

Press release

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Proparco, the Ministry of Europe and Foreign Affairs of France and Team Europe support TCX to promote local currency lending

In times of economic instability, Proparco, joins forces with the European Commission and several other European sovereigns in supporting TCX to protect households and businesses in the poorest countries against currency risk and to increase their financial resilience.

Proparco is pleased to announce an investment in the first loss tranche of TCX, fully backed by the Ministry of Europe and Foreign Affairs.

The involvement of France (Proparco) alongside Germany (BMZ and BMU), the European Commission, the Netherlands (DGIS), the United Kingdom (FCDO) and Switzerland (SECO) is a recognition by France of the importance of local currency lending, and brings a mark of confidence to TCX.

“Proparco is proud to join other European partners in supporting TCX through a convertible subordinated loan,” said Françoise Lombard, CEO of Proparco, “In these times of uncertainty, some of the countries in which our clients operate are or might be facing financial and economic difficulties. Enabling our clients to benefit from the local currency solutions that TCX provides is crucial. With this operation, we are happy to make this possible as part of Team Europe.”

TCX is a global development finance initiative which offers long-term currency swaps and forwards for over 100 countries where such products are not available or poorly accessible. The Fund started operations in 2007 and has since then provided hedging instruments with a total volume of well over USD 10 billion, spread over 4000+ transactions. Today the fund has a total gross exposure of USD 5 billion in 60 frontier-market currencies.

By selling this exposure to private investors, the fund creates markets and opens the international capital market to frontier countries. By catalyzing the private sector, the fund can de-risk more investments in emerging and frontier markets.

Ruurd Brouwer, CEO of TCX: *“We are thrilled to welcome Proparco, backed by The Ministry of Europe and Foreign Affairs, to the investor base of TCX. We believe that in an increasingly volatile world, it is more important than ever not to offload currency risk to those that can bear it the least. Not to households, not to companies and not to governments. Debt fragility in Africa is directly related to the currency risk sovereign borrowers are forced to accept. We embrace France’s support for more local currency solutions.”*

Media contact:

Christoph Haushofer / presse@proparco.fr
[Sophie Peeters/ communications@tcxfund.com](mailto:sophie.peeters@tcxfund.com)

About Proparco

Proparco is the private sector financing arm of Agence Française de Développement Group (AFD Group). It has been promoting sustainable economic, social and environmental development for over 40 years. Proparco provides funding and support to both businesses and financial institutions in Africa, Asia, Latin America and the Middle-East. Its action focuses on the key development sectors: infrastructure, mainly for renewable energies, agribusiness, financial institutions, health and education.

Its operations aim to strengthen the contribution of private players to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015. To this end, Proparco finances companies whose activity contributes to creating jobs and decent incomes, providing essential goods and services and combating climate change. For a World in Common.

For further information: www.proparco.fr and [@Proparco](https://twitter.com/Proparco)

About TCX

TCX is a global development finance initiative supported by a shareholder base that includes all major development finance institutions as well as the EU and Dutch, Swiss, British and German governments. TCX facilitates local currency lending from development finance institutions to their clients in emerging markets. The Fund offers cross-currency swaps and FX forwards in currencies where such products are not available or poorly accessible.

