

A faint, orange-toned world map is visible in the background of the central text area.

2024 IMPACT REPORT

Building a **global**
solution for **currency risk**

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About TCX

TCX is a global development finance initiative supported by a shareholder base that includes FMO, IFC, EBRD, EIB, KfW as well as the European Commission and Dutch, Swiss, British, French and German governments and other DFIs and Microfinance Vehicles. 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 16 billion in development loans in 66 currencies and hedged the currency risk for over USD 3 billion in frontier market currency denominated bonds.

For questions about the Impact Report, please contact [Thomas Oostheim](#).

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Glossary

AfDB	African Development Bank
ADB	Asian Development Bank
CAF	Development Bank of Latin America and the Caribbean
CC(+)	EFSD(+) Capacity Component
DFI	Development Finance Institution
DoH	Difficulty-of-Hedge
EFSD	The European Fund for Sustainable Development
EFSD+	The European Fund for Sustainable Development+
EMDC	Emerging Markets and Developing Countries
EC	European Commission
EUR	Euro
FMO	Financieringsmaatschappij voor Ontwikkelingslanden
FX	Foreign Exchange
HEAR	Health and Education at Risk ratio
IFC	International Finance Corporation
IMF	International Monetary Fund
LCY	Local Currency
LICs/LMICs	low- and lower-middle-income countries
MENA	Middle East and North Africa
MSMEs	Micro, Small and Medium Sized Enterprises
NDF	Non-Deliverable Forward
OECD	Organization for Economic Cooperation and Development
PC(+)	EFSD(+) Pricing Component
SE4ALL	Sustainable Energy for All
SSA	Sub-Saharan Africa
TCX	the Currency Exchange Fund
USD	United States Dollar



“TCX has helped more actors take control of their financial risks and stay on course than ever before.”

Ruurd Brouwer — CEO

Kyrgyzstan
Senegal
Vietnam
Malawi
Ghana
Pakistan
Peru
Algeria
Philippines
Morocco
Nicaragua
Kenya
Mexico



Letter from the CEO

It is with conviction and gratitude that I present TCX's Impact Report for 2024, a year that stands as the strongest in our history, not just in performance, but also in reaffirming our purpose.



Ruurd Brouwer
CEO

The world around us is changing. Globalism is being redefined — stressed by geopolitics, shifting alliances, and increasing unilateralism. Global progress as anchored in the Sustainable Development Goals (SDGs), is being challenged by fragmentation. The traditional development model and global financial architecture are being reconsidered, with increasing responsibility now placed on national and regional institutions to focus on priorities defined 'closer-to-home'.

The impact of currency risk is felt more than ever in this period characterized by rapid shifts, crises and volatility. And particularly in the very markets where sustainable progress is most needed.

When volatility spikes, the burden falls hardest on those least equipped to bear it. That is where TCX steps in. Not with headlines or theory, but with real approaches that mitigate currency risk and enable essential investments to move forward, even when global capital flows hesitate.

This past year, our work was strengthened by close collaboration with regional leaders and institutions such as the African Development Bank, the European Commission, and others who share our belief — that mitigating currency risk is essential to reducing credit risk and increasing financial resilience. By anchoring the work in existing and new partnerships, TCX has

helped more local and regional actors take control of their financial risks and stay on course than ever before. Especially when the global system wavers, TCX and its partners should intensify the work to realize the results we were mandated to achieve.

The numbers in this report reflect our growing scale and ability to mobilize funding, but it is the counterfactual that tells the real story — how many investments would not have happened without currency risk mitigation? How much potential investment in development would have gone unrealized?

As we look forward, we do so in a world of increasing complexity, but also one of growing opportunity. Nationalism and regionalism are not a retreat from development, or trade; it is a recalibration. And TCX is proud to be part of the architecture that allows local development agendas to advance safely, sustainably, and denominated in local currency. Because development finance can do better!

Thank you for your continued trust and partnership.

Theory of Change

Many borrowers across the public and private sectors of developing and frontier economies face a structural mismatch on their balance sheets — they are financed in United States Dollars (USD) by a foreign capital provider while their revenues are earned in local currency. This exposes them to exchange rate volatility, which can sharply increase debt servicing costs where the local currency depreciates against hard currency (most often the USD), regardless of operational excellence, business performance or creditworthiness.

Where FX risk hedging instruments are unavailable or inaccessible, borrowers have no options to mitigate this risk. At the same time, local currency money and interbank markets take time to develop. Until market participation reaches a critical mass and under globally accepted best-practice standards, foreign financial institutions tend to have limited foreign exchange (FX) risk appetite in frontier currencies. This reinforces the status-quo, keeps borrowers vulnerable to external shocks and limits the accessibility and affordability, and thus the impact-potential, of development capital to deliver lasting positive outcomes.

TCX was created to address this constraint

The TCX development intervention was founded based on the belief that access to finance should not come at the cost of borrower exposure to uncontrollable levels of risk. In markets where currency hedging is unavailable or inaccessible, protecting borrowers from FX volatility is essential to building stable and inclusive financial systems. TCX offers long-term hedging solutions in over 100 currencies, absorbing risks that others avoid. Its functions can be viewed as those of a:

Market maker: providing access to hedges and frontier-market risk products where no alternatives exist,

Mitigator: helping to reduce systemic exposure to currency mismatches in developing countries resulting from hard currency-based development finance investments, and

Thought leader: using its expertise in currency risk management to increase awareness and capacity.

The outcomes of the work of the fund are reflected in stronger financial stability and resilience, both for individual borrowers and in markets. Following the logic that TCX hedges currency exposure of, rather than invests in, Emerging Markets and Developing Countries (EMDCs), the hedging instruments it uses serve a different purpose. These instruments do not directly create jobs, build infrastructure, or generate renewable energy.. Those outcomes are in the purview of its counterparties: banks, development finance institutions (DFIs), and other impact-focused lenders. However, by improving debt predictability and reducing exposure to currency shocks, TCX increases the likelihood that such development goals can be achieved. Its involvement helps protect investments from foreign exchange volatility, creating more stable conditions that support both financial and non-financial objectives over time.

Access to finance should not come at the cost of borrower exposure to uncontrollable levels of risk

Micro

At the Borrower Level (Micro), TCX:

- Enables access to hedges where commercial alternatives are absent or insufficiently available.
- Protects borrowers from exchange rate volatility and reduces defaults resulting from local currency depreciation, particularly during periods of macroeconomic instability.
- Strengthens borrowers' financial profiles, creating better conditions for sustainable growth, and improved investment readiness.

TCX's role is tightly linked to that of its counterparties. Its impact is realized when other investors choose to use local currency. TCX enables these actors to take responsible risks and extend the reach of their capital, but it does not substitute for their due diligence, investment choices, or development strategies.

Macro

At the Market Level (Macro), TCX:

- Supports a global ecosystem of financial institutions in mobilizing responsible capital for clients.
- Reduces systemic risks associated with “original sin” — the dependency of developing countries on hard currency borrowing.
- Demonstrates the viability of frontier-market currency risk solutions, increasing trust and encouraging broader private sector participation.
- Stimulates the growth of frontier-market currency debt markets by creating demand for frontier-market currency-indexed bonds.
- Contributes to deeper, more resilient financial markets, enhancing overall economic stability in developing countries.

TCX helps mobilize responsible capital in a way that is aligned with local economic realities. TCX directly addresses the structural problem of “original sin” — reducing systemic vulnerabilities and strengthens the stability of fiscal policy. By demonstrating that hedging currency risk is both feasible and cost-effective in frontier markets, TCX builds market confidence and encourages broader private sector participation. Its activities generate demand for frontier market currency-indexed bonds, contributing to financial system development. In doing so, TCX helps create deeper, more stable financial ecosystems and helps lay a stronger foundation for inclusive, long-term economic growth across developing economies.

With the extensive in-house expertise from the 18 years of experience in pricing frontier market risk at varying tenors, TCX is well-positioned to influence the debate on international financial architecture when it comes to currency risk mitigation and development finance. By redistributing currency risk to private investors, TCX helps transform FX exposure from a barrier into a manageable component of responsible investment. Its interventions support the accessibility of local currency indexed funding, reduce reliance on hard currency, and contribute to more stable financial systems.

And this all starts with the use of offshore, cross-currency swaps and forwards that allow for the continuation of hard currency-based financing, with repayments indexed to the local currency.

Results Measurement

Our work is structured around three Impact pillars



Hedging to strengthen borrower resilience

TCX's core activity is providing currency hedges in markets where commercial alternatives are absent or insufficient. We serve development-focused financial institutions whose lending supports economic, environmental, and social goals — often aligned with the UN Sustainable Development Goals (SDGs). By absorbing currency risk, TCX improves the financial resilience of borrowers and projects, particularly during periods of macroeconomic instability. This allows capital to be deployed in local currency terms, without transferring FX risk to borrowers who are not equipped to manage it.



Mobilizing private risk capital and supporting market development

Beyond taking FX risk on its balance sheet, TCX also on-sells a portion of the FX risk to private investors. This serves a dual purpose — it reduces concentration risk within TCX and expands the market for local currency-linked instruments. By doing so, TCX mobilizes commercial capital into markets where currency risk is often seen as uninvestable, demonstrating that frontier market FX exposure can be priced, traded, and managed responsibly.



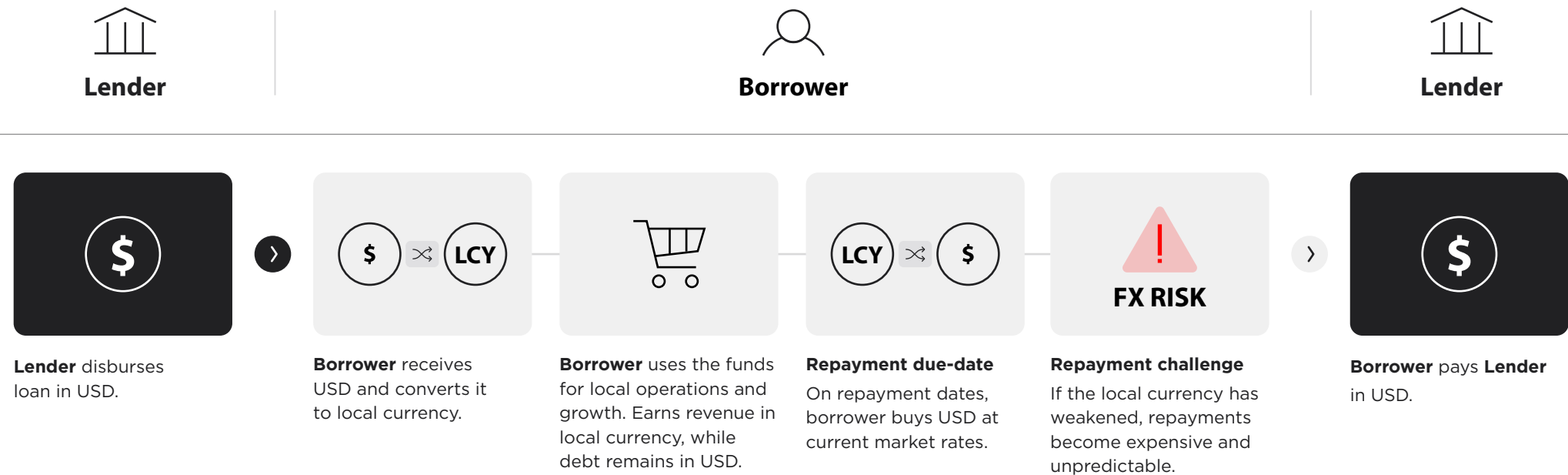
Advocacy for structural change in development finance

Achieving financial resilience at scale requires more than transaction-level solutions. TCX works to embed local currency risk management into the broader development finance ecosystem. This includes advocating for a shift away from the default use of hard currency in development lending, and promoting policy, donor, and institutional mandates that prioritize local currency solutions. TCX also works to raise awareness among borrowers, investors, and regulators of the long-term implications of unmanaged FX exposure. Our goal is to make currency risk visible, manageable, and no longer a barrier to responsible investment.

How TCX mitigates currency risk in development lending

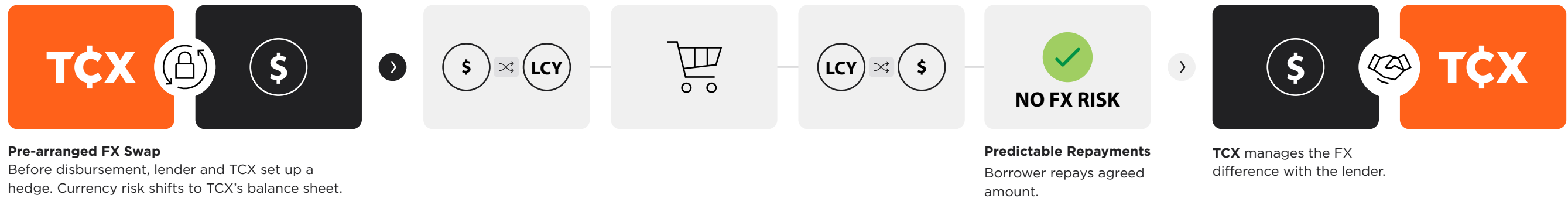
Without TCX intervention

Without TCX, borrowers must manage unpredictable exchange rates when repaying dollar-denominated loans, leading to financial strain if the local currency weakens.



With TCX intervention

TCX works with lenders to pre-arrange an FX swap before loan disbursement. This ensures borrowers repay in their local currency at predictable rates, while TCX manages the FX risk on its balance sheet. This structure allows borrowers to focus on growing their businesses and supporting local economies without the burden of currency volatility.



Indicators

P1

De-risking development finance

Indicator 1	Indicator 2	Indicator 3
Volume of new transactions	Difficulty-of-Hedge score of new transactions	Joint Impact Model estimates of underlying impact

TCX tracks its results using defined indicators across each of its three strategic pillars. For Pillars 1 and 2, key metrics include hedge volumes by region and sector, and the Difficulty-of-Hedge score (see side panel), which measures the additionality of each transaction based on market accessibility.

P2

Mobilizing the private sector

Indicator 1	Indicator 2	Indicator 3
Volume of new frontier-market currency bond transactions	Number of new frontier-market currency bond issuances	Difficulty-of-Hedge score of new frontier-market currency bond issuances

Quantifying impact under Pillar 3 — advocacy and systemic change — is less direct. In 2024, TCX continued down the path of advancing awareness of currency risk and promoting responsible debt financing. Indicators for this pillar reflect TCX’s ability to price risk in currencies with limited market data, supporting long-term market development.

P3

Increasing awareness

Indicator 1	Indicator 2
Number of currencies in portfolio	Number of currencies with no market data, for which a pricing model has been developed



Difficulty-of-Hedge indicator

The ability to be additional guides where TCX operates — we provide currency risk solutions in markets where commercial hedging options are unavailable, insufficient, or inaccessible. To assess the additionality of our interventions, TCX applies a Difficulty-of-Hedge score to each transaction. This score — ranging from 2 to 10 — reflects how difficult it would be for a highly creditworthy institution to hedge a given currency-tenor combination in the open market.

The scoring framework considers factors such as market depth, liquidity, and counterparty availability. A higher score indicates a greater level of market difficulty. For instance, a hedge in Madagascar, where FX markets are more shallow and hedging instruments are scarce, would receive a higher score than a similar transaction in Indonesia, where the financial sector is more developed.

The scores are reviewed periodically and updated only when significant structural shifts occur in relevant markets to ensure maximum comparability. For the 2024 assessment, no changes were made to the coefficients.

Important to note is that the Difficulty-of-Hedge score reflects market-level constraints only. It does not capture counterparty-specific additionality. In practice, even where market hedging options exist, they may be accessible only to large institutions with strong credit ratings. In such cases, TCX adds value by providing access to hedging for institutions that are underserved or excluded from commercial FX markets.

2024 Results

P1 De-risking development finance

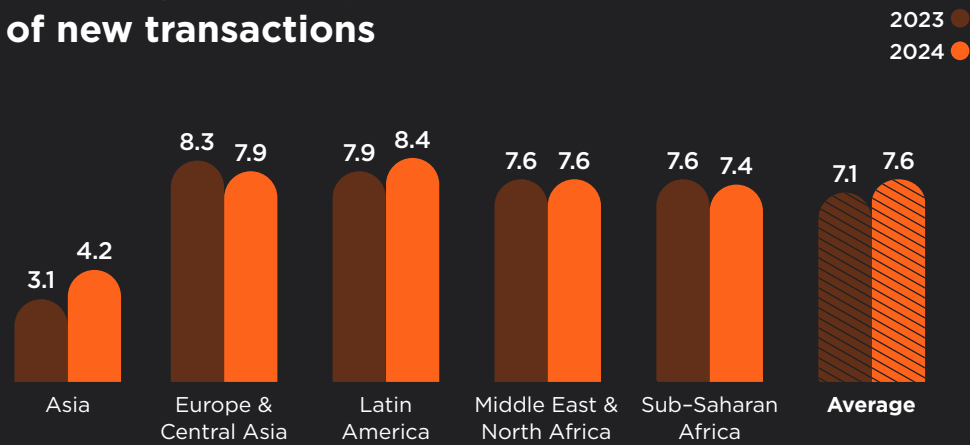
Volume of new transactions

INDICATOR 1

	2023	2024	
Asia	\$411m	\$229m	↓
Europe & Central Asia	\$726m	\$1,142m	↑
Latin America	\$569m	\$658m	↑
Middle East & North Africa	\$246m	\$309m	↑
Sub-Saharan Africa	\$334m	\$420m	↑
Total volume	\$2,286m	\$2,758m	↑
Total transactions	569	600	↑

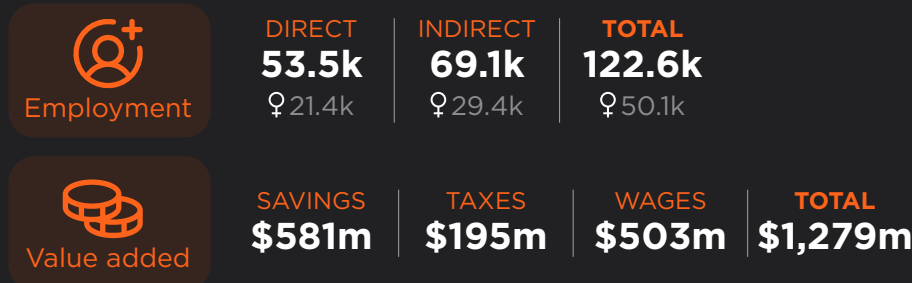
Difficulty-of-Hedge score of new transactions

INDICATOR 2



Joint Impact Model¹ estimates of underlying impact

INDICATOR 3



P2 Mobilizing the private sector

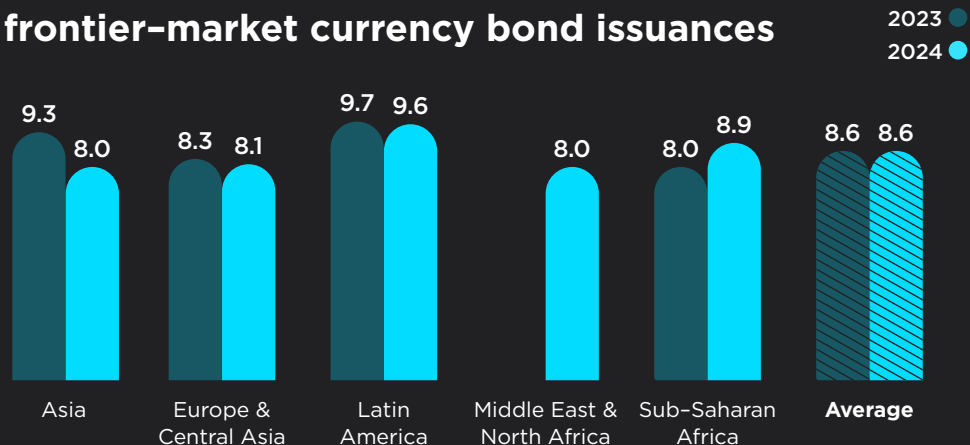
Volume of new frontier-market currency bond transactions

INDICATOR 1

	2023	2024	
Asia	\$30m	\$8m	↓
Europe & Central Asia	\$342m	\$307m	↓
Latin America	\$96m	\$138m	↑
Middle East & North Africa	—	\$16m	↑
Sub-Saharan Africa	\$44m	\$69m	↑
Total volume	\$512m	\$539m	↑
Total transactions	44	47	↑

Difficulty-of-Hedge score of new frontier-market currency bond issuances

INDICATOR 3



Number of new frontier-market currency bond issuances

INDICATOR 2



P3 Increasing awareness

Number of currencies in portfolio

INDICATOR 1



Number of currencies with no market data for which a pricing model (FPAS) has been developed²

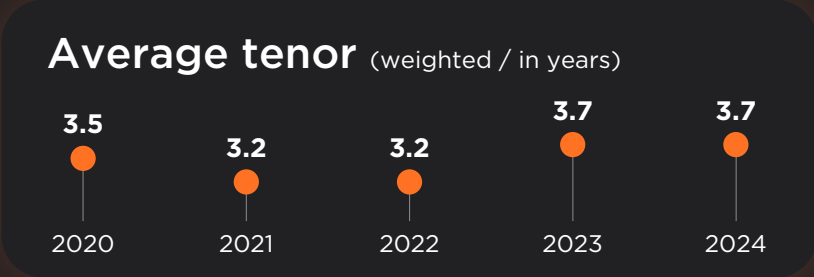
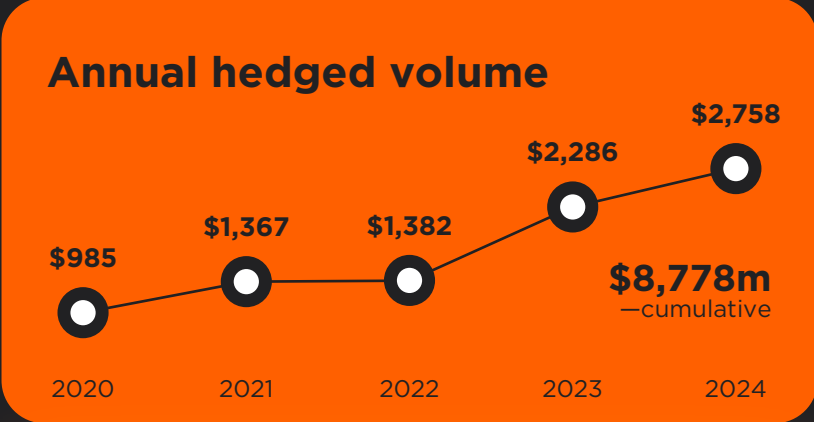
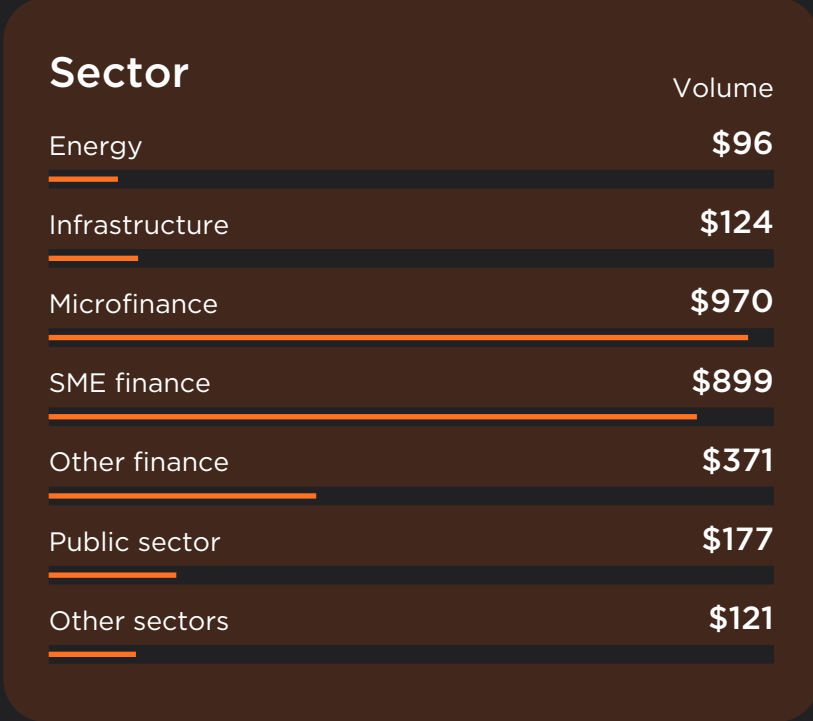
INDICATOR 2



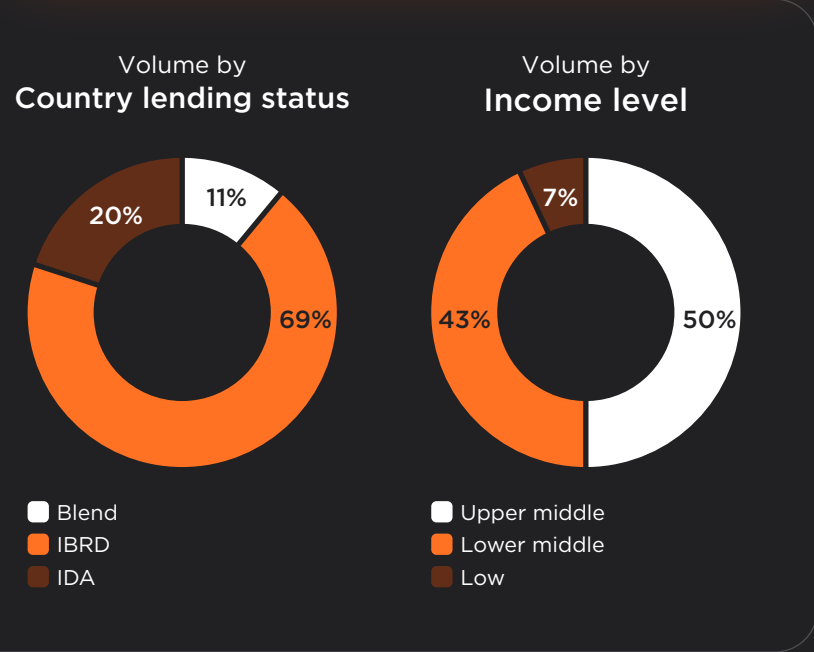
Results dashboard

Hedging volumes at a glance

P1 De-risking development finance



Hedged volume by counterparty		
	2023	2024
Assignees	\$277	\$491
Investors	\$1,295	\$1,628
Banks	\$687	\$526
Non-investors	\$27	\$113



Currency risk onboarded		
	Total	Deals
Azerbaijan	\$259	43
Kazakhstan	\$250	45
Uzbekistan	\$244	44
Dominican Republic	\$212	35
Guatemala	\$116	47
Georgia	\$110	16
Jordan	\$108	2
Costa Rica	\$108	23
Mongolia	\$103	15
Algeria	\$100	10
Honduras	\$99	22
India	\$98	7
Tunisia	\$86	17
Uganda	\$80	12
Vietnam	\$72	7
Jamaica	\$71	2
Tanzania	\$69	27
Tajikistan	\$69	45
Armenia	\$52	3
Rwanda	\$52	8
Kenya	\$40	12
Kyrgyzstan	\$34	33
Madagascar	\$32	10
South Africa	\$32	5
Peru	\$31	6
Indonesia	\$27	14
Benin	\$25	5
Ghana	\$24	13
Serbia	\$21	1
Philippines	\$20	3
Senegal	\$19	5
Morocco	\$15	4
Zambia	\$14	14
Colombia	\$12	9
Pakistan	\$10	1
Côte d'Ivoire	\$9	4
Sierra Leone	\$8	10
Mexico	\$6	4
Malawi	\$5	6
Togo	\$5	2
Burkina Faso	\$4	2
Bangladesh	\$2	3
Nicaragua	\$2	1
Mozambique	\$2	2
Moldova	\$1	1

Highlights

- In 2024, TCX delivered higher-than-ever volumes and crossed the USD 1 billion total hedging volume mark in Europe and Central Asia.
- The fund deepened its collaboration with all types of counterparties — including DFIs, impact investors, investment banks, brokers, and others — all of whom increased their hedging volumes with TCX by at least 40% compared to the three-year average.
- While Uzbekistan represented the largest exposure on TCX’s book for the previous three years, a steep increase in demand for Azerbaijani Manat has the currency rising to become TCX’s biggest position at USD 259 million.
- TCX hedged 5 transactions for public sector borrowers in Costa Rica, Jamaica and Kazakhstan for a total of USD 177 million.
- The fund recorded highest-ever production in Sub-Saharan Africa in 2024 — USD 420 million.
- The average Difficulty-of-Hedge score for primary transactions increased from 7.1 in 2023 to 7.6 in 2024, driven by transactions in more illiquid markets across Asia and Latin America.

TCX and the European Commission

Feature Story

— A blended finance success story

In 2021, TCX, KfW, and the European Commission (EC) joined forces under the European Fund for Sustainable Development (EFSD) and launched the EU Market Creation Facility (EUMCF).

The objective

To enable TCX to expand its role in protecting international lenders and local borrowers in EMDCs from the damaging effects of currency volatility. The facility consists of two integrated instruments:

1 Capacity

A Capacity Component, which strengthens TCX's balance sheet to absorb more currency risk.

2 Pricing

A Pricing Component, which makes hedging more affordable by using donor capital to reduce the cost of risk protection in selected countries.

Why reducing the cost of hedging matters

In markets where volatility, credit concerns, or regulatory constraints are high, the cost of TCX's hedging solutions — which are priced risk-reflectively (i.e., not commercially) — can be prohibitive. This can result in situations where borrowers in the riskiest markets and who most need protection, are often those who can least afford it.

This is where the Pricing Component (PC) comes in. By selectively lowering hedge costs, the PC allows development lenders to offer local currency-indexed loans at terms borrowers can afford, without shifting the currency risk back onto them. It opens a door to local currency-indexed financing that would otherwise remain closed.



— A blended finance success story

A niche tool



At first glance, this may seem like a technical fix to a narrow problem. But in fact, it addresses one of the central reasons for why private capital has to-date fallen short of supporting the Sustainable Development Goals (SDGs) or other development targets. Currency risk, and the lack of affordable tools to manage it, is a fundamental barrier to increased private sector participation in EMDCs. Without predictable debt servicing, many projects are simply not bankable.

The EUMCF shows that blending donor capital with risk-based pricing is not only feasible, but effective in aligning incentives — TCX bears the risk, donors support affordability without distorting the market, and private investors can enter frontier markets. The result is more local currency-indexed financing, improved sustainability of debt, and greater resilience for borrowers and financial systems.

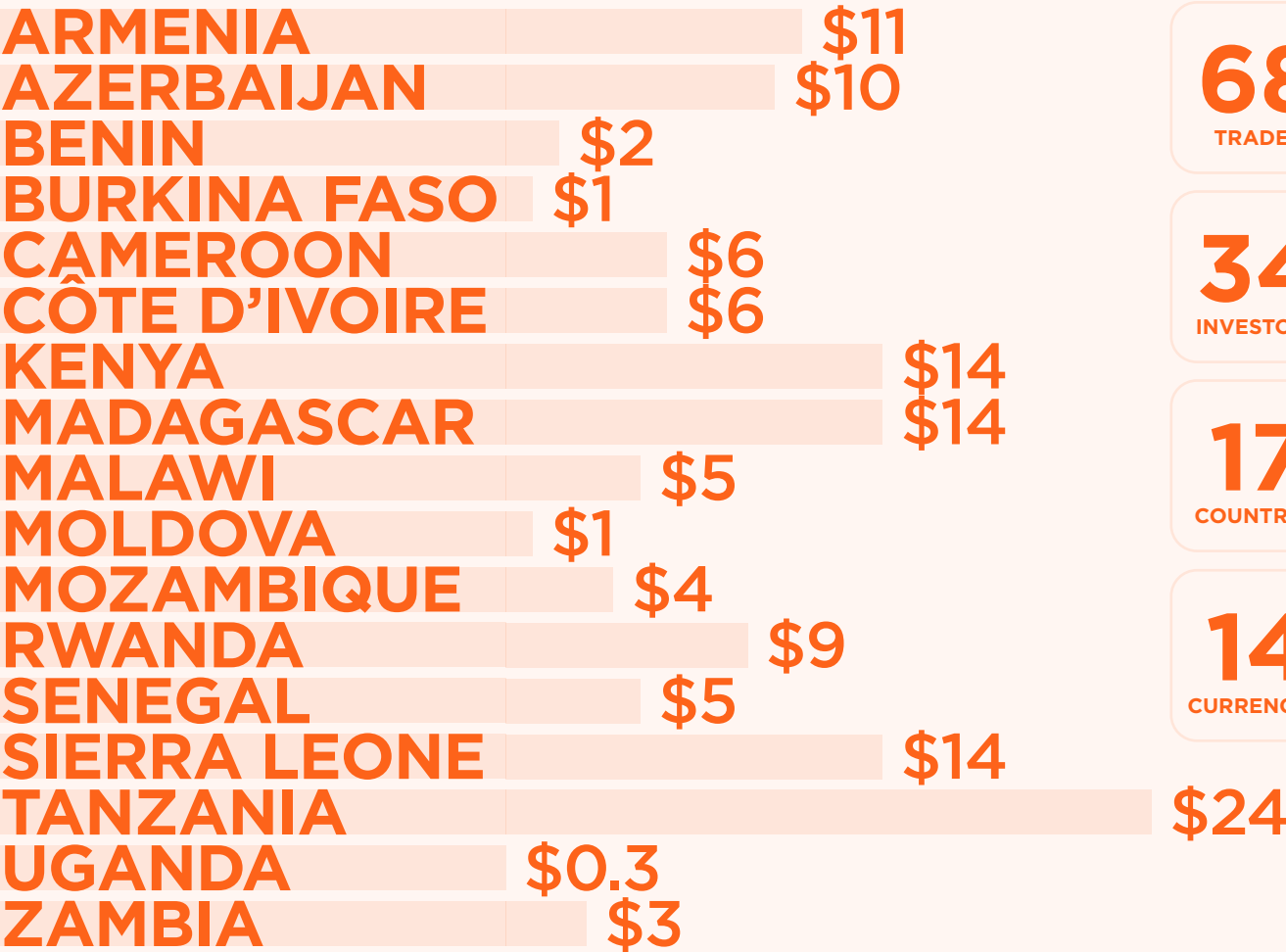
In short, the PC demonstrates how targeted interventions can lay the grounds for shifts in systemic constraints. By making risk mitigation affordable, facilities such as this collaboration Between TCX, KfW and the EC enable development finance to work as intended — in local terms, on local terms.

with catalytic potential

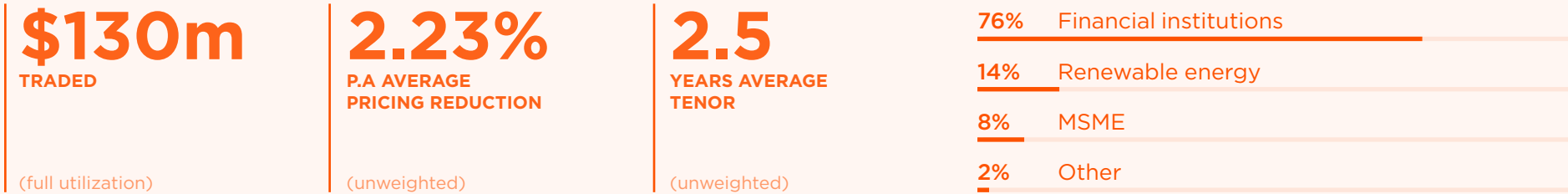
TCX and the European Commission

A blended finance success story

Volume (USDm)



Program details and results



The PC ran as a pilot program between 2021 and close 2024, which allowed TCX and implementing partner KfW to apply a discount to swap-rates — depending on the currency and tenor — via an auction-based allocation mechanism. The first-of-its-kind, EUR 20 million, blended finance facility was set up to support a maximum of EUR 120 million in investment. The program delivered excellent results, being hailed as one of the star performers under the EC sustainable development program:

- TCX received over 300 requests from 50 investors in 24 currencies corresponding to over USD 1 billion in pipeline investments, 8x the capacity of the facility.
- By applying an average price reduction of USD 2.23%, the facility was fully utilized and supported EUR 119.9 million in investments through 68 trades with 34 investors, in 14 currencies and for borrowers in 17 countries.
- The facility supported 78% financial institutions, 14% renewable energy projects, 8.3% Micro- and Small-to-Medium sized enterprise (MSMEs).

The oversubscription of the initial Pricing Component underlines its success, not just as a pilot, but as a breakthrough in blended finance. It confirmed what the program was designed to test — there is substantial latent demand for currency risk solutions in challenging markets. That demand can be unlocked where the cost barrier of hedging is strategically addressed. The success of the mechanism earned the facility recognition as a flagship initiative under the EFSD and laid the groundwork for a follow-on, expanded facility.

The Pricing Facility is designed to enable transactions where hedging costs are prohibitively high. Reflecting this, deals supported by the facility in 2024 had a weighted average score of 9.3, significantly above the TCX portfolio average (see page 14 for comparison).

9.3

DIFFICULTY-OF-HEDGE SCORE

—A blended finance success story

“The collaboration with the European Commission is a strong endorsement of TCX’s role as a market enabler. By reducing the cost of hedging in high-risk markets, the Pricing Facility allows us to extend our reach to borrowers in markets otherwise unaffordable. This strengthens our ability to be additional and ultimately more impactful.”



Sara Velco
VP — TCX



Scaling-up

Building on the success of the pilot, the EC, TCX, and implementing partner EDFI Management Company are now scaling up the model under the European Fund for Sustainable Development+ (EFSD+). Pricing Component+ (PC+) is backed by a EUR 150 million commitment from the EC and will substantially increase the facility’s reach. Unlike its predecessor, the PC+ carries no cap on the total investment it can support and is designed to support a broader range of currencies, sectors, and geographies.

This expansion will allow the facility to reduce FX-related barriers to investment in critical areas such as renewable energy, sustainable infrastructure, financial sector development and projects falling under the scope of Global Gateway and Team Europe — driven by where stable, local currency financing can have the most catalytic effect, including by supporting National Development Banks in collaboration with Finance in Common (FIC) and the International Development Finance Club (IDFC).

Together, these steps represent not just a scaling of resources, but a scaling of ambition. In doing so, the facility redefines how public capital can be used to shift risk to where it can best be managed and away from where it can do the most damage.

The Pricing Component+ (PC+) is one of two major enhancements. In parallel, the European Commission committed an additional EUR 250 million to the Capacity Component, increasing TCX’s capital base.

Key features of the PC+

Under EFSD+ the Pricing Facility+ is scaled up with EUR 150 million. The PC+...

- aims to support between EUR 1 billion and EUR 1.5 billion in currency risk-free lending over a five-year implementation period;
- will be eligible for use in 89 countries and 77 currencies, spanning neighboring Europe, MENA, sub-Saharan Africa, Asia, and the Pacific Regions;
- can be applied to transactions with tenors ranging from 6 months to 18 years;
- Supports hedging across infrastructure, financial institutions, energy, public sector, and other sectors;
- will be available to all TCX counterparts, with the option for TCX to transfer risk to private investors where appropriate.



Yellow Malawi

Feature Story

The story is based on an interview with:



Maya Khonje-Stewart
CEO of Yellow Malawi

Rosalie Marsden
Acumen Investment Manager



William Thompson
CFO of Yellow Malawi

Michele Pardo
Acumen Investment Associate



Sandra Halilovic
Head of Acumen's H2C initiative

Creating financial stability to support sustainable energy access in Malawi

With nearly 80% of Malawians living in rural areas and less than 25% having access to electricity, energy poverty remains a key barrier in the country's development. The lack of reliable and affordable energy limits economic opportunities, hampers the delivery of education and healthcare, and reinforces cycles of poverty — particularly in rural communities.

As the country pushes toward its goal of achieving universal energy access, unlocking innovative and scalable technical and financial solutions is key. The opportunities ahead breed many innovators, but entrepreneurs are often reliant on foreign, USD-based financing to finance their growth. To avoid a currency mismatch on the balance sheet of emerging energy companies, lenders hedge with TCX to improve the financial sustainability of their investees and help growing businesses become more resilient to an uncertain macro environment.

This feature story highlights a USD 2 million investment by Acumen's Hardest-to-Reach Initiative (H2R) in the unique Malawian energy company Yellow, supporting its efforts to bridge the energy gap across the country. It also explores how TCX's partnership with the European Commission and KfW enabled affordable funding indexed to the local currency.

Yellow Malawi

Feature Story



Yellow Malawi was founded in 2018 with a focus on expanding access to energy and digital services in rural Malawi. Yellow distributes affordable solar home systems and smartphones through a decentralized network of local agents and local merchants: **“We have recruited over 1000 agents across Malawi and some other countries in which we operate, and they’re completely responsible for marketing our product, managing customers and payment collection.”** The agents use a pay-as-you-go model with extended tenor compared to market averages, allowing customers to make small, flexible payments over an extended time, which makes solar energy and technology more accessible to low-income households. By combining last-mile distribution with digital innovation and local ownership, Yellow empowers rural communities and promotes financial inclusion.

“The company’s model works and is ready to be scaled up progressively”, says William, CFO of Yellow, **“but how to finance is a key consideration. We have seen many similar companies operating from other countries struggle with currency volatility, which is not unique in Africa. Malawi is not unlike others, but we also had a significant amount of unhedged hard currency on our balance sheet a few years back.”** After seeing the impact of depreciation in other countries, the Yellow team decided that any new USD debt would have to be indexed to the local currency, because, **“if something goes wrong by a little bit, it has such a massively outsized, and potentially destructive impact on our business — and ultimately our customers.”**

Yellow’s sound financial foundation has helped the company in its fundraising efforts, but the company’s leadership increasingly sees the ecosystem as split into two — lenders offering traditional, vanilla dollar-

based products and lenders offering a more nuanced, bespoke approach to financing solutions. Acumen’s H2R Initiative is an example of an established impact investor bringing energy access to the most underserved and remote communities in sub-Saharan Africa by taking companies’ needs as the starting point for investments.

H2R recognizes that traditional market-based approaches often fail to reach the poorest, most isolated populations due to high distribution costs, lack of infrastructure, and limited purchasing power. Therefore, H2R aims to deploy USD 250 million to provide 72 million people with electricity in the 16 countries with some of the lowest electrification rates in sub-Saharan Africa. The initiative takes a creative approach to financing companies, allowing for the co-creation of financing structures in line with the needs of investees.

"Without TCX and EC pricing facility, it would have been really hard to make this transaction possible."



Recently, the BBC produced a StoryWorks short documentary about the company, their mission and impact on local communities in Malawi. It will be aired on BBC digital in the next weeks.

[Watch the preview →](#)

Within the growing group of lenders that take such a demand-driven approach, discussions around local currency have become more frequent in recent years, according to Maya: **"Three to four years ago, nobody was talking about local-currency-indexed loans. Now we're seeing a chunk of players who are starting to look at FX risk mitigation as an opportunity to differentiate themselves, rather than as a risk, especially with interventions such as the EC facility improving the bankability of individual transactions."**

The increased focus on risk-resilient financing can be explained by the significant volatility of recent years. The result is a stronger risk-awareness on the part of borrowers such as Yellow and more widespread availability of de-risking products at manageable rates. Protecting borrowers against currency risk in markets where forecasts predict volatility is

costly and can lead to prices that render individual transactions unfeasible.

The Pricing Facility, which allowed TCX to reduce the cost of hedging by 5% in MWK for the transaction, played a critical role in making the deal work for both Yellow Malawi and Acumen. Sandra explains: **"Expanding energy access is the core objective of what we do, and we are always looking for different ways by which we can be additional to the market. In this particular case, being able to provide the right type of financing at reduced rates effectively enabled us to achieve that target."**

In fact, **"Without TCX and EC pricing facility, it would have been really hard to make this transaction possible,"** says William. **"When considering additionality, without access to the**

local-currency-indexed funding, there would have been many thousands of homes not electrified; quite simply, without this facility, that rollout would not have happened. Such tangible impact cannot be realized or sustained when operating in an uncertain exchange rate environment," says Rosalie: **"We do believe that financial sustainability and impact are very much aligned."**

The collaboration between Acumen H2R and Yellow is expected to enable the Yellow team and the 1000+ agents to expand their inventory and reach 182,000 people with energy access, including 145,000 (80%) people who will be plugged in for the first time. Although the outcomes may be difficult to quantify at this point in time, the immense value of shops staying open after dark and for kids doing homework post-sundown needs no explanation.

Market creation at a glance

P2 Mobilizing the private sector

Annual on-sold volume

	Deals	Volume
2024	358	\$1,704
2023	259	\$1,490
2022	187	\$824
2021	151	\$704
2020	94	\$542

Bond issuances hedged

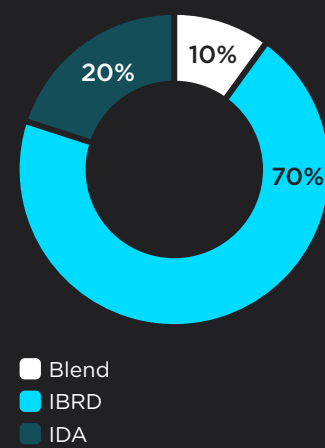
	Deals	Volume
2024	47	\$539
2023	58	\$512
2022	35	\$259
2021	33	\$351
2020	30	\$318

\$=USDm

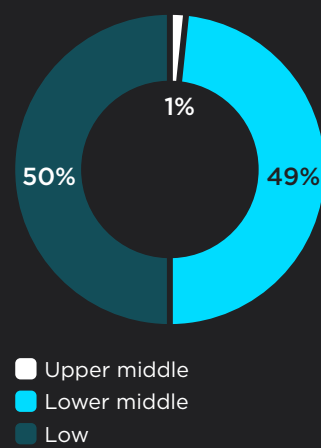
Bond issuances by issuer type

	Deals	Volume
Investors	25	\$336
Banks	20	\$174
Non-investors	2	\$28

On-sold currency risk by
Country lending status



Hedged volume by
Income level



Currency risk on-sold

	Total	Bonds	Bonds hedged
Uzbekistan	\$328	\$77	5
Kazakhstan	\$177		
Azerbaijan	\$160	\$82	5
Dominican Republic	\$138	\$30	2
Tunisia	\$103	\$5	1
Georgia	\$89	\$41	4
Vietnam	\$85		
Paraguay	\$58	\$58	3
Tanzania	\$55	\$38	4
Mongolia	\$47	\$47	3
Tajikistan	\$46	\$40	4
Costa Rica	\$45		
Jamaica	\$41	\$26	3
Guatemala	\$41	\$20	2
Peru	\$40		
Indonesia	\$31		
Serbia	\$30		
Algeria	\$28	\$5	1
South Africa	\$18		
India	\$15		
Morocco	\$15		
Armenia	\$15	\$5	1
Kyrgyzstan	\$15	\$15	2
Uganda	\$13		
Senegal	\$13	\$13	2
Côte d'Ivoire	\$11	\$11	1
Philippines	\$8		
Pakistan	\$8	\$8	1
Benin	\$7	\$7	1
Colombia	\$5		
Ukraine	\$5		
Jordan	\$5	\$5	1
Honduras	\$5	\$5	1
Kenya	\$2		
Madagascar	\$2		
Malawi	\$1		

Market creation at a glance

TCX transfers currency risk exposure to investors in two ways:

- 1 By hedging local currency bonds issued by AAA-rated institutions.
(i.e., hedging TCX's own position in a currency)
- 2 Through direct derivative transactions with commercial counterparties.

\$1.7b

In 2024, TCX on-sold a record USD 1.7 billion to private investors, over 60% of the total risk onboarded during the year.

7.9

The average Difficulty-of-Hedge score for TCX's Pillar 2 activity increased slightly from 2023 levels to 7.9 driven by increased scores for sub-Saharan Africa and Central Asia. In other words, TCX was able to on-sell currency risk of relatively more difficult markets, indicating more appetite for currencies traditionally viewed as riskier — a positive development.

TCX's offshore market creation efforts, if replicated sufficient times in a single currency, can lay the groundwork for the development of local markets. See [Feature Story 3](#) for a perspective on the relationship between TCX and capital market development.

First-of-its-kind offshore JOD bond

HIGHLIGHT

TCX contributed to the first offshore local currency-indexed bonds issued in 7 different currencies since 2015. Last year, TCX and FMO collaborated to realize the first-ever offshore Jordanian dinar-indexed bond in July of 2024.

"Capital market development and private sector mobilization are crucial to TCX, our shareholders, and the whole development finance community. The issuance of the first-ever offshore Jordanian dinar (JOD) synthetic note by FMO establishes greater market depth in the local fixed income curve. This milestone will facilitate greater private sector mobilization for future bond issuances. We are proud of the successful collaboration with FMO's treasury on this initiative and look forward to supporting further synthetic local currency financing in Jordan."



Othman Boukrami
Deputy CEO — TCX



Largest ever tugrik bond issuance

HIGHLIGHT

Together with IFC and Standard Chartered, TCX facilitated the largest-ever offshore bond issuance denominated in the Mongolian tugrik at USD 30 million, creating additional in the offshore market for the tugrik.

"It was our pleasure to partner with IFC on the largest-ever offshore bond issuance denominated in MNT. The issuance allows us to support more local-currency-indexed financing flows to the country at attractive levels for borrowers. This protects them from currency risk and stimulates domestic capital market development for MNT assets at the same time. The size of the bond also demonstrates investor appetite, which is key to developing the market further."



Xander Goudriaan
Head of Trading — TCX

"Liquid and well-developed capital markets are essential for the flow of financing from investors to borrowers. The issuance provides increased visibility of the Mongolian tugrik in the global markets and allows investors to gain exposure to this currency."



Flora Chao
Global Head of Funding — IFC



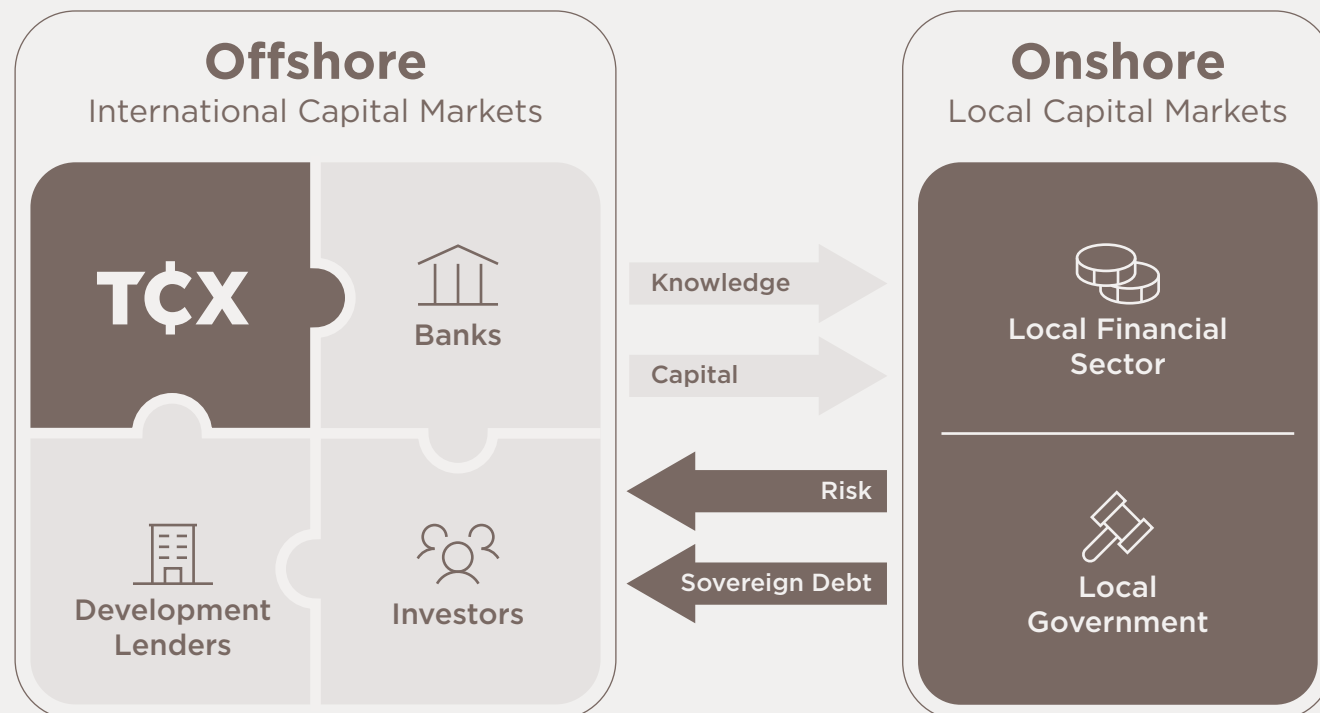


A piece to the puzzle— How TCX can support capital market development



WRITTEN BY

Anja Crusius
Mercator fellow



TCX offers hedging instruments to protect offshore financing flows from currency volatility. It ensures additionality in the market and adapts its offers to market readiness (See p30 TCX Impact Report 2023). While TCX operates in offshore markets (Figure 1), its hedging activities can support the gradual development of capital markets as well.

For sovereigns, borrowing in offshore markets in local currency is a key step in market development, offering three main benefits:

First, it brings visibility to the currency and attracts investors seeking exposure to such currencies, deepening the investor base.

Second, it allows the country to benefit from a larger investor base abroad while avoiding currency mismatches normally associated with external financing.

Third, if a sovereign issues a local currency bond offshore, it can create a benchmark for state-owned enterprises and banks seeking to finance large projects through international bonds in local currency, which again drives market development further. For the initial pricing of such a sovereign local currency bond, TCX hedging can generate valuable insights. A notable example of this Theory of Change is the case of Uzbekistan.

Figure 1

A piece to the puzzle:

How TCX can support capital market development

Feature Story

By the end of 2024, TCX had onboarded and offset nearly USD 1 billion of Uzbek Som



Since 2017, the government of Uzbekistan has shown strong political will and economic and regulatory efforts to develop capital markets. Through market liberalization reforms and a commitment to addressing FX risk for debt sustainability, the government created a favorable environment for market growth and deepening.

TCX began offering hedging in Uzbek Som in 2018, initially serving as the sole currency hedging provider in the nascent market. Over time, TCX hedging volumes with the private sector in the market increased and significant amounts of currency risk were onboarded. As part of its risk management activities, TCX can also transfer risk exposure to interested private investors, directly or through TCX shareholder bond issuances (“off-setting”, details on this [see p18 TCX Impact Report 2023](#)).

From 2019 onwards, the Uzbek Som became both the most in-demand currency in TCX’s onboarding activities and, as a result, also offsetting services. Through bond issuances by its shareholders or direct sales to private investors, TCX reached annual volumes of USD 100–300 million in recent years. By the end of 2024, TCX had onboarded and offset nearly USD 1 billion of Uzbek Som.

A piece to the puzzle:

How TCX can support capital market development



MINISTRY OF ECONOMY AND FINANCE OF THE REPUBLIC OF UZBEKISTAN

In November 2020, Uzbekistan’s Ministry of Finance issued its debut Uzbek Eurobond, featuring a USD tranche of USD 555 million (10-year maturity) and a local currency tranche of UZS 2 trillion (approximately USD 200 million, 3-year maturity). This was a synthetic bond, with all payments settled in USD. While bond pricing doesn’t follow a direct cause-and-effect relationship, TCX’s execution of more than 30 offsetting transactions prior to this issuance helped establish a benchmark pricing for the Uzbek Eurobond. Since the bonds issued by TCX shareholders with AA and AAA ratings are publicly listed, their pricing information is accessible and transparent, offering insights into investor

interest. The yield from the transactions in which TCX sold the currency risk to investors reflected the price at which offshore investors were willing to engage with Uzbek Som exposure, providing the Uzbek government with insights into market expectations for pricing. The frontier-currency bond market often serves as a “barometer” for investor sentiment. Moreover, it creates visibility of the Uzbek Som in international markets and helps investors to become more familiar with the currency. This is what TCX refers to as the “market-making” effect of its work. The [TCX Frontier Index](#) visualizes and tracks all TCX-hedged Eurobonds issued by its shareholders in the past.



After the initial issuance of sovereign bonds in Uzbek Som, more have followed, ultimately achieving increased volumes and slightly better financing terms. With continuous efforts from the Ministry of Finance and the Debt Management Office to address FX risk, this improved access to synthetic local currency funding and currency hedging. While TCX was the only provider of currency hedging solutions for Uzbek Som in 2018, today up to seven commercial institutions offer pricing — an impressive development reflecting increased market depth.

In summary, this example illustrates how TCX’s market-making activities contributed to facilitating the Uzbek government’s access to local currency borrowing offshore — among other favorable developments mentioned. This achievement represents one piece of the larger puzzle of advancing the development of onshore (local currency) capital markets.

Feature Story

TCX in the Public sector

More than 80% of international lending to low- and lower-middle-income countries (LICs/LMICs) is still extended in hard currencies, predominantly the dollar. Bonizzi et al. (2024) report that among major multilateral development banks, local currency accounts for just 15% of total lending despite growing awareness of the risks that FX exposure poses to sovereign borrowers.

This model leaves governments (and fiscal budgets, such as those for Health and Education) exposed to external volatility that they are often not equipped to manage. A recent IMF survey³ highlights the scale of the challenge — many IDA-eligible countries lack the institutional capacity, technical tools, or data systems needed to measure and mitigate foreign exchange risk. In such an environment, the costs of hard currency debt can grow unpredictably, undermining long-term fiscal stability.

Even high-quality public investment projects — with efficient operations and clear development value — often do not generate the local currency revenues to account for FX depreciation-adjusted debt servicing costs. Without effective hedging mechanisms or local currency financing options, debt sustainability remains vulnerable to global shocks. Already, an estimated USD 2 trillion in currency risk is concentrated across LICs and LMICs. If lending patterns don't change, this figure could triple to USD 6 trillion in the coming years.

In response to this growing challenge, the public sector has become a core focus for TCX. This represents a fundamental evolution in our role — from primarily serving private-sector impact investors to actively supporting public borrowers, central banks, state-owned enterprises and debt management offices. But this shift is not just timely, it is necessary. And in the last few years, TCX has together with its partners hedged its first public sector transactions.

Hedging volumes in the public sector



These partnerships are not one-offs, but rather reveal a route to a more stable and equitable approach to development finance. An opportunity for TCX to apply its product and knowledge in a context where it can support governments to protect fiscal budgets in periods of volatility that magnify the potential to incur harm.

J\$JMD

\$71m

JAMAICA2024

Long-term hedge for the conversion of IADB-funding to the Ministry of Finance of Jamaica via an Investment bank.

TENOR10 years

HEDGED WITHUSD/JMD Fixed rate cross-currency swap

IDB

₡CRC

\$77m

COSTA RICAC2024

Long-term hedge for IADB for conversion of its funding to the Ministry of Finance of Costa Rica.

TENOR8 years

HEDGED WITHUSD/CRC Floating rate cross-currency swap

IDB

₸KZT

\$29m

KAZAKHSTANT2024

Medium-term hedge for a loan by ADB to the Electricity Company of Kazakhstan

TENOR3 years

HEDGED WITHUSD/KZT Floating rate cross-currency swap

ADB

ASIAN DEVELOPMENT BANK

TCX’s thought leadership in 2024

TCX’s advocacy efforts are driven by two policy objectives:

- 1

Protecting borrowers and improving resilience of development lending.
- 2

Mobilizing private sector investment towards EMDC risk and investments.

To advance these policy objectives, TCX engages in focused advocacy. Strengthening the resilience of lending and protecting borrowers from currency risk requires systemic changes in lender modalities and borrower capacities. For that reason, finance institutions must incorporate local currency options as a standard feature of their operations, while public debt managers require tools, data, and institutional frameworks to assess and manage FX exposure effectively. Hence, TCX advocates for all lenders to always **Alert** borrowers of currency risks, **Compare** scenarios of (indexed) local currency and hard currency payments over time and **Transact** per the borrowers preference.

ALERT

Alert borrowers that hard currency loans come with currency risk that impact debt stock, service and sustainability.

COMPARE

Compare by showing the prices of (indexed) local currency, and hard currency-denominated loans and implications for payments over time.

TRANSACT

Transact in (indexed) local and hard currency-denominated loans per the borrower’s preference.

Other key advocacy areas

TCX engages with policy-shaping institutions such as the OECD to contribute to discussions on the best use of Official Development Assistance (ODA) and other donor funds, and advocates at the G20 International Financial Architecture working group for stronger commitments from Multilateral Development Banks (MDBs) to currency risk management at scale. With regards to the International Monetary Fund (IMF), TCX believes currency risk (reduction) considerations should be integrated into debt sustainability analyses, incentivizing better management of currency risk in the public sector. Similarly, for private sector development finance, TCX advocates for investor transparency on currency risk practices vis-à-vis borrowers and in reporting practices.

To increase the availability of intricate knowledge on the effects of currency risk, and the powerful role lenders have in guiding the fate of borrowers, TCX is zooming in on the relationship between currency risk and credit risk. Specifically, to answer the questions: (how) does lowering currency risk exposure improve creditworthiness and investment readiness? And what does a better credit rating mean for long-term development outcomes?

With its partners, TCX expands the global dialogue on the above objectives through events, OpEds, articles, (supporting) research and other media.

Increasing awareness P3

	Outlet	Title	
JAN 24	FinDevLab	Marcus Fedder: TCX^2 – Scaling up local currency hedging	➔
FEB 24	Sovereign Debt with Jill Dauchy (Podcast)	Episode 31: Ruurd Brouwer and Harald Hirschhofer on currency risk markets	➔
MAR 24	Leaders in Finance (Podcast)	Ruurd Brouwer as guest of the Leaders in Finance Podcast (in Dutch)	➔
APR 24	Financial Times Alphaville	Developing Countries’ DMOs are driving blind	➔
APR 24	MFW4A Survey	Survey results	➔
JUN 24	IMF	Managing Foreign Exchange Rate Risk: Capacity Development for Public Debt Managers in Emerging Market and Low-Income Countries	➔
AUG 24	Zawya	Interview with Othman Boukrami on TCX’s activity in the gulf region	➔
DEC 24	Academic paper, Ulrich Volz & Yuen Lo	The Impacts of Disasters on Capital Flows, International Reserves and Exchange Rates: Implications for Public Sector Financial Risk Management and Development Lenders.	➔
FEB 25	OECD Development Matters	To make ODA fit for the future, focus on currency risk	➔
MAR 25	Bretton Woods Committee	A Tale of Two Sectors: How Financial Double Standards Expose the Poorest to Risk	➔

TCX's thought leadership in 2024

Increasing awareness P3

A selection of event engagements

FMO and Solarplaza — Future of Energy



TCX hosted a booth at the FMO Future of Energy Conference to highlight the role of local currency finance in supporting clean energy in emerging markets. Many renewable projects earn in local currency but borrow in hard currency, creating currency risk. TCX showcased solutions that reduce this risk and help ensure the long-term viability of energy investments. The booth also provided a space to connect with partners and share insights on building more resilient energy systems.



TCX IMPACT REPORT 2024

The AfDB Annual Meetings



At the AfDB's Annual Meetings in Nairobi, TCX and the AfDB co-hosted an event on currency risk, sovereign finance, and debt sustainability. The discussion between senior experts Max Magor Ndiaye, Olivier Eweck, Martin Habel, and Othman Boukrami explored practical approaches to managing FX risk for African sovereign borrowers. The conversation focused on integrating FX risk management into national financing strategies and on how to ensure the issue holds a central place in Africa's development agenda and policy dialogue.



The 10th Local Currency Lab in Rome



TCX brought together representatives from its shareholders and strategic partners for a day of in-depth discussions on currency risk and local currency finance, hosted by IFAD in Rome. The team shared practical insights on managing FX risk in frontier and emerging markets, provided updates on market trends, and explored how blended finance can help scale local currency solutions with the aim of increasing knowledge and capacity throughout the ecosystem.



Local Currency and Capital Markets Development for African Central Banks Workshop

TCX, together with the United Nations Economic Commission for Africa (UNECA), FSD Africa, and the Trade and Development Bank Group (TDB), and supported by the Gates foundation, co-organized a highly successful workshop on currency risk and capital market in Addis Ababa. The event brought together representatives of central banks from over 35 countries. The workshop aimed to raise awareness on currency risk and present practical solutions to currency risk, highlighting their relevance for debt sustainability and FX reserve management. Early feedback was overwhelmingly positive, with participants valuing the practical insights and expressing strong interest in continued knowledge sharing and follow-up.

Regional Results

Europe and Central Asia



P1 Highlights

\$1,142m
Production 2024

\$2,034m
Open Portfolio
— as at 31 Dec 2024

246
Deals

Europe and Central Asia in 2024 accounted for the highest-ever annual volume in any single TCX region — USD 1.2 billion in development flows were onboarded by the fund.

TCX reintroduced the Armenian dram, the Moldovan lei and the Serbian dinar to the balance sheet following internal price revisions and the availability of pricing subsidies.

Financing indexed to the Azerbaijani manat, the Kazakh tenge and the Uzbek som together account for USD 752 million in hedges, or 27% of total 2024 volume.

As in 2023, Europe and Central Asia accounted for the largest exposure in TCX's book by the end of 2024. Volume in Azerbaijan and Kazakhstan doubled from 2023 levels, with particularly large spikes in the Microfinance and SME finance sectors, where high FX risk awareness and increasing focus from TCX's counterparties is driving demand. A noteworthy 2024 transaction that reflects the fund's growing focus on aiding debt sustainability in the public sphere is a USD 28 million MDB transaction for a public sector borrower in Kazakhstan related to the provision of clean energy. Investments in the energy sector, as well as the infrastructure industry — for which TCX hedged USD 70 million in the region — are critical to support the development and climate change-related goals. It is therefore a positive signal that TCX is able to help counterparties provide investments that take into consideration the macro circumstances under which borrowers operate, and induce financial stability.

The steepest riser of the year was Mongolia, where the ending of a facility, previously set up by the central bank to facilitate currency risk mitigation for local financial institutions, stimulated demand for TCX's swaps. Such events highlight the importance of TCX not only as a market maker, but also as a backstop, in case commercial options disappear.

Sector-wise, microfinance and SME finance jointly account for nearly USD 1 billion in production. While increasing in absolute terms, the relative share of both sectors has witnessed a downward trend from 98% of total Europe and Central Asian production in 2020, to 86% in 2024 — 4.5 percentage points below the trailing 5-year average and explained by an increase in local currency-denominated energy and infrastructure transactions.

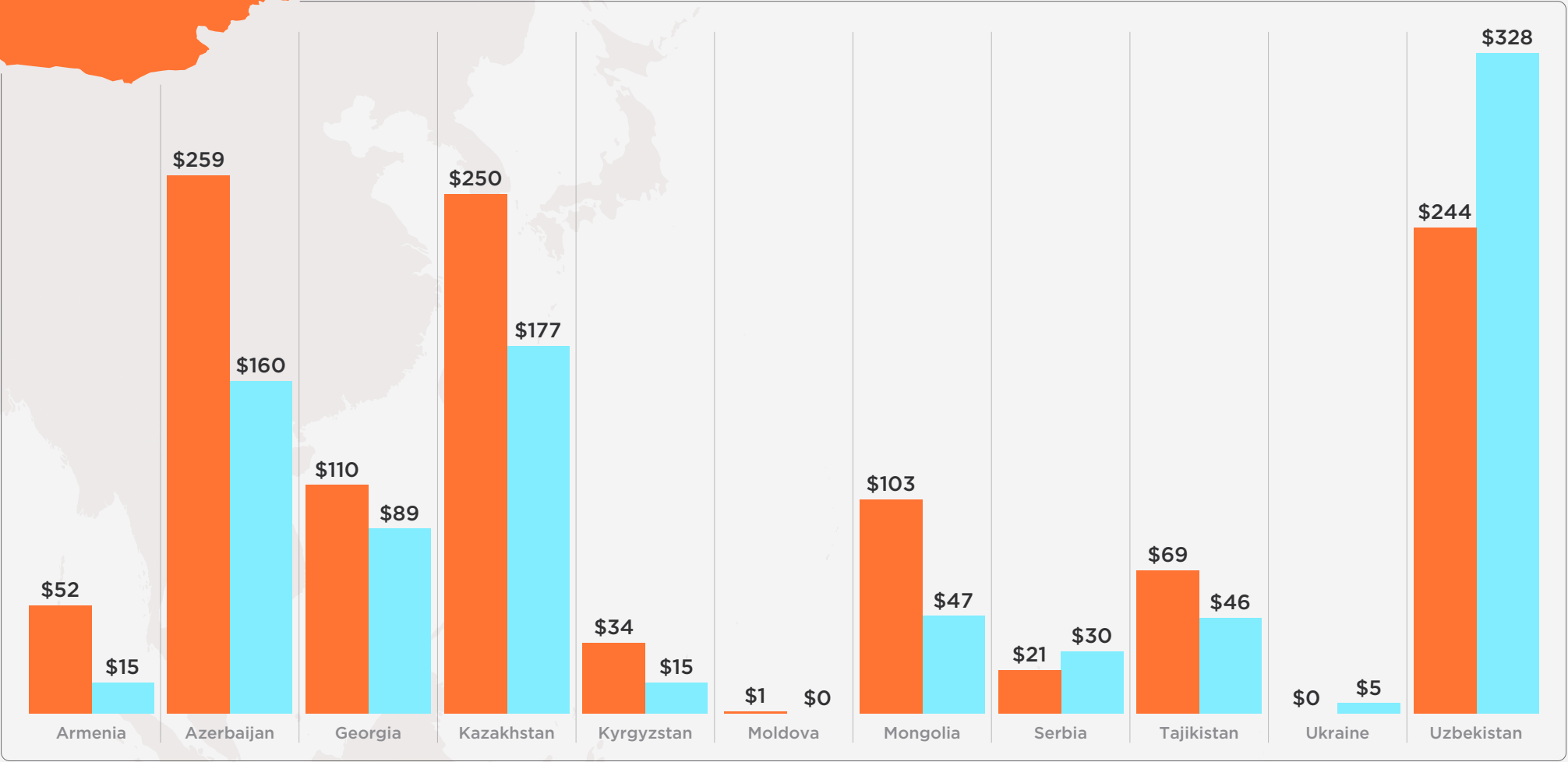
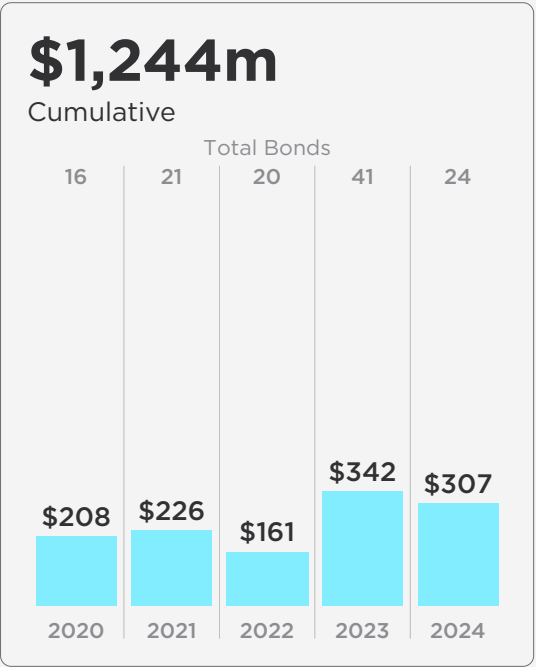
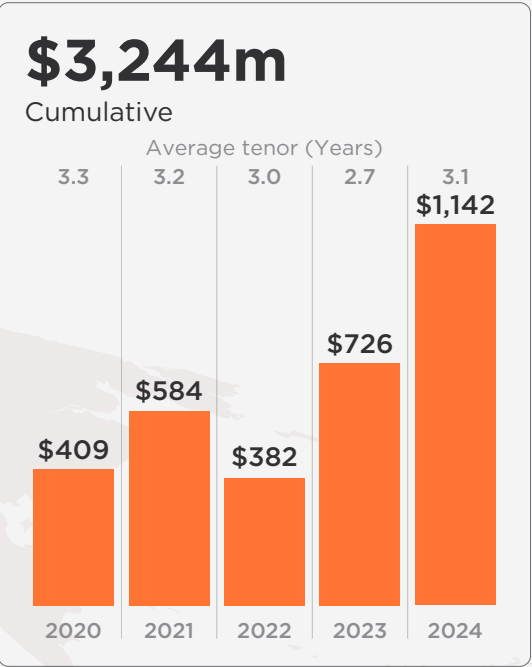
P2 Market creation

In periods of high demand for specific currencies, such as is often the case in the region, it is paramount that TCX engages with private investors to sell some of this risk on to those mandated to invest in frontier market currency risk products, or those seeking to add such risk to their portfolios for diversification purposes. The positive signal is that TCX was able to resell nearly 75% of the risk in European and Central Asian risk it onboarded during the year. The availability of sufficient liquidity on the secondary markets and appetite for TCX's products allow the fund to continue onboarding more risk without challenging currency limits or facing capital constraints.

Generally, the proliferation of Europe and Central Asia as TCX's most active region reflects the increasing awareness of local currency indexed alternatives to USD financing and — relatedly — the de-dollarization policies enacted by various regulators in the area. A notable development regarding the Uzbek som is that, over 2024, TCX on-sold more exposure than it onboarded. The large investor appetite for Uzbek som is in line with a recent trend that started with Uzbekistan's trade and foreign exchange liberalization in 2017. The more recent Ministry of Finance's financial sector reforms that followed aimed to reduce external debt, modernize the country's financial landscape and support more local currency-indexed-financing. As a result, investor confidence grew alongside the expansion of UZS-denominated debt issuance. Since 2020, the Uzbek som has been TCX's most actively traded currency, both in terms of new exposures onboarded and positions on-sold.

Europe and Central Asia

\$=USDm



2024 Results: hedging volumes and risk transfer

Africa



P1 Highlights

\$621m
Production 2024

\$1,065m
Open Portfolio
— as at 31 Dec 2024

168
Deals

All time high production in sub-Saharan Africa (SSA) at USD 420 million.

Improved counterparty diversification.

Successful deployment of the EU Pricing Facility.

Largest SSA deal ever closed in UGX with an MDB counterparty.

2024 marked a record year for TCX in Africa — the fund hedged 168 transactions, representing a total of USD 621 million of investments flowing into the continent. Of this amount, USD 420 million of this went to borrowers in SSA, of which approximately 20% was realized with the help of the EC Pricing Facility (see [page 16](#) for more on the facility).

Compared to other regions, average deal sizes in Africa tend to be lower due to company sizes and risk profiles. A positive shift in this respect is the increase in average ticket size from USD 2.3 million to USD 3.1 million in SSA, and from USD 3.1 to USD 3.7 including northern Africa. This is particularly evident in the energy sector, where deal count declined by more than 50%, but total volume grew by 67% to USD 66 million due to a doubling of the average ticket size. Further, in 2024, TCX hedged 13 transactions worth over USD 10 million each, as opposed to 10 of such size in 2023. TCX's largest transaction in SSA to date: a USD 53 transaction in Ugandan shilling with an MDB counterparty. Although TCX does not have direct influence over tenors and sizes preferred by lenders, increasing average ticket sizes can be considered a positive signal regarding investor trust in African markets.

Other highlights:

- Favorable pricing in the Ghanaian cedi enabled an increase in flows to levels previously witnessed in 2019.
- 2024 was a successful year in Rwanda, with a key highlight being a conversion for a borrower in the renewable energy sector to undo an FX mismatch.
- TCX hedged Acumen's investment in Yellow Malawi, improving energy access in the country (see [case study](#)).

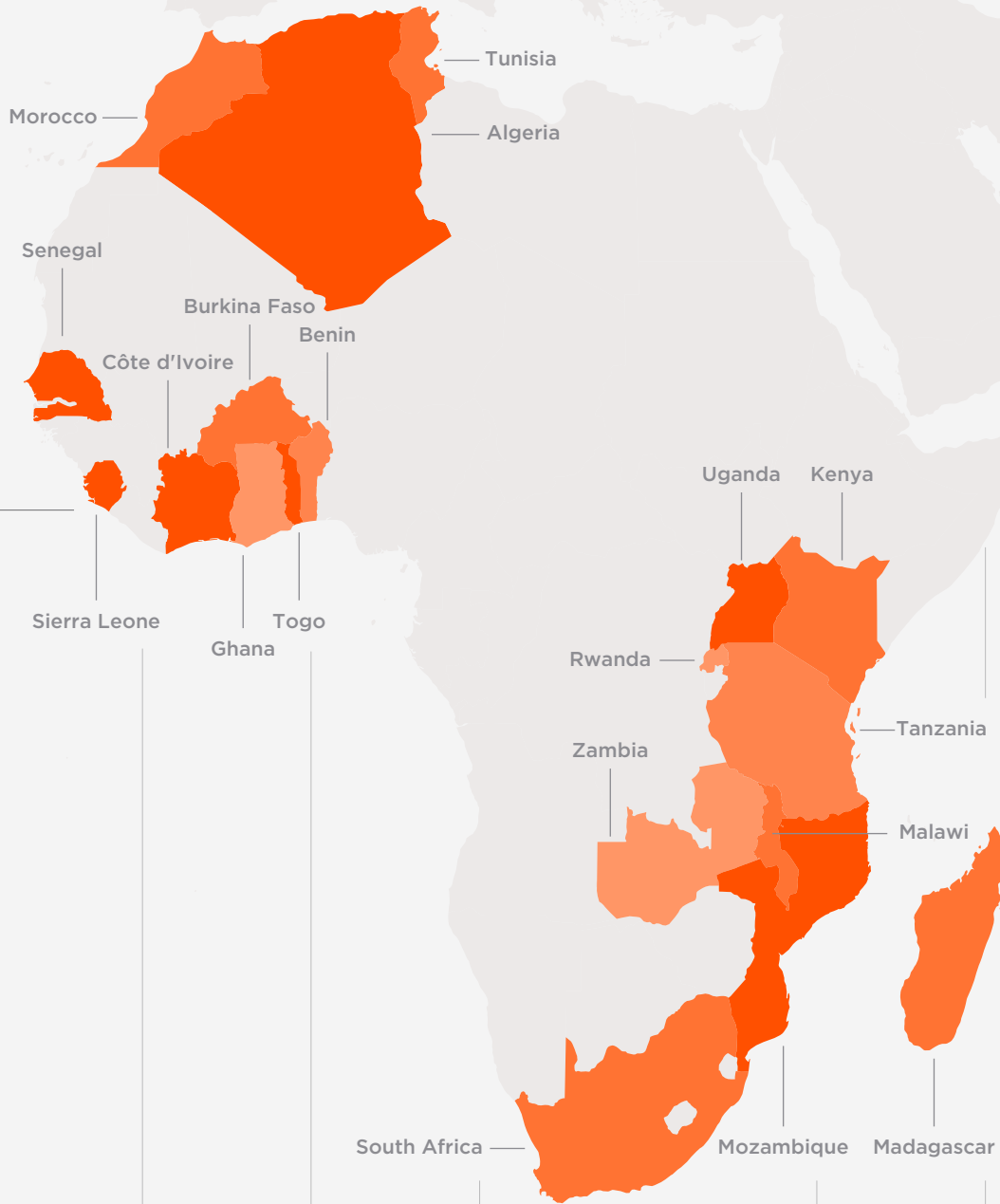
Next to growing confidence in emerging African markets, a key driver behind the significant growth in Africa is [EC Pricing Facility](#)⁴, which allowed TCX to offer swaps at subsidized rates with a focus on Africa. Between 2020 and 2024, this facility enabled EUR 101 million of investments in African countries characterized by disproportionately high market risks, including a debt conversion for Rwandan Ampersand Energy, which powers and supplies commercial-use electric motorcycles across Africa.

P2 Market creation

In 2024, TCX helped mobilize USD 267 million in private capital towards African currency risk. The fund on-sells risk to private investors to create more hedging capacity on its balance sheet, and to help DFIs increase the global pool of capital dedicated to development finance and support the development of an offshore hedging market. The fund closed the year with 10 African currency denominated bond issuances valued at USD 80 million, and half of which denominated in Tanzanian shilling. This represents an 80% increase compared to last year. Overall, since 2021, on-sold volumes have firmly hovered between USD 240 million and USD 267 million, indicating that, apart from significant growth in bond issuances, 2024 was another year of steady performance.

Africa

\$=USDm

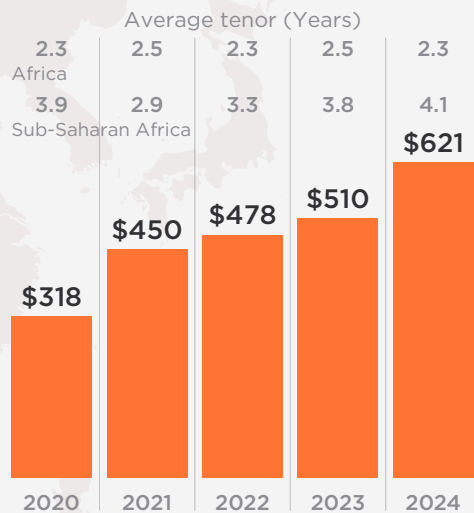


Energy	\$66
Infrastructure	\$54
Public sector	N/A
Other sectors	\$21
Micro finance	\$206
SME finance	\$84
Other finance	\$190

Sector

\$2.376m

Cumulative



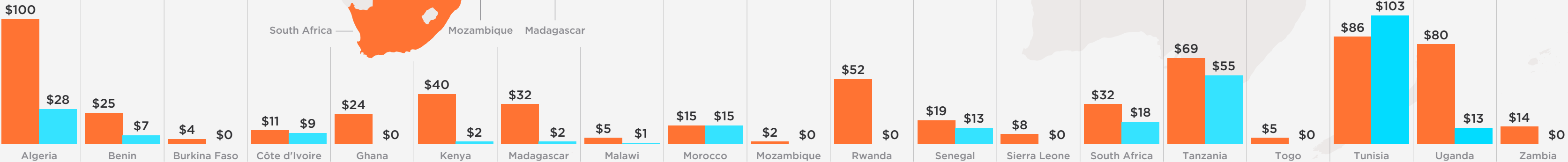
Annual hedged volume

\$294m

Cumulative

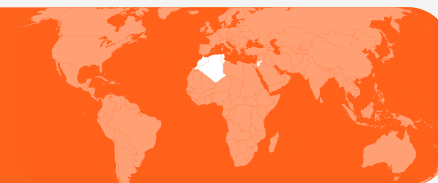


Annual bond issuances hedged



2024 Results: hedging volumes and risk transfer

Middle East & North Africa



P1 Highlights

\$309m
Production 2024

\$304m
Open Portfolio
—as at 31 Dec 2024

33
Deals

Record production in a challenging 2024 — USD 309 million across Algeria, Jordan, Morocco and Tunisia.

Geopolitical tensions and increased macro fragility in the region muddled the waters for investors in MENA.

TCX completed an important transaction with MDB counterparty to support SME lending in Jordan.

In both 2023 and 2024, TCX was active in 4 MENA countries — Algeria, Jordan, Morocco and Tunisia. Although less than in other regions, average volume per country and transaction sizes are considerably larger — the average deal size in MENA was USD 9.4 million in 2024, compared to USD 4.6 million across all regions. This divergence can be explained by the relative maturity of borrowers in the region and by 60% of hedged flows originating from commercial banks, which tend to engage in larger transactions. Beyond these dealings, 2024 proved to be challenging for MENA, where focus on stabilization in the near term is reflected in the relatively shorter tenors traded in 2024.

Despite market conditions, TCX supported an MDB shareholder in reinforcing its commitment to supporting Jordan's SME sector. By making its hedging available, TCX helped lender and borrower realize USD 104 million in FX risk-free-funding for local banks to create additional financing opportunities for SMEs in the country.

P2 Market creation

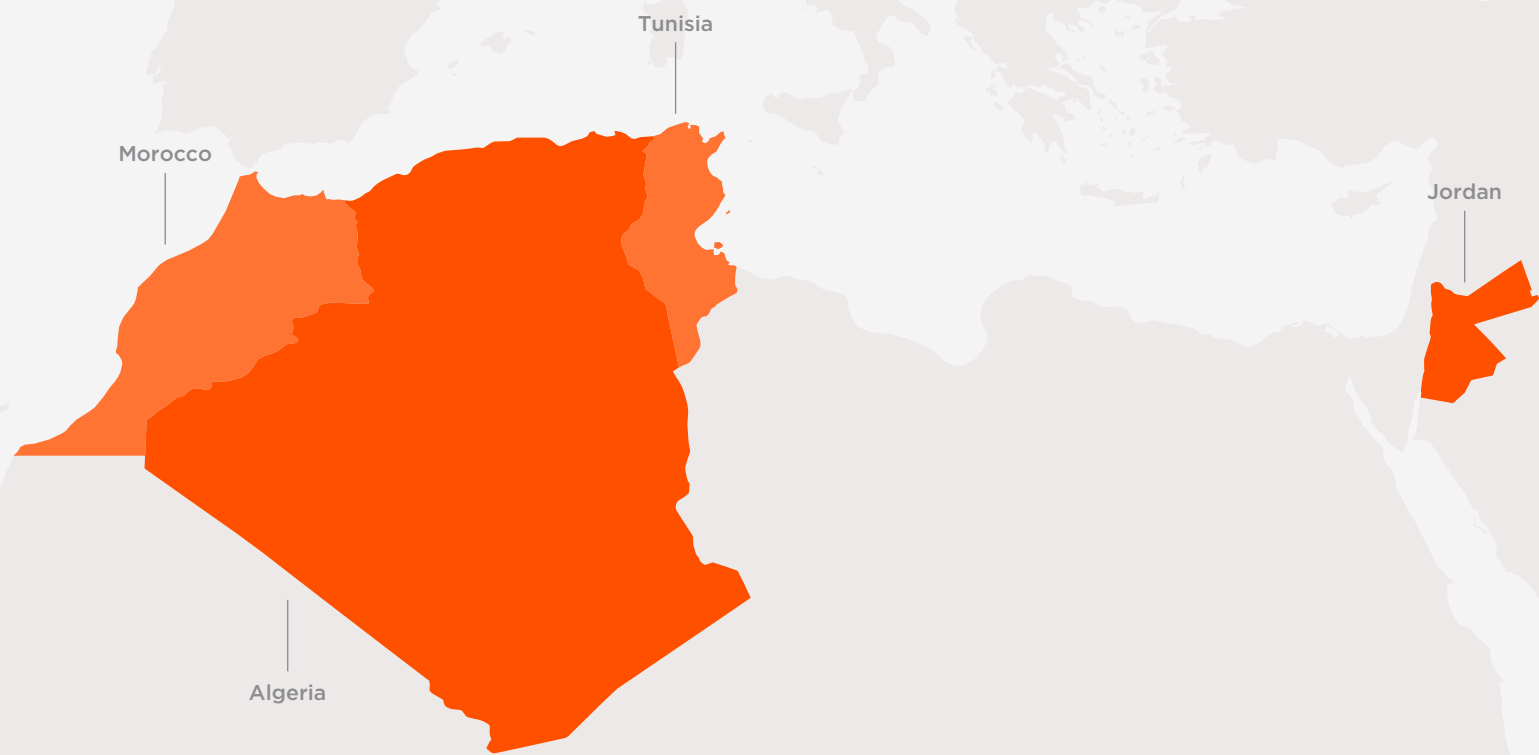
TCX removes currency risk from developing countries, on the basis that risk should be borne by those best equipped to manage it. In principle, TCX prices its hedges assuming it will buy and hold the risk until maturity; however, where possible, it seeks to sell risk to private investors.

In 2024, demand for MENA currency risk remained consistent with previous years. As in 2022 and 2023, TCX on-sold more than USD 150 million in currency risk to private investors, including USD 16 million through hedges linked to bond issuances by counterparties. In 2024, TCX supported another first-ever bond issuance in a specific currency, this time together with FMO and denominated in the Jordanian dinar.

Given the higher concentration of TCX's exposure in the MENA region, the ability to transfer risk to private investors is critical to the effective functioning of the fund's business model. On-selling risk not only preserves balance sheet capacity for new transactions but also helps mobilize international private capital into local currency-denominated products, and increase the global investor pool willing and able to aid TCX in its mission of protecting EMDC borrowers. The continued demand for MENA currency risk, despite market challenges, signals strong and sustained investor confidence.

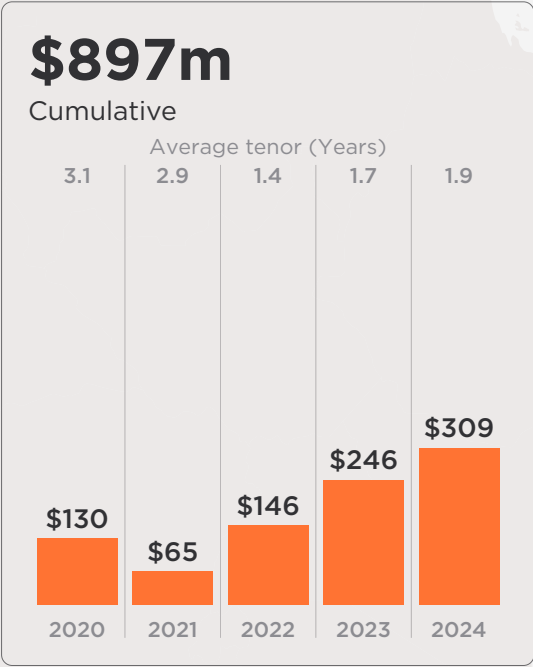
Middle East & North Africa

\$=USDm

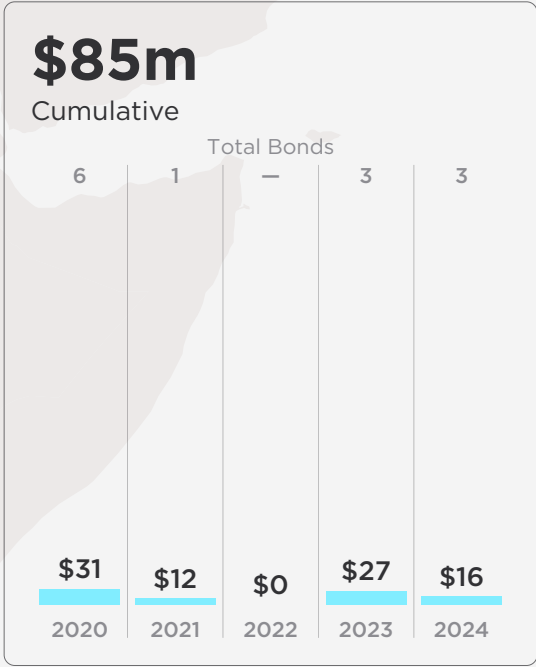


Energy	\$10
Infrastructure	N/A
Public sector	N/A
Other sectors	N/A
Micro finance	\$15
SME finance	\$104
Other finance	\$180

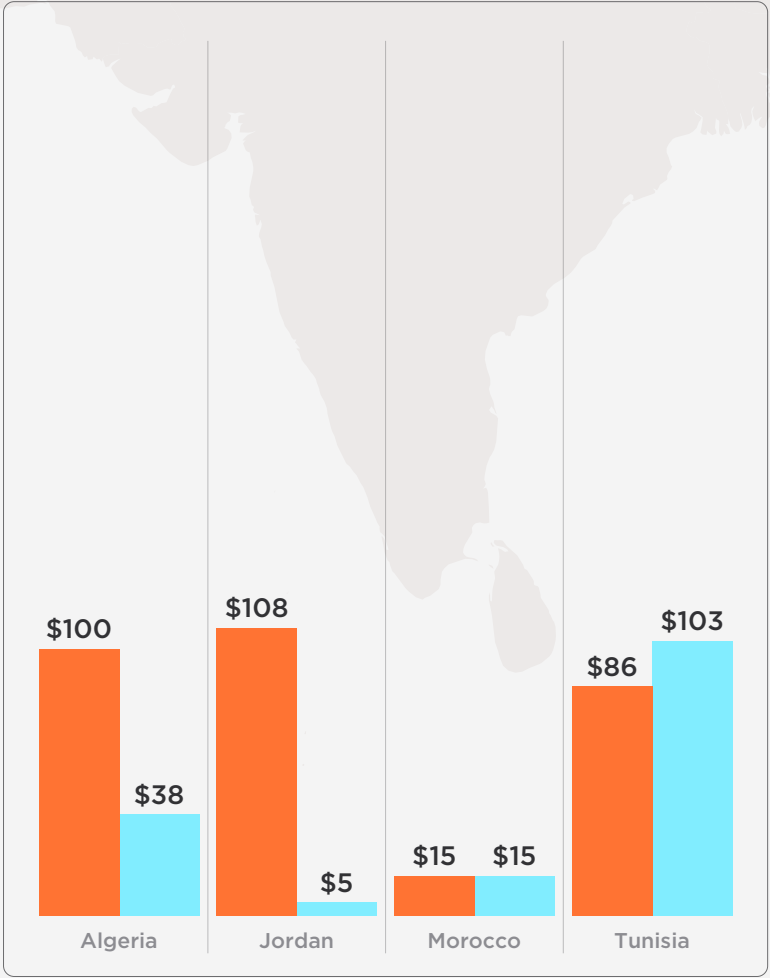
Sector



Annual hedged volume

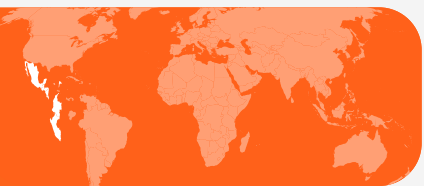


Annual bond issuances hedged



2024 Results: hedging volumes and risk transfer

Latin America



P1 Highlights

Achieved all time high production at USD 658 million and record USD 372 million transferred to private investors.

Increased public sector activity, representing 20% of total production in the region during the year.

\$658m
Production 2024

\$1,420m
Open Portfolio
— as at 31 Dec 2024

149
Deals

In Latin America, TCX hedged a record USD 658 million in 2024, up 16% from USD 569m in 2023 due to favorable market conditions in several countries and a general growing appetite for local currency transactions from lenders and borrowers in the region alike.

Two especially noteworthy examples of TCX’s activity in 2024 are the Jamaican and Costa Rican public debt conversions that the fund facilitated for the Inter-American Development Bank (IADB), as part of a strategic effort to de-dollarize the countries’ public debt stock.

Other highlights:

- Hedging volumes in the Dominican Republic crossed the USD 200 million mark; demand from MFIs, SME funds and other financial institutions in the DR rose rapidly due to lacking local liquidity.
- In Guatemala, the microfinance sector continues to grow, and so does TCX’s activity in the country. A noteworthy deal is an FMO-led syndication that TCX helped structure and hedged in favor of the leading microfinance institution in the country.
- TCX was able to serve unmet demand in the Honduran lempira; a sudden change in local interest rates increased the attractiveness of TCX’s offer for institutions active in Honduras, leading to TCX hedging USD 99 million in financing for predominantly MSME financing institutions.

In line with recent years, microfinance and SME finance institutions and other financial institutions represent the largest shares in last year’s production. Notably, volume in the public sector increased the most; public sector borrowers account for 20% of total hedged volume in 2024.

P2 Market creation

Private investors’ appetite for Latin American exposure is steadily growing, and this is reflected in TCX’s annual figures — on-selling in Latin American has grown with a Compound Annual Growth Rate (CAGR) of 72% between 2020 — 2024.

In 2024, rising exposures to the Dominican peso, Costa Rican colón, and Paraguayan guaraní collectively drove a 54% increase in on-sold risk. Notably, the sharp growth in Dominican peso onboarding by TCX was accompanied by substantial sales of peso risk to private investors, with the peso accounting for 37% (USD 138 million) of the USD 372 million in Latin American FX risk on-sold during the year.

Because onboarding more than USD 200 million in a single currency can significantly affect the fund’s diversification and absorption capacity, proactive risk transfer is essential. Consequently, selling part of the exposure to investors is a critical part of TCX’s business model, as it allows the fund to preserve space on its balance sheet and remain positioned to serve future client demand. The size, relative stability and sound macroeconomic policies of several countries in Latin America have resulted in consistently and rapidly increasing demand for regional risk.

Latin America

\$=USDm

Mexico

Guatemala

Nicaragua

Costa Rica

Peru

Paraguay

Colombia

Honduras

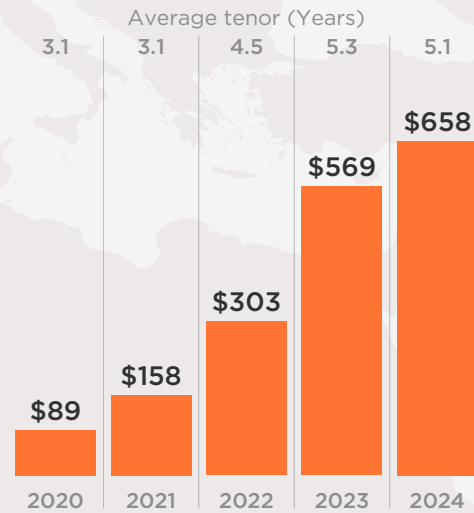
Jamaica

Dominican Republic

Energy	\$5
Infrastructure	N/A
Public sector	\$149
Other sectors	\$54
Micro finance	\$200
SME finance	\$146
Other finance	\$104

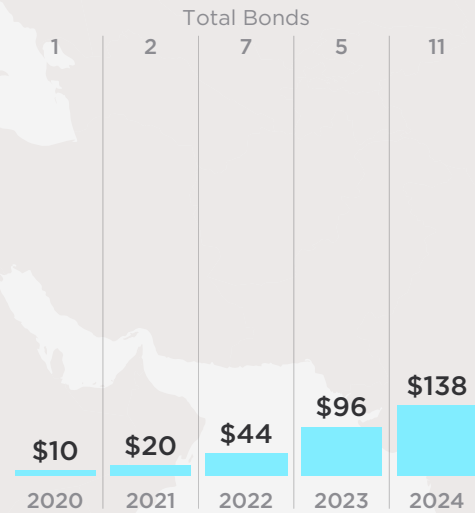
\$1,176m

Cumulative



\$308m

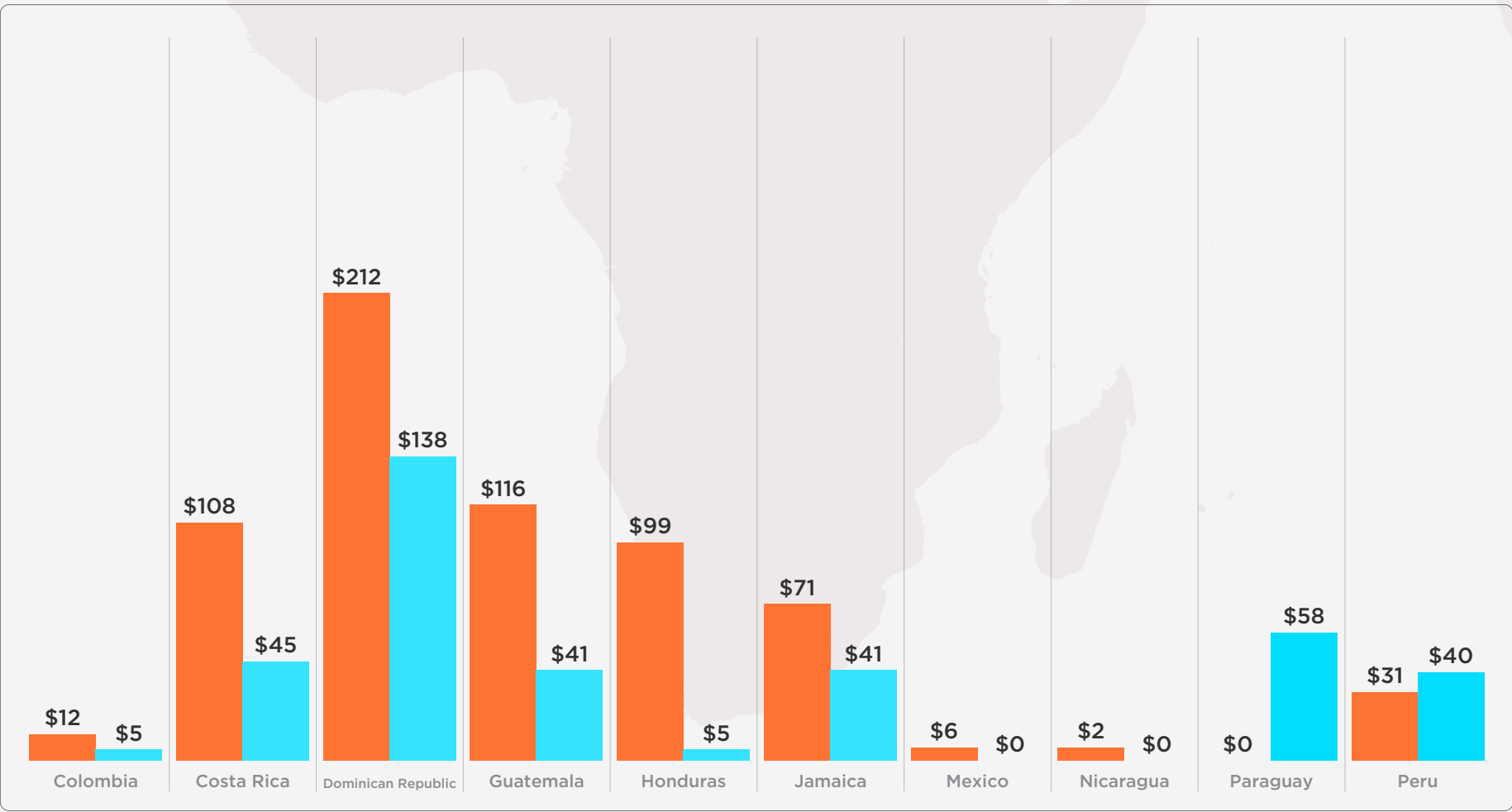
Cumulative



Sector

Annual hedged volume

Annual bond issuances hedged



2024 Results: hedging volumes and risk transfer

ASIA



P1 Highlights

\$229m

Production 2024

\$638m

Open Portfolio
—as at 31 Dec 2024

35

Deals

After exceptional production in 2023, TCX witnessed a return to the trend in 2024, with total production for the year at USD 229 million.

TCX continues to support investment banks with additional liquidity in the relatively developed currency risk markets for the Indonesian rupiah and Indian rupee.

Increased demand and the re-opening of the market for indexed local currency products allowed TCX to do its first transaction in Pakistan since 2021.

Although lower than in 2023, TCX's 2024 production in Asia is in line with the 5-year trend. The fund hedged 35 transactions with an average deal value of USD 6.5 million, as opposed to the 38 transactions at an average of USD 10.8 million in 2023. This decrease in average deal size can be attributed to the reduced activity with investment banks, which transacted USD 225 million with TCX in Indonesia and India in 2023, versus USD 90 million in 2024. Conversely, demand for the Philippine peso increased from zero in 2023 to USD 20 million in 2024. Further, TCX added two new Asian currencies to the active portfolio — the Bangladeshi taka through an investment in the local banking sector, and the Pakistani Rupee.

In terms of sectors, nearly 50% of hedged flows were directed at borrowers focused on providing SME financing. A noteworthy development is the increase in flows directed at SE4ALL projects (i.e., those that have climate change mitigation or adaptation as their objective), with USD 8 million flowing to India and USD 6 million to Vietnam.

As financial markets in the region re-open, South and South-West Asia, the ASEAN and countries in the Pacific region continue to lie central to TCX's focus today and going forward.

P2 Market creation

In 2024, TCX on-sold USD 148 million in Asian currency risk to private investors via direct transfers and bond issuances, compared to USD 399 in 2023. Similar to the results under pillar 1, the relative decrease can be explained by lower volumes in the Indian rupee and the Indonesian rupiah, of which TCX had less to sell this year. Rather, the Vietnamese dong accounts for 57% of total on-sold volume. When viewing 2023 as an exceptional year, TCX's results in Asia under Pillar 2 show consistency with the trend since 2020.

ASIA

\$=USDm

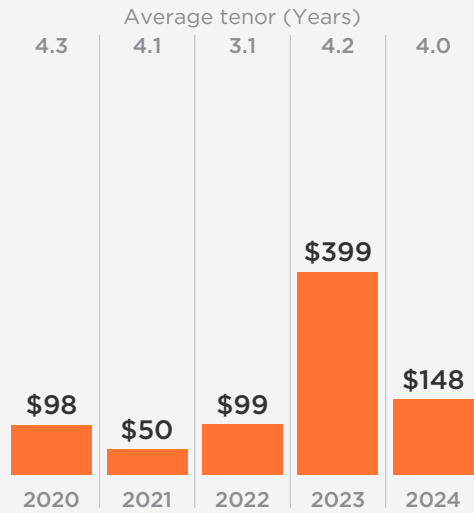


Energy	\$15
Infrastructure	N/A
Public sector	N/A
Other sectors	\$11
Micro finance	\$25
SME finance	\$112
Other finance	\$66

Sector

\$795m

Cumulative



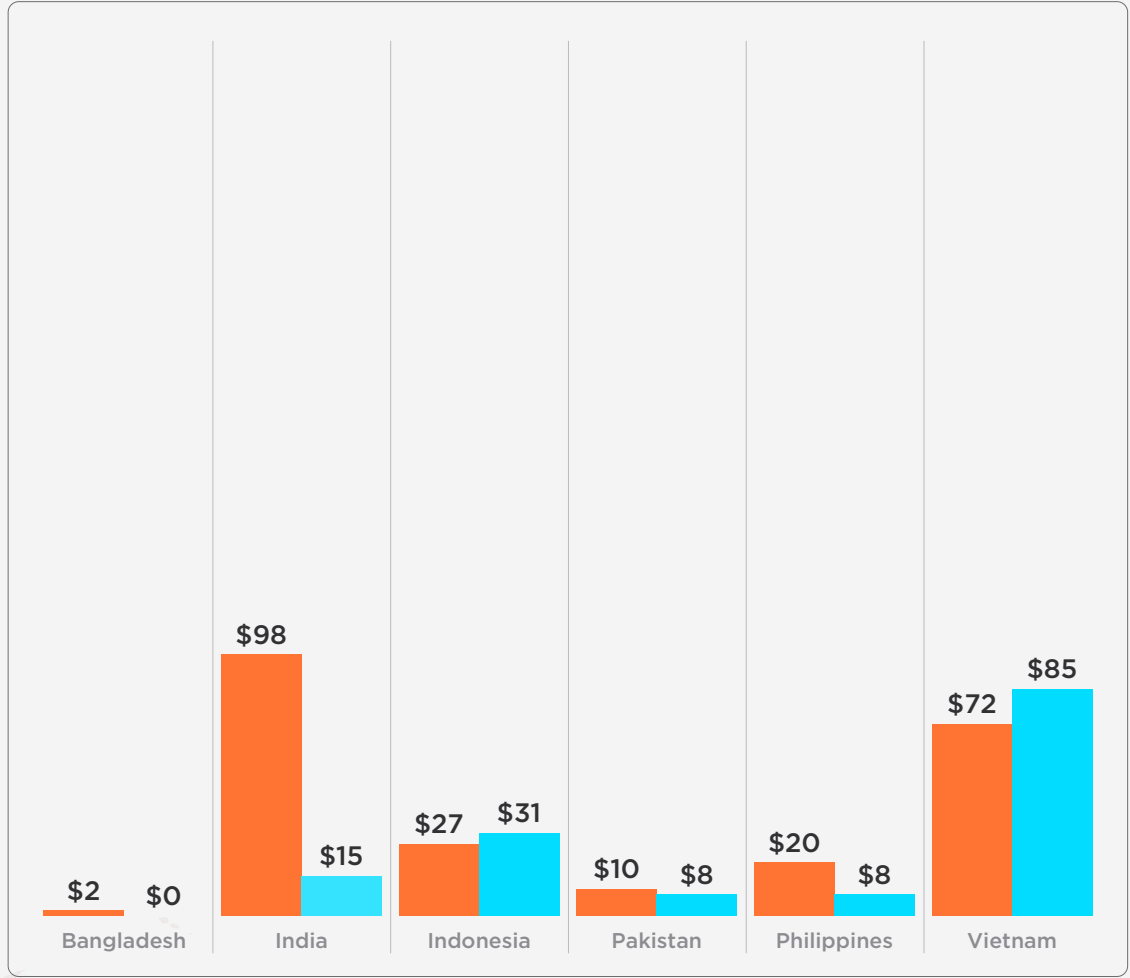
Annual hedged volume

\$128m

Cumulative



Annual bond issuances hedged



2024 Results: hedging volumes and risk transfer

Building a **global**
solution for **currency risk**

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
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
Swaziland Lilangeni	SZL
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
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
Bangladesh Taka	BDT
Cambodia Riel	KHR
China Yuan	CNY
Fiji Dollar	FJD
India Rupee	INR
Indonesia Rupiah	IDR
Laos Kip	LAK
Malaysia Ringgit	MYR
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



Building a **global**
solution for **currency risk**

TCX Investment Management Company
Mauritskade 63 | 1092 AD Amsterdam | The Netherlands
info@tcxfund.com | +31 20 531 4851 | www.tcxfund.com