

# Currency risk solutions in emerging and frontier markets

## The challenge

More than 80% of international lending to developing countries is in hard currency (USD/EUR).

Without access to affordable local currency solutions, otherwise viable projects can struggle to reach financial close or remain sustainable over time.

Currency mismatch increases financial risk and constrains long-term investment.

## The solution

By offering solutions that mitigate currency risk, TCX protects borrowers in emerging and frontier markets from exchange rate volatility and other external shocks — enabling greater fiscal resilience, debt sustainability, private capital mobilization, and access to finance where it’s needed most.

TCX enables lenders to offer local currency terms to borrowers by absorbing the exchange rate risk onto its own balance sheet — removing a key barrier that prevents most international lending from being denominated in the borrower’s currency.

## Why local currency matters

Local currency financing aligns debt with revenue, removing the exchange rate risk that can turn sound investments into unsustainable obligations. It gives businesses and governments the stability to plan beyond the next currency shock — and gives investors the confidence to deploy capital in markets they’d otherwise avoid.

## TCX products

- ✓ All products are non-deliverable (settled in USD/EUR)
- ✓ Floating rates available
- ✓ Traded under ISDA/CSA

### FX Forward **1**

**Locks in an exchange rate for a future date**

**TYPICAL USE**

- Short-term financing
- Trade finance
- Portfolio hedging

### Cross-Currency Swap **2**

**Exchanges principal and interest payments between currencies**

**TYPICAL USE**

- Long-term financing
- Project finance
- FX conversions

# TCX at a glance

Figures are reflective through 2025

**\$19B+**

Total Volume Hedged

**110+**

Currencies Covered



70+ currencies traded historically across 79 countries



Long-term tenors aligned with development finance and project lifecycle needs

**\$2B+**

Capital Base

**A/A-1**

S&P



**Aa3**

Moody's

Investment grade rating



Strong investor base of DFIs, multilateral institutions, European governments, and the European Commission

**\$8.8B**

Risk On-sold

## Why TCX

- ✓ Often the only option in frontier currencies
- ✓ Offers pricing even during market stress
- ✓ Proven model through multiple crises
- ✓ Catalyst of private capital into new markets
- ✓ Mission-driven with tangible development outcomes

### WHO WE WORK WITH

TCX acts as a trusted hedging partner, supporting both public and private capital providers:

- Development finance institutions
- Multilateral development banks
- Commercial banks
- Impact investors and funds

## TCX in action

### BLENDED FINANCE

#### Yellow Malawi

EU Pricing Facility reduced hedging cost by 5%, making Acumen's \$2m solar investment viable.

#### IMPACT

Stabilized Yellow Malawi's financing costs in a market that saw 44% devaluation the year prior, helping to keep business costs predictable and supporting expansion to 182,000 additional customers.

### PUBLIC SECTOR

#### Jamaica Ministry of Finance

\$71m, 10-year hedge in Jamaican dollars via the Inter-American Development Bank (IDB).

#### IMPACT

Supported the Ministry of Finance's debt management strategy, which helped Jamaica lower its debt-to-GDP ratio from 144% to 68% (2012-2024) while reducing its external debt stock.

### MARKET DEVELOPMENT

#### Uzbekistan Capital Market

From sole provider in 2018 to numerous commercial institutions offering UZS hedging today.

#### IMPACT

Initial TCX hedges served as a catalyst for commercial interest in Uzbekistani som and paved the way for the first Uzbekistani som eurobond.

## Get in touch

To learn more about TCX's products and how we support local-currency financing, visit:

[tcxfund.com](https://tcxfund.com)