



FOREIGN EXCHANGE HEDGING FACILITY FOR RENEWABLE ENERGIES AND ENERGY EFFICIENCY IN AFRICA

As of: May 2021

Fluctuating exchange rates can result in loss of funds inhibiting investments in renewable energy and energy efficiency (4E) in Sub-Saharan Africa. At the same time, the demand for energy and efficient energy solutions is continuously increasing in many countries. The multilateral trust fund "The Currency Exchange Fund" (TCX) hedges the exchange rate risks many projects are exposed to. The German Federal Ministry for the Environment provides the TCX with IKI funds through the KfW Development Bank. This investment does not only provide for risk hedging but also triggers a double leverage effect of climate financing, because other financing partners, too, contribute to the TCX. Due to this effective hedge, investors and donors are more willing to finance projects together with utilities and small power providers. The project contributes to the mitigation of greenhouse gas emissions in Africa by investing in climate-friendly 4E projects and helps to increase the confidence of financial institutions in local 4E projects in the long term. /

State of implementation/results

- Targeted training of interested parties through online webinars ([www.tcxfund.com/...](http://www.tcxfund.com/))
- In November 2018, the TCX investment was increased by EUR 20 million and extended by 20 years.

PROJECT DATA

Country/Countries:

Ghana, Nigeria, Ruanda, Sambia, Tansania, Uganda

Implementing organisation:

KfW Entwicklungsbank

Implementing partner(s):

- The Currency Exchange Fund (TCX) - The Netherlands

BMU grant:

€ 50,000,000

Duration:

11/2015 till 12/2045

Website(s):

<http://www.tcxfund.com>

