	↗
MARCH	TCX Perspectives Currency risk and debt sustainability	↗
APRIL	TCX Insights The offshore-onshore nexus	↗
JULY	FfD4 Seville Finance in common-TCX cooperation — Sevilla platform for action	↗
JULY	FfD4/Global Gateway EU market creation facility — Pricing Component Plus (EUR 150M)	↗
AUGUST	OECD TCX — Blended finance case study	↗
NOVEMBER	TCX Insights Currency risk management and debt sustainability	↗
NOVEMBER	Africa Investment Forum, Rabat TDB-TCX ISDA master agreement	↗
NOVEMBER	TCX Insights Blended finance for local currency solutions	↗
DECEMBER	TCX/KfW/EU Local Currency Academy launched — EUR 22.9M EFSD+ grant	↗



Regional results



Sub-Saharan Africa

Kevin Laryea
TRADER
(LEAD)



Bjarki Rosantsson
TRADER



Demba Tandia
CLIENT REPRESENTATIVE
(LEAD)



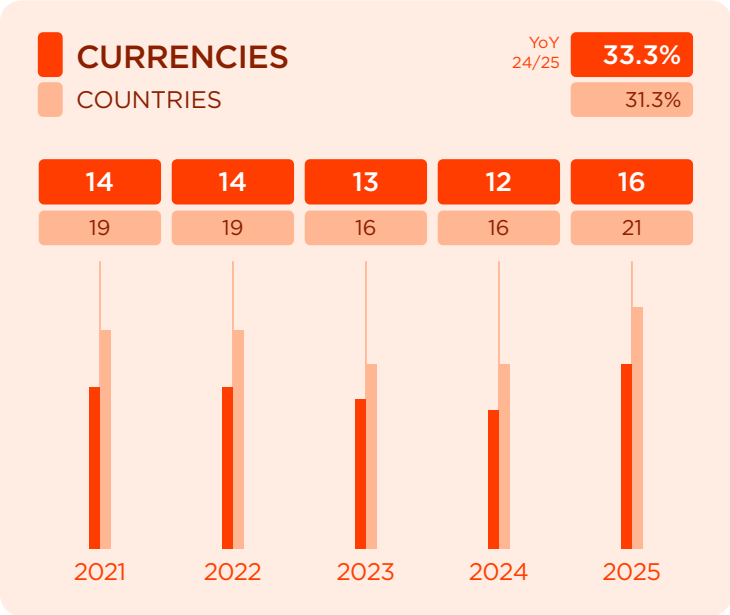
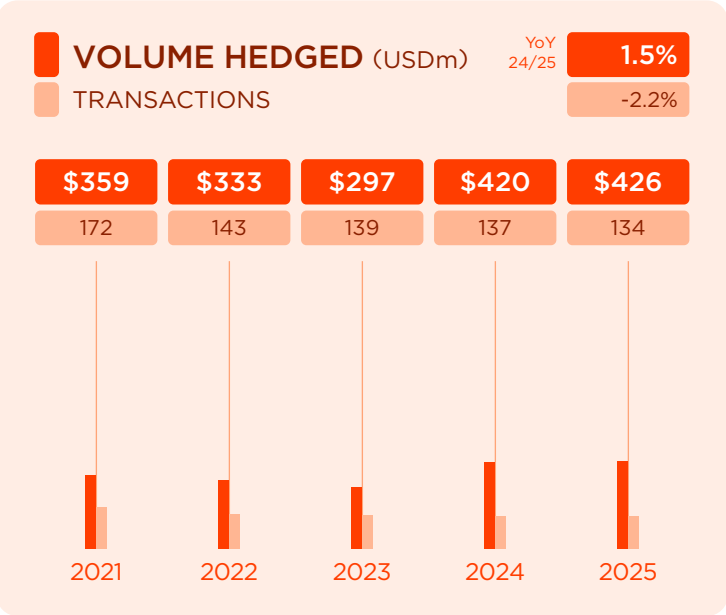
Roy Forney
CLIENT REPRESENTATIVE



P1

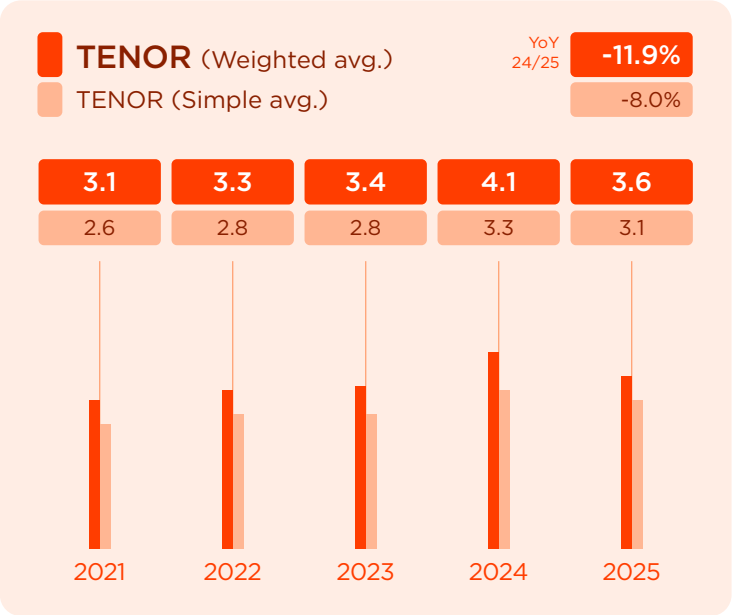
DE-RISKING
DEVELOPMENT FINANCE

TRENDS
2021-2025



Cumulative volume hedged
2021-2025 (USDm)

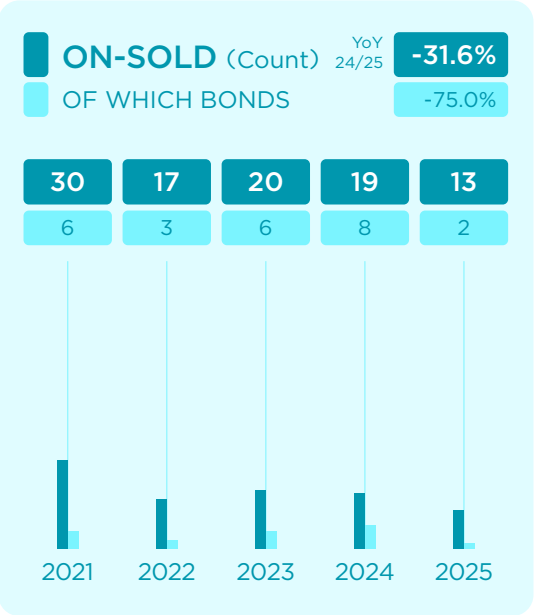
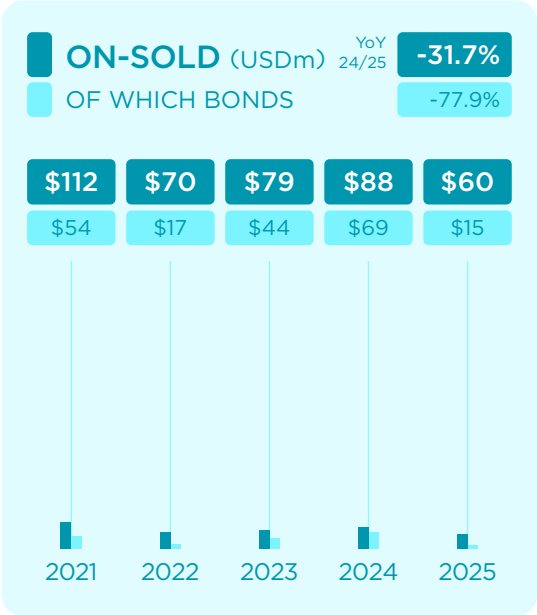
\$1,835.5
30.2%



P2

MOBILIZING
THE PRIVATE SECTOR

TRENDS
2021-2025



Hedged volumes in Sub-Saharan Africa reached USD 426 million in 2025 — an all-time regional high and a 1.5% increase over 2024. Sixteen currencies were traded across 134 transactions and 21 countries, with the region’s breadth of coverage now among the widest in the TCX portfolio. Tanzania (TZS, USD 159 million) remained the largest new exposure by a significant margin, accounting for 37% of regional volume, with the currency reaching its own historic high without subsidy support. Kenya (KES, USD 52 million) and Botswana (BWP, USD 33 million) rounded out the top three.

Newly active and returning currencies in 2025 included Angola (AOA), Ethiopia (ETB), Nigeria (NGN), and Botswana (BWP). Sierra Leonean leone (SLE, USD 12 million) also achieved a record result without blended finance support, a strong signal of commercial

viability in a low-income frontier market. The volume-weighted average tenor across the region was 3.6 years. Energy transactions accounted for USD 62 million (14.6% of regional volume), supported in part by BMUKN Blended Finance Facility trades.

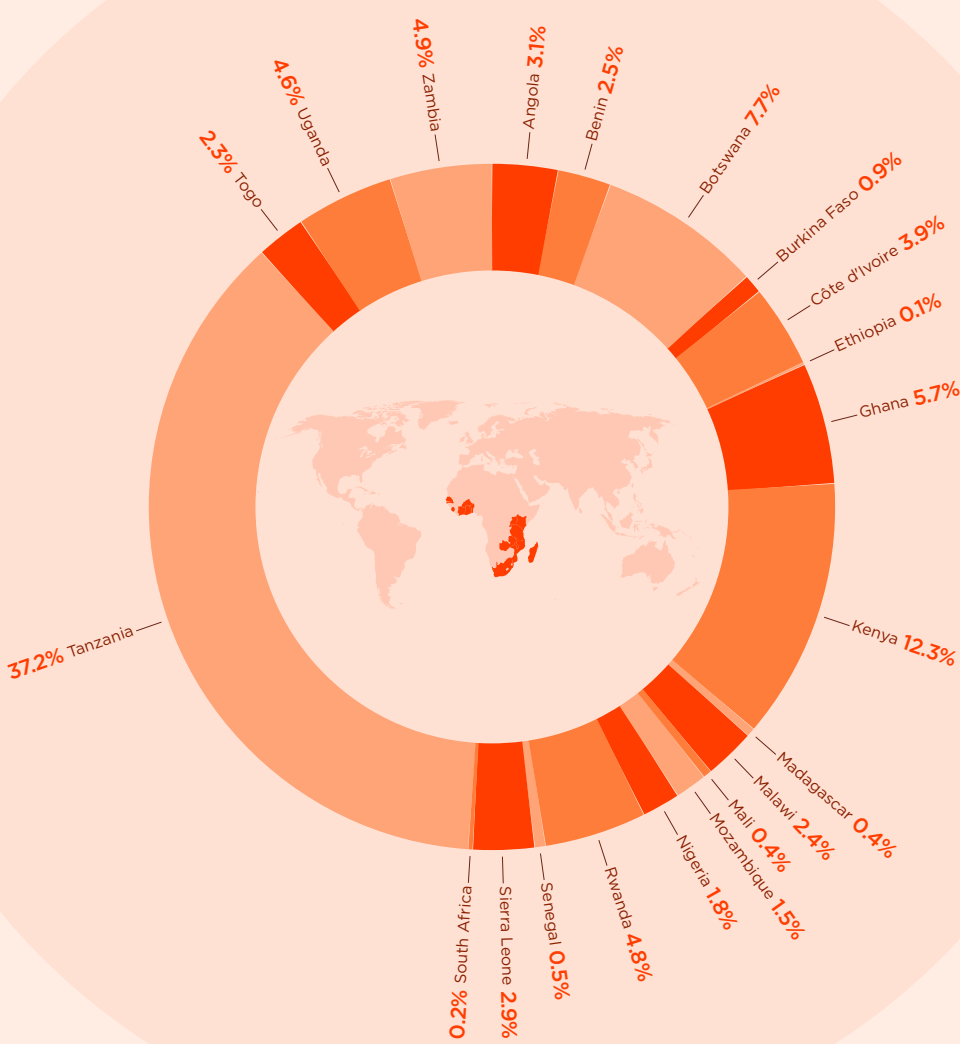
The first transactions with Eco.business Fund in SSA were closed in 2025, alongside record regional hedging levels with ALCB Fund, BOMF, FMO, Grameen, and REGMIFA. Macroeconomic conditions, capital restrictions, and pricing gaps continue to shape the pace of growth across critical markets in Africa — precisely the contexts where blended finance and continued counterparty development play a structuring role in expanding TCX’s reach.

Bond issuance activity in Sub-Saharan Africa totaled USD 15 million in 2025, concentrated in TZS. Local capital market development in East Africa continues to gain traction, with TCX’s hedging infrastructure enabling institutional investors to participate in shilling-denominated instruments. The relatively modest bond volume reflects where the region currently sits in its capital market development trajectory — primary hedging remains the dominant channel, with bond market activity expected to deepen as liquidity and investor appetite grow.

CURRENCY (USDm)

		Count	Volume	Share	Income
AOA	Angola	3	\$13.0	3.1%	LM
XOF	Benin	10	\$10.9	2.5%	LM
BWP	Botswana	4	\$33.0	7.7%	UM
XOF	Burkina Faso	3	\$3.7	0.9%	L
XOF	Côte d'Ivoire	3	\$16.5	3.9%	LM
ETB	Ethiopia	1	\$0.5	0.1%	L
GHS	Ghana	8	\$24.2	5.7%	LM
KES	Kenya	15	\$52.4	12.3%	LM
MGA	Madagascar	2	\$1.7	0.4%	L
MWK	Malawi	7	\$10.4	2.4%	L
XOF	Mali	1	\$1.6	0.4%	L
MZN	Mozambique	2	\$6.5	1.5%	L
NGN	Nigeria	2	\$7.5	1.8%	LM
RWF	Rwanda	3	\$20.5	4.8%	L
XOF	Senegal	2	\$2.0	0.5%	LM
SLE	Sierra Leone	11	\$12.2	2.9%	L
ZAR	South Africa	2	\$0.8	0.2%	UM
TZS	Tanzania	23	\$158.7	37.2%	LM
XOF	Togo	2	\$9.6	2.3%	L
UGX	Uganda	12	\$19.7	4.6%	L
ZMW	Zambia	18	\$20.9	4.9%	LM

Income type: UM=Upper Middle / LM=Lower Middle / L=Lower



BOND ISSUANCES BY CURRENCY (USDm)

		Count	Volume
TZS	Tanzania	2	\$15.29

ON-SOLD BY COUNTRY (USDm)

		Count	Volume	Bonds
Angola		4	\$10.0	\$0.0
Malawi		1	\$1.0	\$0.0
Mozambique		2	\$4.1	\$0.0
Tanzania		6	\$45.2	\$15.3

SECTOR (USDm)

	Count	Volume	Share
Energy	14	\$62.4	14.6%
Infrastructure	2	\$17.0	4.0%
Public sector			
Microfinance	97	\$187.3	43.9%
SME finance	14	\$103.8	24.3%
Other finance	4	\$39.2	9.2%
Other sectors	3	\$16.5	3.9%

TENOR DISTRIBUTION (Years)

	Count	Volume	Share
<1	14	\$56.9	13.45%
1-2	24	\$46.7	11.0%
2-3	24	\$28.5	6.7%
3-5	62	\$239.8	56.3%
5-7	5	\$22.3	5.2%
>7	5	\$32.0	7.5%



Read press-release

AfDB returns as TCX shareholder

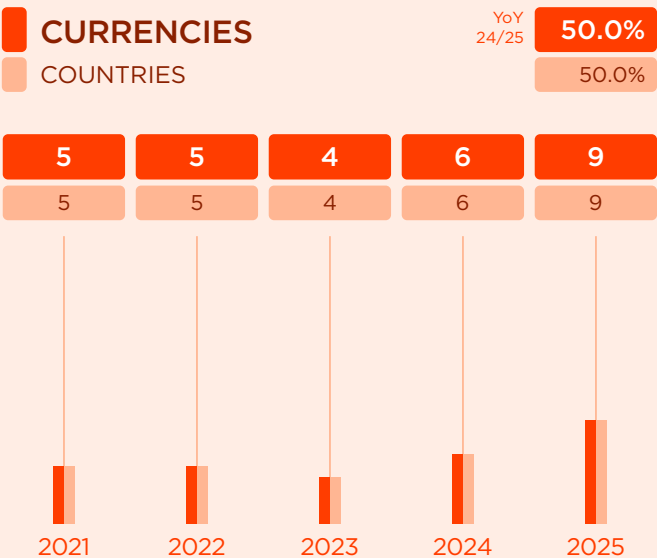
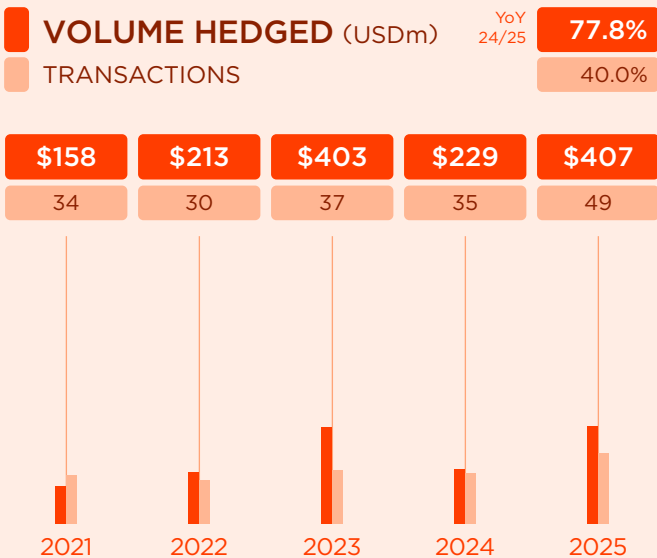
The African Development Bank’s return as a TCX shareholder in September 2025 with a USD 25 million equity investment marks a formal alignment of institutional mandates. AfDB’s Ten-Year Strategy 2024–2033 places local currency financing at the center of its agenda, making the avoidance of currency mismatches an explicit priority. For TCX, which has hedged USD 4.7 billion across 31 African countries since inception, AfDB’s investment is recognition that local currency solutions are now central to how the continent’s most influential development bank finances its future.

Asia Pacific

P1

DE-RISKING
DEVELOPMENT FINANCE

TRENDS
2021-2025



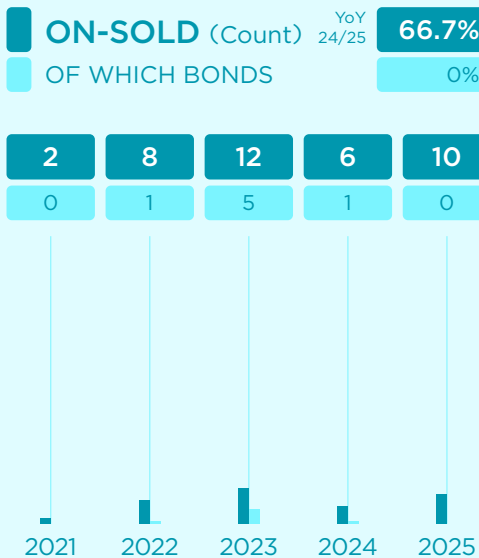
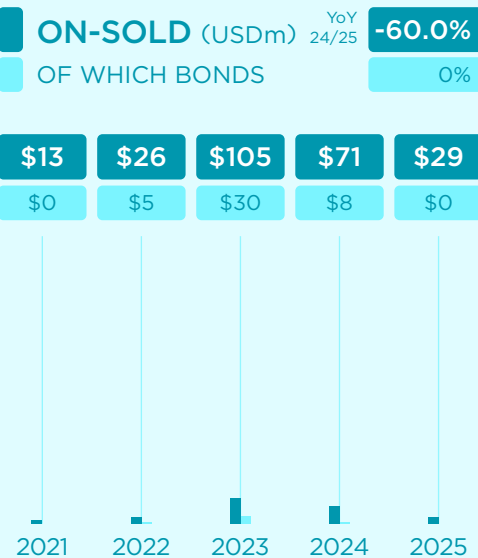
Cumulative volume hedged
2021-2025 (USDm)

\$1,410.0
40.5%

P2

MOBILIZING
THE PRIVATE SECTOR

TRENDS
2021-2025



61% of primary exposure was hedged during the year, all through NDFs. TCX's market development work in the region operates primarily through primary hedging, with PKR and IDR representing the currencies where active risk transfer creates the market confidence needed for eventual capital market deepening. Engagement with MDBs on structured solutions and the continued growth of counterparty relationships in INR and IDR create a foundation for broader market development activity in the years ahead.

Asia and the Pacific returned to record hedging levels in 2025, reaching USD 407 million — surpassing the previous high set in 2023 and up 78% from 2024's USD 229 million. Growth was driven by broadening activity: new currency exposures were added and counterparty engagement deepened across 49 transactions. The volume-weighted average tenor of 6.6 years was the longest of any region, reflecting the long-dated financing profile of the INR and IDR portfolios, where TCX provides tenors unavailable from commercial hedging providers.

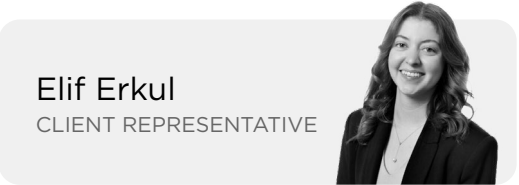
Indonesian rupiah (IDR) became the largest regional contributor at USD 141 million. Indian rupee (INR) reached USD 126 million, with near-complete hedging of primary exposure. Philippine peso (PHP) contributed USD 56 million. Sri Lankan rupee (LKR) returned to the portfolio at USD 29 million following a period of inactivity

linked to Sri Lanka's sovereign debt restructuring. Bangladeshi taka (BDT) contributed USD 15 million. Two currencies were traded for the first time: Bhutanese ngultrum (BTN, USD 8 million) and Fijian dollar (FJD, USD 2 million), extending TCX's Pacific footprint. Nine currencies were traded across the region.

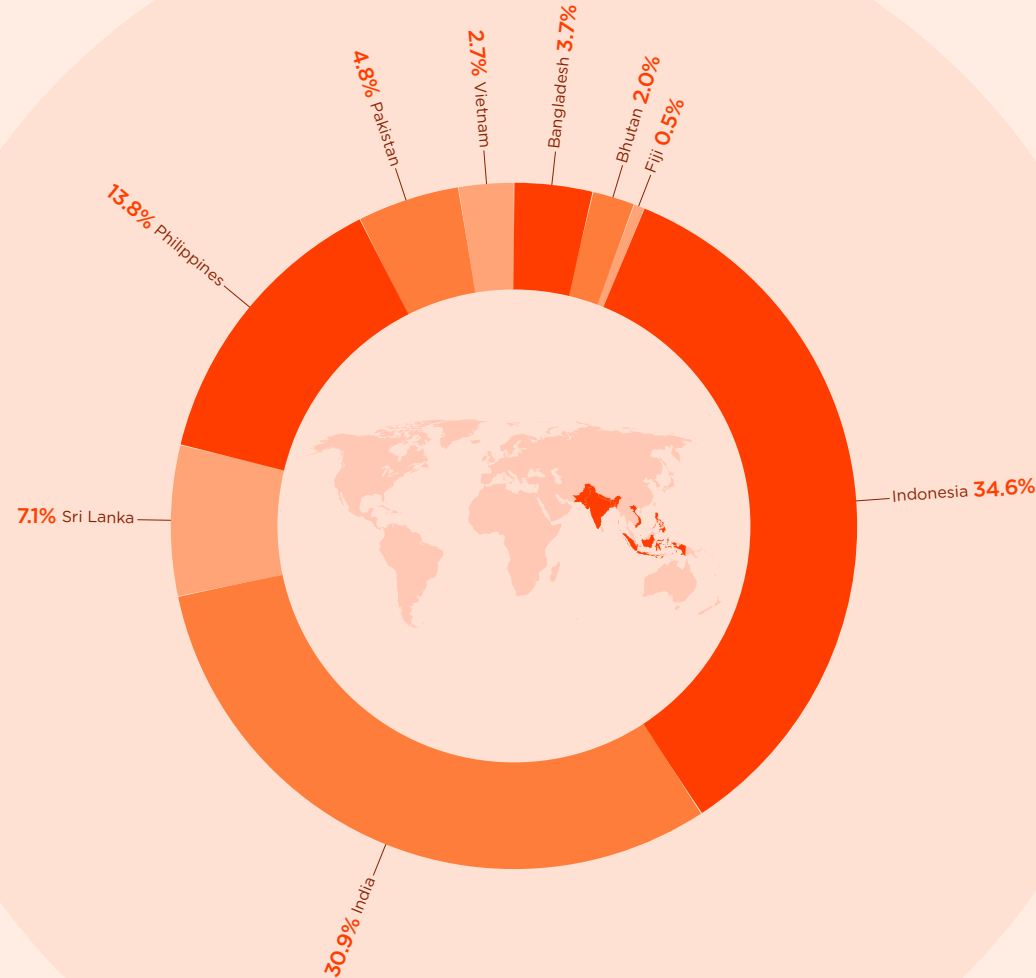
Structural conditions continue to shape activity across several markets. In Vietnam, the exhaustion of available MDB subsidies and persistent offshore pricing gaps have slowed VND volumes, though USD 11 million was executed in 2025. In Bangladesh, Pakistan, Nepal, Cambodia, and Laos, capital restrictions, macroeconomic conditions, and pricing gaps continue to define the origination environment. TCX's engagement with MDBs and public sector institutions across the region is building the counterparty base and transaction pipeline for future activity.



František Kovács
TRADER



Elif Erkul
CLIENT REPRESENTATIVE

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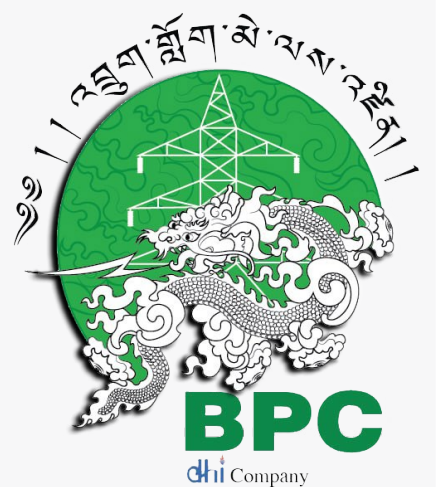
	Count	Volume	Share
Energy	1	\$0.6	0.1%
Infrastructure			
Public sector	1	\$8.0	2.0%
Microfinance	21	\$57.1	14.0%
SME finance	5	\$110.8	27.2%
Other finance	15	\$164.8	40.5%
Other sectors	6	\$65.5	16.1%

	Count	Volume	Share
<1	10	\$14.5	3.6%
1-2	12	\$65.9	16.2%
2-3	7	\$27.0	6.6%
3-5	6	\$17.3	4.2%
5-7	2	\$48.0	11.8%
>7	12	\$234.1	57.5%

NO BOND ISSUANCES IN THIS REGION IN 2025

	Count	Volume	Cost
Bangladesh	5	\$7.8	\$0.0
Pakistan	4	\$16.4	\$0.0
Sri Lanka	1	\$5.0	\$0.0

Rural Bhutan still faces frequent power outages, disrupting daily life and business. IFC's ngultrum-linked loan to Bhutan Power Corporation — hedged by TCX at a 14.8-year tenor — finances the construction of a state-owned electricity plant and the modernization of the distribution system. The investment will enhance electricity reliability, reduce outages and support socio-economic growth. For BPC, it marks their first international commercial loan with predictable debt service in local currency, protecting the utility from exchange rate volatility.



[Read press release](#)

Europe and Central Asia

Paul Blower
TRADER



František Kovács
TRADER



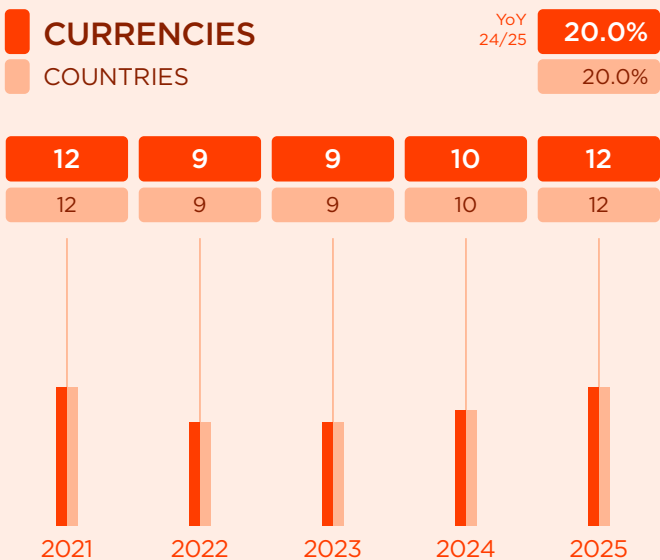
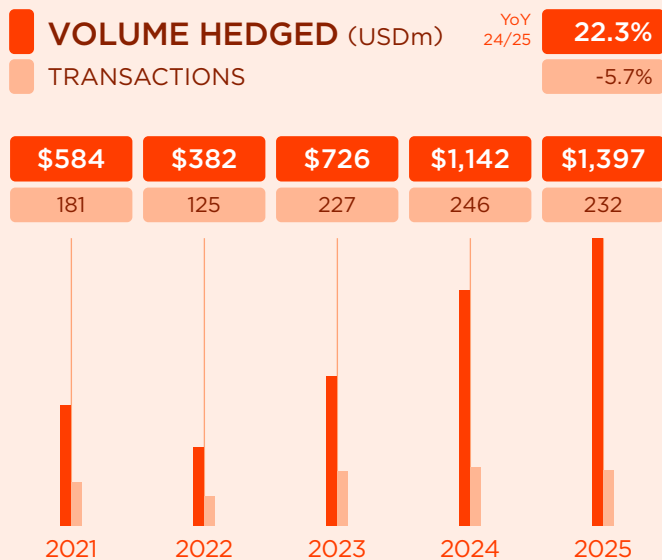
Elif Erkul
CLIENT REPRESENTATIVE



P1

DE-RISKING DEVELOPMENT FINANCE

TRENDS 2021-2025



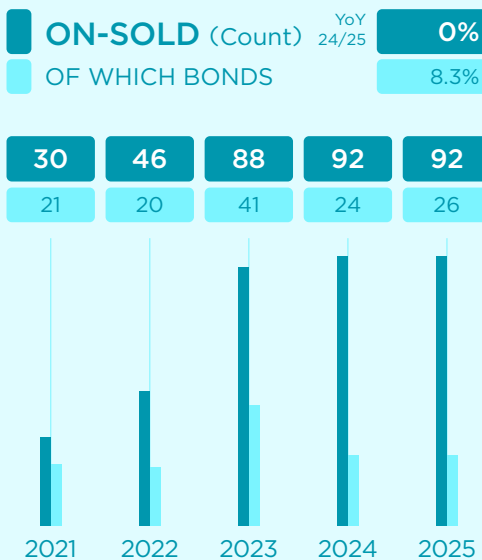
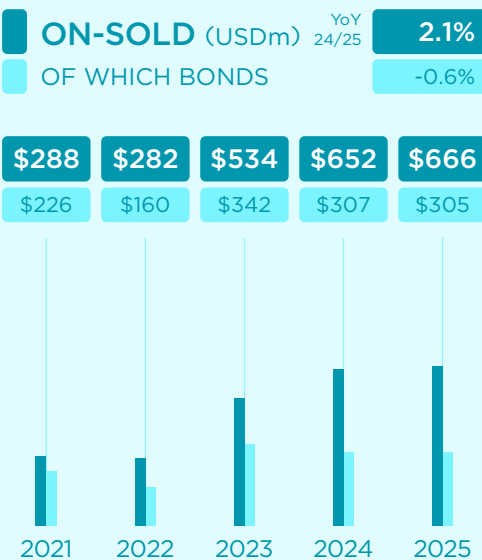
Cumulative volume hedged
2021-2025 (USDm)

\$4,231.9
49.3%

P2

MOBILIZING THE PRIVATE SECTOR

TRENDS 2021-2025



Europe and Central Asia delivered another record year in 2025, with hedging volumes reaching USD 1,397 million — up 22% over 2024 and the largest regional contribution to TCX’s portfolio at 49% of total Fund hedged flows. Six of TCX’s ten most traded currencies globally came from the region. Across 232 transactions, the volume-weighted average tenor stood at 3.1 years, reflecting the predominantly medium-term structure of lending in the region.

The four dominant currencies each achieved historic highs: Uzbekistani som (UZS, USD 315 million), Kazakhstani tenge (KZT, USD 227 million), Serbian dinar (RSD, USD 190 million), and Mongolian tögrög (MNT, USD 184 million). UZS retained its position as the

largest single exposure in the portfolio. RSD benefited from floating-rate transactions and trades executed with a newly onboarded ISDA counterparty. TJS (USD 134 million) and newly active currencies Bosnian convertible mark (BAM) and North Macedonian denar (MKD) brought the total to twelve currencies traded across the region.

Activity in AZN, AMD, and GEL was lower than in 2024, offset by growth across the broader portfolio. Seventy-four percent of primary exposure was hedged during the year, reflecting TCX’s active risk management to create ongoing capacity for new primary transactions.

Bond issuance activity in Europe and Central Asia reached USD 305 million in 2025 – the highest of any region and 70% of global bond volume. Issuances were active across seven currencies: MNT (USD 105 million), TJS (USD 78 million), AZN (USD 56 million), UZS (USD 35 million), KGS (USD 18 million), GEL (USD 6 million), and AMD (USD 6 million). In several currencies, bond programs ran in parallel with primary hedging activity, demonstrating market depth: investors hold longer-dated exposure via bonds while TCX simultaneously hedges new primary flow in the same currencies.

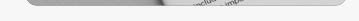
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AMD	Armenia	1	\$6.0
AZN	Azerbaijan	4	\$56.5
GEL	Georgia	1	\$6.4
KGS	Kyrgyzstan	2	\$18.1
MNT	Mongolia	6	\$105.3
TJS	Tajikistan	8	\$77.8
UZS	Uzbekistan	4	\$35.3

	Rank	Value	Change
Armenia	1	\$6.0	\$6.0
Azerbaijan	17	\$142.5	\$56.5
Georgia	7	\$45.9	\$6.4
Kyrgyzstan	2	\$18.1	\$18.1
Mongolia	15	\$155.3	\$105.3
Tajikistan	8	\$77.8	\$77.8
Uzbekistan	42	\$220.6	\$35.3

	Count	Volume	Share
Energy	7	\$39.3	2.8%
Infrastructure	9	\$182.2	13.0%
Public sector			
Microfinance	137	\$409.0	29.3%
SME finance	65	\$670.2	48.0%
Other finance	10	\$82.1	5.9%
Other sectors	4	\$14.1	1.0%

	Count	Volume	Share
<1	12	\$76.3	5.5%
1-2	63	\$294.9	21.1%
2-3	56	\$231.9	16.6%
3-5	95	\$719.0	51.5%
5-7	6	\$74.7	5.4%
>7			



Latin America

Julian Carvajal

TRADER
(CO-LEAD)

Nelly Lehn

TRADER
(CO-LEAD)

Jonas Enrico Luini

CLIENT REPRESENTATIVE
(LEAD)

Roy Forney

CLIENT REPRESENTATIVE

P1

DE-RISKING
DEVELOPMENT FINANCE

TRENDS
2021-2025

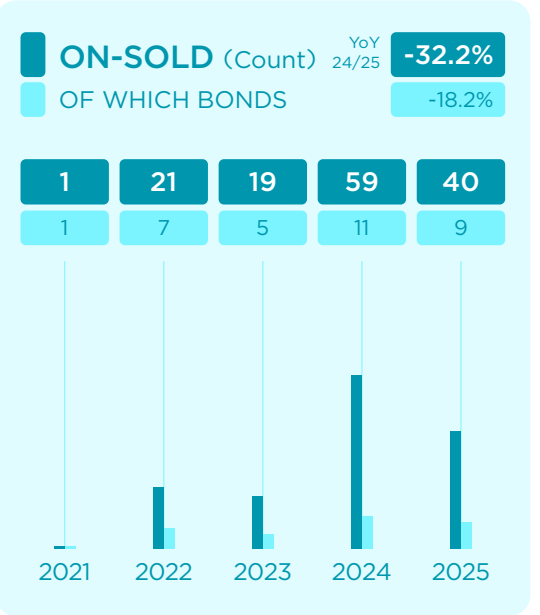
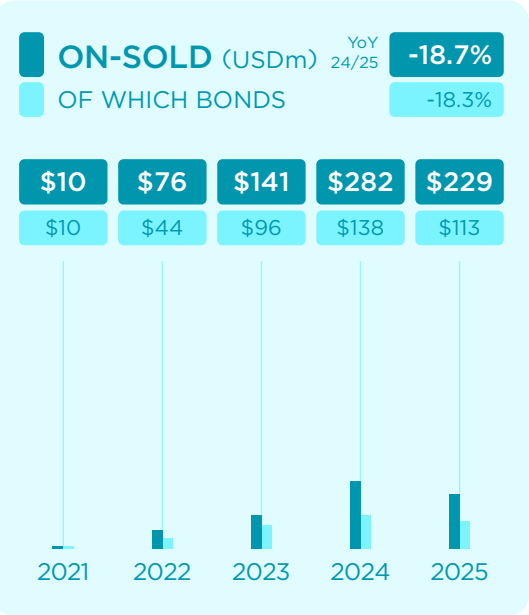
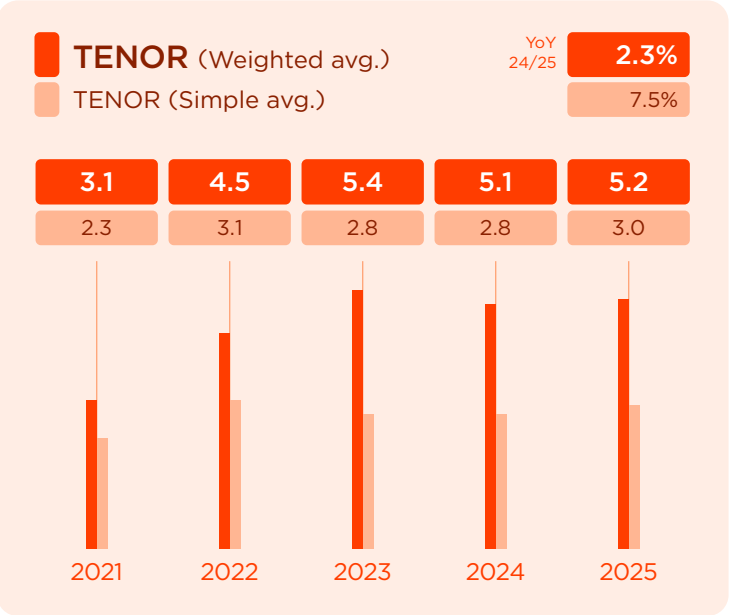
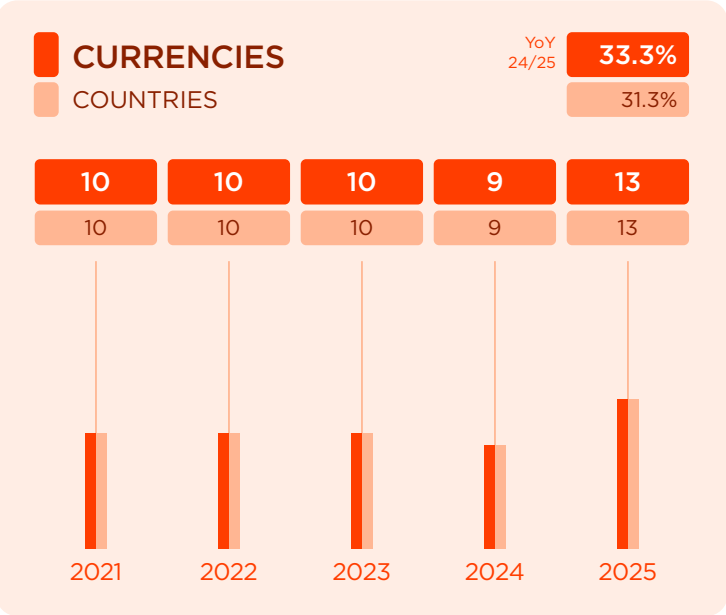
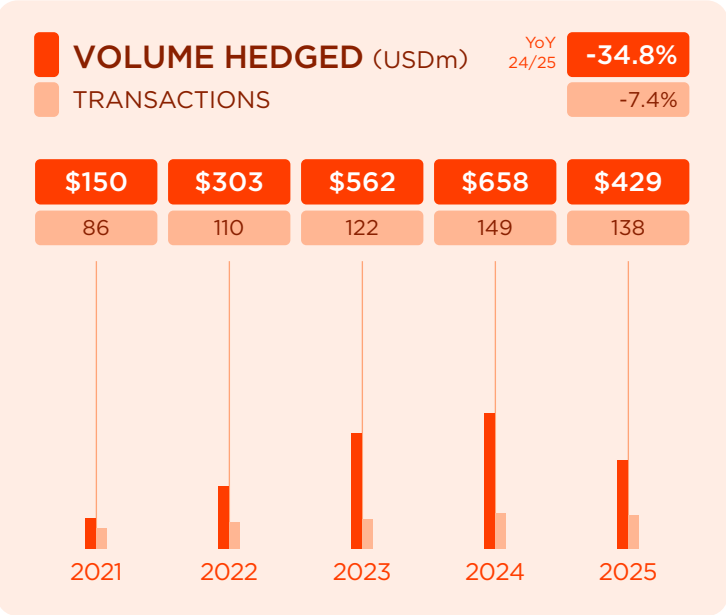
Cumulative volume hedged
2021-2025 (USDm)

\$2,101.0
25.6%

P2

MOBILIZING
THE PRIVATE SECTOR

TRENDS
2021-2025



Latin America recorded hedging volumes of USD 429 million in 2025 — down 35% from 2024’s USD 658 million. The decline was shaped by a combination of market conditions: higher demand for dollar-denominated funding across the region, lower local currency interest rates that reduced hedging demand, and fewer large sovereign loan conversion opportunities than in the prior year. Despite the volume decline, the region remained TCX’s second-largest by total amount hedged.

The Dominican peso (DOP) remained the largest single exposure at USD 86 million. Guatemalan quetzal (GTQ) delivered its second-best year on record at USD 81 million. Costa Rican colón (CRC, USD 73

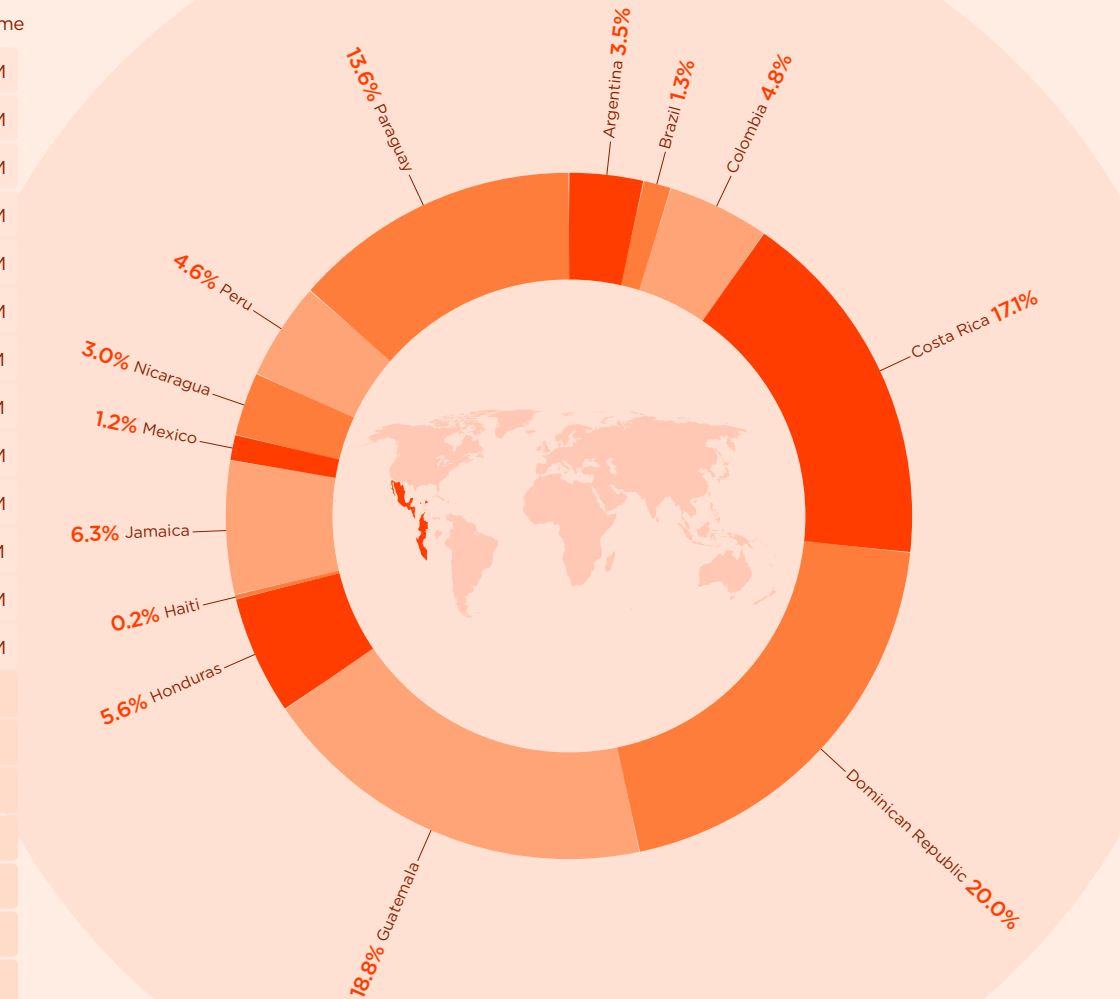
million) included public sector transactions. A 20-year infrastructure facility in Jamaica executed with Proparco represents one of the longest-dated transactions in the regional portfolio. First deals with CAF were also closed in 2025.

Currency diversification improved: thirteen currencies were traded in 2025, with the return of Argentina (ARS, USD 15 million) and Nicaragua (NIO, USD 13 million) emerging as a growing exposure. The volume-weighted average tenor across the region was 5.2 years – the second-longest of any region – driven by long-dated JMD and PYG transactions.

Bond issuances in Latin America and the Caribbean reached USD 113 million in 2025 across nine transactions — the second-highest regional bond volume globally. Activity was concentrated in JMD (USD 63 million), DOP (USD 33 million), GTQ (USD 10 million), and HNL (USD 7 million). The Jamaican dollar issuances are particularly notable for their infrastructure-linked purpose and long-tenor structure (weighted average tenor of 5.2 years). Latin America’s combination of relatively developed capital markets and persistent currency mismatch in DFI lending creates strong conditions for TCX’s bond market instruments to operate alongside primary hedging activity.

[illegible]

Income type: UM=Upper Middle / LM=Lower Middle / L=Lower



	Count	Volume	Share
Energy			
Infrastructure	5	\$27.1	6.3%
Public sector	4	\$35.0	8.2%
Microfinance	94	\$169.9	39.6%
SME finance	16	\$75.4	17.6%
Other finance	2	\$12.3	2.9%
Other sectors	17	\$109.1	25.4%

	Count	Volume	Share
<1	39	\$87.9	20.5%
1-2	28	\$53.9	12.6%
2-3	19	\$37.0	8.6%
3-5	38	\$82.4	19.2%
5-7	4	\$45.8	10.7%
>7	10	\$121.2	28.4%

DOP	Dominican Republic	4	\$33.4	
GTQ	Guatemala	1	\$10.0	
HNL	Honduras	1	\$7.0	
JMD	Jamaica	3	\$62.7	

Costa Rica	5	\$22.0	\$0.0
Dominican Republic	6	\$45.8	\$33.4
Guatemala	17	\$65.3	\$10.0
Honduras	4	\$20.9	\$7.0
Jamaica	5	\$67.7	\$62.7
Paraguay	3	\$7.9	\$0.0



Hedging for water access in Jamaica

Kingston's chronic water shortages threatened thousands of residents. When Jamaica's National Water Commission partnered with private developers to build the Rio Cobre Water Treatment Plant — the country's first public-private partnership in the water sector — financing nearly collapsed. TCX worked with Proparco to structure a 20-year indexed local currency loan, absorbing exchange rate risk that neither the utility nor sponsors could carry. The USD 30 million hedge enabled construction of critical infrastructure serving Jamaica's urban population.

Read case study

Middle East and North Africa

Paul Blower
TRADER
(LEAD)



Kevin Laryea
TRADER



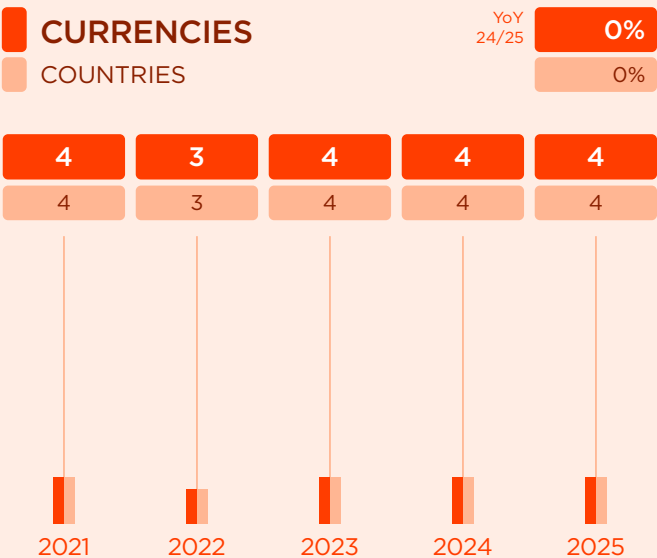
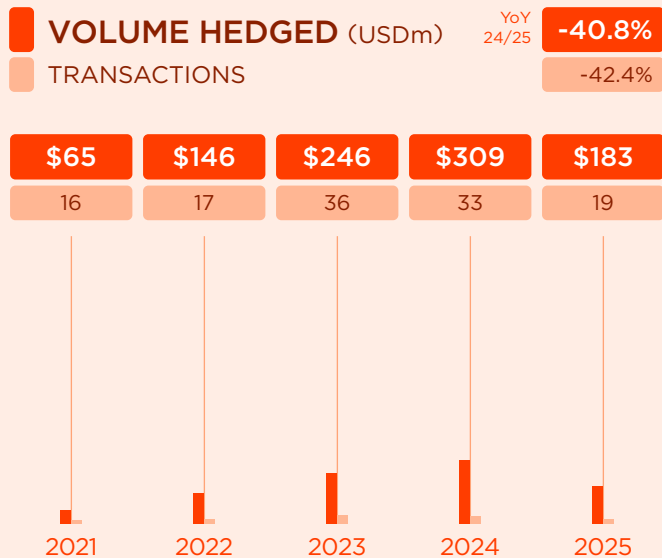
Jonas Enrico Luini
CLIENT REPRESENTATIVE



P1

DE-RISKING DEVELOPMENT FINANCE

TRENDS 2021-2025



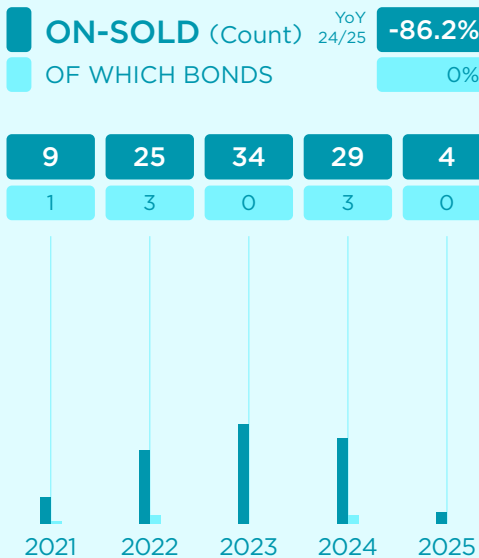
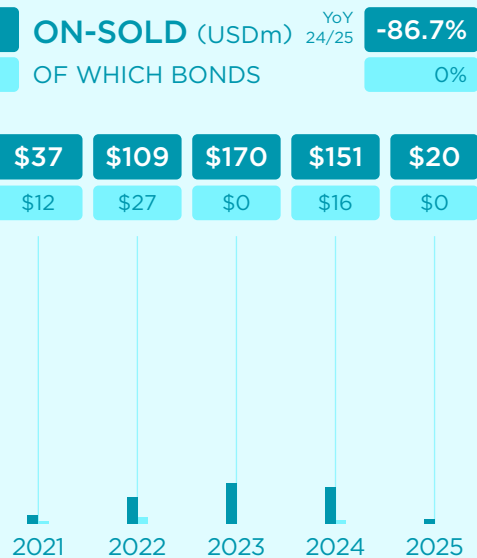
Cumulative volume hedged
2021-2025 (USDm)

\$950.3
23.9%

P2

MOBILIZING THE PRIVATE SECTOR

TRENDS 2021-2025



MENA volumes in 2025 totaled USD 183 million across four currencies and 19 transactions — down 41% from 2024's USD 309 million. Algerian dinar (DZD, USD 145 million) dominated at 79% of regional volume, reflecting continued engagement with Algerian counterparties through commercial banks. Egyptian pound (EGP, USD 25 million), Tunisian dinar (TND, USD 12 million), and Jordanian dinar (JOD, USD 2 million) rounded out the portfolio. The volume-weighted average tenor for the region was 1.0 year, consistent with the short-duration trade finance structure of the DZD portfolio.

The region's profile differs from others in the portfolio:

activity is concentrated among a small number of currencies

and counterparties, with commercial banks representing the predominant channel. This reflects both the structure of regional financial systems and the earlier stage of DFI engagement with local currency instruments at scale. EGP activity is notable given Egypt's complex macroeconomic environment, where local currency instruments require careful structuring.

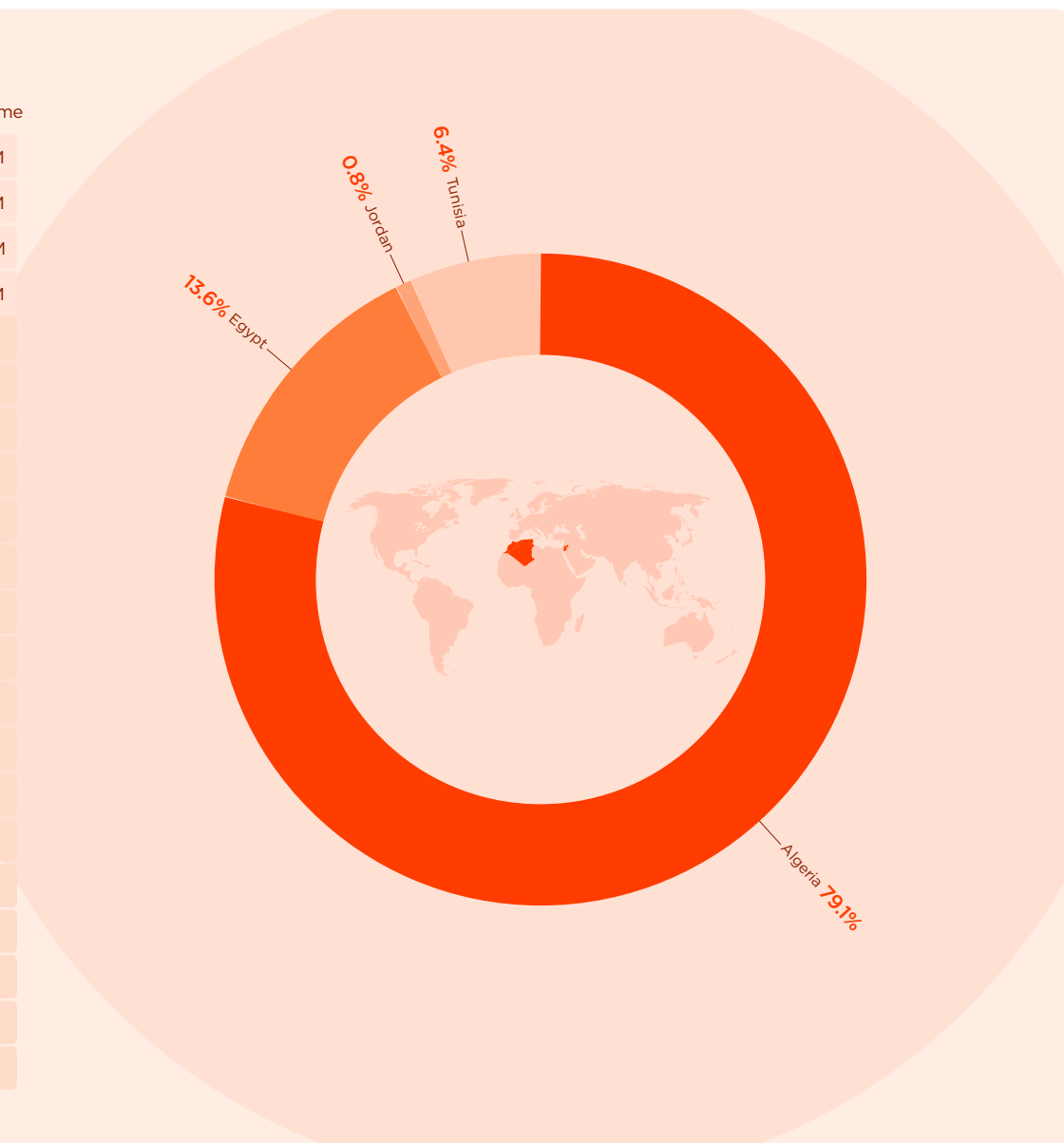
The year-on-year decline reflects market timing and deal pipeline dynamics rather than a structural shift. TCX's engagement in the region continues to build the counterparty relationships and market understanding that underpin future activity.

Bond issuance activity was not recorded in MENA in 2025. TCX's market development work in the region is channeled primarily through primary hedging and investment bank relationships, building the counterparty depth and transaction history that will support more structured capital market activity in the years ahead.

CURRENCY (USDm)

[illegible]

Income type: UM=Upper Middle / LM=Lower Middle / L=Lower



BOND ISSUANCES BY CURRENCY (USDm)

[illegible]

ON-SOLD BY COUNTRY (USDm)

[illegible]**SECTOR** (USDm)

	Count	Volume	Share
Energy	4	\$36.8	20.1%
Infrastructure			
Public sector			
Microfinance	1	\$1.5	0.8%
SME finance			
Other finance	14	\$145.0	79.1%
Other sectors			

TENOR DISTRIBUTION (Years)

	Count	Volume	Share
<1	12	\$130.0	70.9%
1-2	4	\$35.0	19.1%
2-3	1	\$5.0	2.7%
3-5	2	\$13.3	7.2%
5-7			
>7			

Currencies

SUB-SAHARAN AFRICA

Angola Kwanza	AOA
Benin CFA Franc	XOF
Botswana Pula	BWP
Burkina Faso CFA Franc	XOF
Burundi Franc	BIF
Cameroon CFA Franc	XAF
Cape Verde Escudo	CVE
Central African Republic CFA Franc	XAF
Chad CFA Franc	XAF
Comoros Franc	KMF
Côte d'Ivoire CFA Franc	XOF
Dem Rep of the Congo Franc	CDF
Djibouti Franc	DJF
Equatorial Guinea CFA Franc	XAF
Eswatini Lilangeni	SZL
Ethiopia Birr	ETB
Gabon CFA Franc	XAF
Gambia Dalasi	GMD
Ghana Cedi	GHS
Guinea Franc	GNF
Guinea-Bissau CFA Franc	XOF
Kenya Shilling	KES
Lesotho Loti	LSL
Liberia Dollar	LRD
Madagascar Ariary	MGA
Malawi Kwacha	MWK
Mali CFA Franc	XOF
Mauritania Ouguiya	MRU
Mauritius Rupee	MUR
Mozambique Metical	MZN
Namibia Dollar	NAD
Niger CFA Franc	XOF
Nigeria Naira	NGN
Republic of the Congo CFA Franc	XAF
Rwanda Franc	RWF
São Tomé and Príncipe Dobra	STD
Senegal CFA Franc	XOF
Sierra Leone	SLE
Somalia Shilling	SOS
South Africa Rand	ZAR
Tanzania Shilling	TZS
Togo CFA Franc	XOF
Uganda Shilling	UGX
Zambia Kwacha	ZMW

LATIN AMERICA

Antigua and Barbuda East Caribbean Dollar	XCD
Argentina Peso	ARS
Bolivia Boliviano	BOB
Belize Belize Dollar	BZD
Brazil Real	BRL
Colombia Peso	COP
Costa Rica Colon	CRC
Dominica East Caribbean Dollar	XCD
Dominican Republic Peso	DOP
Grenada East Caribbean Dollar	XCD
Guatemala Quetzal	GTQ
Guyana Dollar	GYD
Haiti Gourde	HTG
Honduras Lempira	HNL
Jamaica Dollar	JMD
Mexico Peso	MXN
Montserrat East Caribbean Dollar	XCD
Nicaragua Cordoba	NIO
Paraguay Guarani	PYG
Peru Sol	PEN
Saint Lucia East Caribbean Dollar	XCD
St. Vincent and the Grenadines E. Caribbean Dollar	XCD
Suriname Dollar	SRD

EUROPE & CENTRAL ASIA

Albania Lek	ALL
Armenia Dram	AMD
Azerbaijan Manat	AZN
Bosnia and Herzegovina Marka	BAM
Georgia Lari	GEL
Kazakhstan Tenge	KZT
Kyrgyz Republic Som	KGS
Moldova Leu	MDL
North Macedonia Denar	MKD
Serbia Dinar	RSD
Tajikistan Somoni	TJS
Turkey Lira	TRY
Turkmenistan Manat	TMT
Ukraine Hryvnia	UAH
Uzbekistan Som	UZS

ASIA

Afghanistan Afghani	AFN
Bhutan Ngultrum	BTN
Bangladesh Taka	BDT
Cambodia Riel	KHR
China Yuan	CNY
Fiji Dollar	FJD
India Rupee	INR
Indonesia Rupiah	IDR
Laos Kip	LAK
Maldives Rufiyaa	MVR
Mongolia Tugrik	MNT
Myanmar Kyat	MMK
Nepal Rupee	NPR
Pakistan Rupee	PKR
Papua New Guinea Kina	PGK
Philippines Peso	PHP
Samoa Tala	WST
Solomon Islands Dollar	SBD
Sri Lanka Rupee	LKR
Thailand Baht	THB
Tonga Pa'anga	TOP
Vanuatu Vatu	VUV
Vietnam Dong	VND
Wallis and Futuna CFP Franc	XPF

MIDDLE EAST & NORTH AFRICA

Algeria Dinar	DZD
Egypt Pound	EGP
Iraq Dinar	IQD
Jordan Dinar	JOD
Lebanon Pound	LBP
Libya Dinar	LYD
Morocco Dirham	MAD
Tunisia Dinar	TND

Glossary

A

Additionality

The extent to which TCX’s intervention enables a transaction that would not otherwise occur or would occur on less favorable terms. Measured by the Difficulty of Hedge (DoH) score.

AfDB

African Development Bank

AIFM Directive

Alternative Investment Fund Managers Directive, the European regulatory framework governing alternative investment funds.

ALCBF

African Local Currency Bond Fund

B

BMUKN

Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (German: Bundesministerium für Umwelt, Klimaschutz, Naturschutz und nukleare Sicherheit), which funds TCX’s blended finance facility for energy access.

Blended Finance

The strategic use of development finance and philanthropic funds to mobilize private capital flows to emerging and frontier markets, often through mechanisms that reduce risk or improve returns.

C

Cross-Currency Swap

A derivative contract in which two parties exchange principal and interest payments in different currencies over a specified period.

D

DAC

Development Assistance Committee of the OECD, which maintains classifications of countries by income level.

DFI

Development Finance Institution

Difficulty of Hedge (DoH) Score

TCX’s additionality metric (ranging from 2 to 10) assessing how difficult it would be for a highly creditworthy institution to hedge a given currency-tenor combination in the open market.

E

EFSD

European Fund for Sustainable Development

EFSD +

The EU’s blended finance instrument supporting sustainable investment in Africa and the European Neighborhood.

F

FfD4

Fourth International Conference on Financing for Development (Seville, July 2025)

Frontier Market

An economy at an earlier stage of capital market development than an emerging market, typically characterized by limited investor access, shallow liquidity, and higher volatility.

FPAS

Fiscal Policy Analysis (FPAS), the base model TCX’s pricing model uses for currencies where insufficient market data exists.

FX

Foreign Exchange

H

Hedging

The practice of using financial instruments to reduce or eliminate exposure to currency risk.

I

IDA

International Development Association, the World Bank’s fund for the poorest countries.

J

JIM

Joint Impact Model, a framework for estimating the development impact of TCX’s hedging activity in terms of jobs supported, wages, taxes, and savings.

K

KfW

Kreditanstalt für Wiederaufbau (Reconstruction Credit Institute), Germany’s state-owned development bank.

L

LCYA

Local Currency Academy, an independent foundation launched in December 2025 with EFSD+ funding to build capacity for currency risk management in low- and lower-middle-income countries.

Local Currency

The domestic currency of a borrowing country (as opposed to hard currencies like USD or EUR).

M

MDB

Multilateral Development Bank (e.g., World Bank, AfDB, IDB).

MFX

MFX Solutions, a platform that provides smaller impact funds access to TCX’s hedging solutions.

N

NDF

Non-Deliverable Forward, a cash-settled derivative contract used to hedge currencies that are not freely convertible.

O

On-selling / Risk Transfer

The process by which TCX transfers absorbed FX risk to private investors through bonds or direct derivatives transactions.

Original Sin

The inability of most developing countries to borrow abroad in their own currency, forcing them to borrow in foreign currency and bear exchange rate risk.

P

Pillar 1

De-risking Development Finance: TCX’s primary hedging activity with DFIs, impact investors, and banks.

Pillar 2

Mobilizing the Private Sector: TCX’s on-selling of FX risk through bonds and direct risk transfers to build commercial market capacity.

Pillar 3

Increasing Awareness: TCX’s thought leadership, advocacy, policy engagement, and capacity building to expand institutional appetite for local currency solutions.

Primary Hedge

A new hedging transaction TCX enters into with a DFI, bank, or impact investor (as opposed to on-selling existing risk).

S

SE4All

Sustainable Energy for All, a UN initiative to achieve universal access to sustainable energy.

T

Tenor

The length of time until a financial contract matures.

TCX

The Currency Exchange Fund N.V.

TIM

TCX Investment Management Company B.V., TCX’s licensed fund manager.

Theory of Change

The framework articulating how TCX’s three activity pillars support sustainable local currency finance ecosystems and help market develop.



A **global** solution
to **currency risk**

TCX Investment Management Company

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