



FOR IMMEDIATE RELEASE

TDB AND TCX SIGN AN MOU TO COOPERATE ON SUSTAINABLE FINANCING IN EASTERN AND SOUTHERN AFRICA VIA LOCAL CURRENCY RISK SOLUTIONS

Nairobi/ Amsterdam, September 3rd 2020 – The Eastern and Southern African Trade and Development Bank (TDB) and the Currency Exchange Fund (TCX) have, today, during a virtual ceremony, signed a Memorandum of Understanding (MoU) aiming to support local markets development, as well as local currency ecosystems and transactions. The MoU also provides for cooperation in the protection of borrowers in Eastern and Southern African from currency risk that comes with borrowings in foreign currency.

In this context, TDB and TCX endeavor to cooperate commercially more actively by signing an International Swaps and Derivatives Association (ISDA) agreement and identifying eligible currencies transactions in TDB member states which can benefit from various TCX currency risk solutions such as swaps and forwards, as well as capacity building activities.

Likewise, institutions have agreed to jointly advocate for and share knowledge, contents and training opportunities on local currency financing and capital markets development as well as currency risk solutions pertaining the region served by TDB. In this spirit, the institutions will also exchange information on eligible transactions, and potential investors and relevant stakeholders interested in TDB and TCX opportunities.

*“We are pleased to join forces with TCX to support and promote local currency financing” says **Admassu Tadesse, TDB President and Chief Executive**. “TDB has been active in this space for some years, via currency risk solutions for our clients and capital market issuances in local currencies such as a TZS 32.6bn facility in Tanzania, a UGX 15bn bond in Uganda and a KES 1bn bond in Kenya, which have served to finance electricity, manufacturing, retail and the financial sector in these member states. Indeed, local currency financing and markets development, along with the curbing of risks associated to the latter, are instrumental to boosting the resilience of domestic financial sectors and in turn their overall sustainable growth.”*

Ruurd Brouwer, TCX CEO says: *“we are delighted to have this strong strategic partnership with TDB. TCX’s first transaction was in Africa, and since then our commitment and exposure to the region grew exponentially. With TDB’s leadership as a strong ambassador for local currency and market development, we will strive to increase local currency activities and focus on the development of local capital markets to offset the major problems of currency risk, especially in the current climate of Covid and economic crisis. This collaboration helps to protect TDB’s stakeholders from these risks, allowing them to focus on building a sustainable business, while advancing resilience of the local financial markets and promoting a sustainable growth.”*

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About TDB

Established in 1985, the Eastern and Southern African Trade and Development Bank (TDB) is a multilateral, treaty-based, investment-grade financial institution, with assets of USD 6.7bn. The Bank's mandate is to finance and development foster trade, regional economic integration and sustainable development through trade finance and project and infrastructure finance.

www.tdbgroup.org

About TCX

TCX is a global development finance fund, which offers long-term hedging products in illiquid emerging and frontier market currencies (OECD DAC list). The Fund started operations in 2007 and has since then provided hedging instruments with a total volume of USD 7+ billion, spread over 3000 transactions. Today the fund has a total exposure of almost USD 4.5 billion to 55 frontier market currencies. By removing the currency risk from investors and local borrowers, it develops the financial infrastructure to promote capital markets, thus spurring financial stability and inclusive economic growth.

www.tcxfund.com

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