



# Emerging Market Sustainable Finance

For the year ended 31 March 2025 | Impact Report 2025

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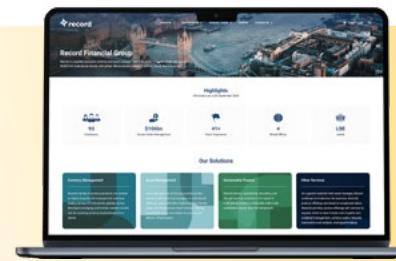
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The 2025 Impact Report showcases the development of Record's Emerging Market Sustainable Finance strategy, highlighting the environmental, social and economic characteristics promoted by its portfolio investments. This is a first step in advancing the strategy's proprietary impact reporting through the development of new metrics, case studies and the refinement of its impact framework.



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## Opening remarks

Innovation and creativity are fundamental components to developing bold solutions that can address the complex and ever-evolving challenges of the development agenda.

**Renata Kreuzig** | Director, Portfolio Manager, Emerging Market Sustainable Finance

In this past year we celebrated four years managing the Record Emerging Market Sustainable Finance strategy and deepened our collaboration with our investors, the development community and market counterparties to deliver currency solutions that promote sustainable growth and the wellbeing of communities in developing markets.

It was encouraging to see growing momentum behind initiatives to expand local currency operations and improve access to FX risk mitigation tools. Efforts to make hedging more affordable, transparent and accessible are essential to unlocking investment, as currency volatility remains one of the most underestimated barriers to advancing sustainability.

Recent developments include the launch of new FX risk management platforms, alongside innovative mechanisms such as local currency liquidity pools and currency risk exchange arrangements. Enhanced data initiatives, like the Global Emerging Markets Risk Database ("GEMs"), are improving transparency and risk understanding, while landmark transactions involving securitisation and hybrid capital highlight the sector's commitment to optimising balance sheets and mobilising private capital.

On the Record side, I am pleased to share that during the reporting period, new local currency peer-to-peer deals totalled approximately USD 80 million, reaching USD 215 million outstanding as of March 2025. Transactions included tailored deals in Azerbaijani manat, Brazilian reais, Dominican Republic peso, Jamaican dollar, Kyrgyzstani som and Uzbekistani som.

In Uzbekistan, local currency funding is supporting investments in PET recycling programmes, energy-efficient equipment, renewable energy, and water-saving initiatives. In neighbouring Kyrgyzstan, the Asian Development Bank on-lent KGS proceeds to a financial institution to support MSMEs with 40% of the operations targeted at women-led or women-owned businesses, combined with training in agriculture, digital literacy and financial education.

In Latin America and the Caribbean, we contributed to a de-dollarisation initiative in Jamaica that converted a sovereign US dollar loan into Jamaican dollars. Meanwhile in Brazil, we partnered with IDB Invest through its inaugural Amazonia Forever Sustainability Bond, supporting sustainable agriculture, local bio economies, rainforest conservation and community resilience in the Amazon region.



As a leading independent currency risk management house with over four decades of experience managing currency risk, we continue to work closely with the development finance community and asset owners to design tailored financial solutions that deliver longstanding positive impact in underserved markets. Addressing currency volatility is central to managing risk, enabling the stability and predictability needed for businesses and communities to thrive. Together, we believe we can continue to build innovative solutions that make a tangible difference for millions of people, supporting the broader goals of sustainable development.

**Renata Kreuzig**  
Director, Portfolio Manager,  
Emerging Market Sustainable Finance

November 2025

# The mission

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## The mission

# Bridging the gap: mobilising private capital for sustainable development in emerging economies.

**Private capital can play a transformative role in addressing foreign exchange volatility and unlocking sustainable development. Managing currency risk effectively is key to enabling inclusive growth and resilient financing in emerging economies.**

Emerging Markets and Developing Economies ("EMDEs") continue to face significant challenges from FX fluctuations, which undermine their ability to secure and scale long-term development finance and realise their economic potential.

The world's least developed countries are particularly vulnerable to currency instability due to the limited depth of their financial markets, which stems from inefficiencies in financial, regulatory and market infrastructures. Consequently, most funding available is denominated in hard currencies. While this protects international creditors from exchange rate fluctuations, it exposes local governments, municipalities, private businesses and individuals to significant risks.

These risks include increased future liabilities, operational uncertainty, deteriorating credit quality, higher capital costs, and potentially overwhelming debt burdens, which can lead to debt distress with devastating consequences for people's lives. Well-functioning capital markets – particularly those that enable long-term local currency financing – are essential for building resilient private sectors and fostering inclusive economic growth. Reducing the cost and risk of managing FX exposure can help safeguard critical development projects in sectors such as infrastructure, healthcare, education, energy and climate resilience.

In this context, addressing FX volatility and the scarcity of local currency lending is not only a financial imperative but a development priority. Ensuring that investments are denominated in local currency is a critical enabler for advancing the development agenda in underserved countries.

Sustainable currency investment strategies can play a catalytic role in bridging this gap – supporting economic transformation, reducing social vulnerabilities, and advancing progress towards the United Nations Sustainable Development Goals ("UN SDGs").

### The challenge

The core societal challenge EMSF seeks to address:

#### Hard currency liabilities

Borrowers in emerging markets can often only access funding in hard currencies (e.g. USD, EUR).

#### Currency volatility

Significant currency fluctuations create uncertainty, higher cost of capital and unexpected debt burdens.

#### Hindered development

These challenges limit funding opportunities which increases developmental and social vulnerabilities.



### Our contribution

EMSF value-add in addressing the challenge:

#### Mobilising private capital for development

EMSF is dedicated to supporting the operations of MDBs and DFIs by investing in their bonds and structuring bespoke currency transactions. In doing so, it channels private sector capital into impactful development projects aligned with the UN SDGs.

#### Bridging the currency risk gap

EMSF absorbs foreign exchange risk from development lenders, enabling local currency financing to reach borrowers in EMDEs, contributing to reduce debt burdens and financial instability for vulnerable borrowers.

#### Driving systemic change in frontier markets

EMSF actively engages in underinvested currency markets, providing liquidity and stability, while promoting transparency, ESG integration and long-term market development.



### Impact

The social and development outcomes that result from investments:

#### Outputs

##### Intended immediate effects

- Mobilising private capital for development.
- Increasing local currency financing.
- Promoting transparency on ESG and impact.

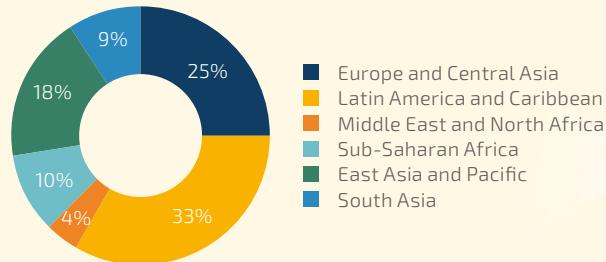
#### Outcomes

##### Longer-term impacts

- Supporting the development of local currency markets.
- Promoting socioeconomic growth aligned with UN SDGs.
- Catalysing further private sector investment.

# Impact at a glance for FY-25

## EMSF operational exposure



EMDE currencies traded

35

Volume traded in EMDE currencies

\$6.7bn

EMDE countries benefiting from portfolio issuers' development operations

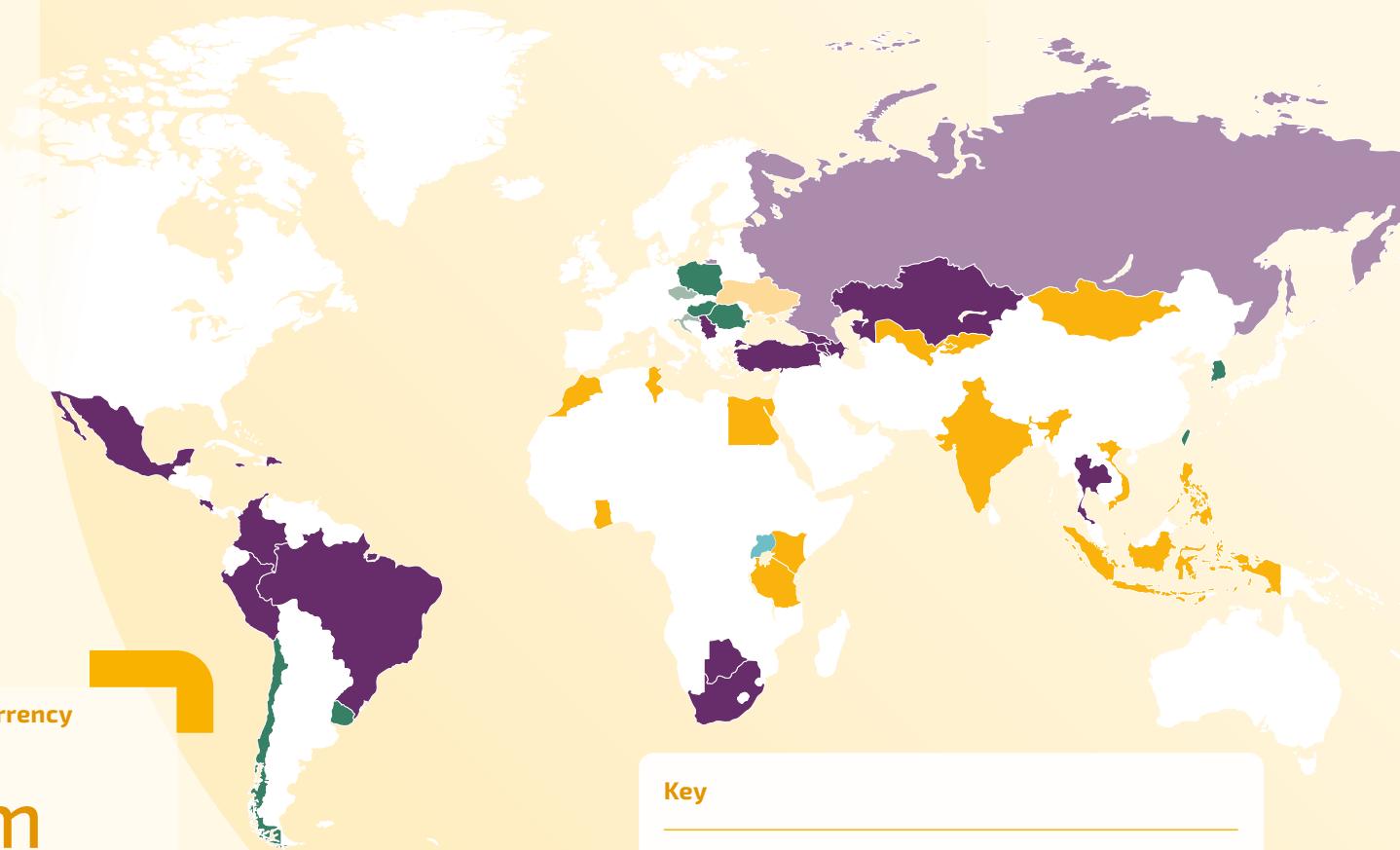
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Hedged local currency loans for DFIs

\$215m

Local currency transactions directly supporting EMDE borrowers

24



## Key

Low-income	Lower-middle	Upper-middle
High-income	Inactive currency positions	

## Primary SDGs

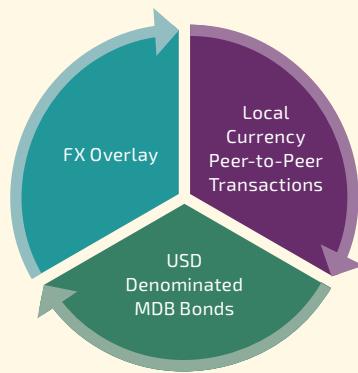


## SFDR alignment and impact management framework

### Driving transparency

#### EMSF: an Article 8 strategy driving local currency market growth

The Emerging Market Sustainable Finance fund ("EMSF") is Record's flagship sustainable finance strategy launched in 2021. It is designed to mobilise private sector capital to support the development of local currency markets in Emerging Market and Developing Economies. Importantly, EMSF is classified as an Article 8 fund under the EU Sustainable Finance Disclosure Regulation ("SFDR"), meaning it promotes environmental and/or social characteristics and integrates sustainability into its investment process.



#### Portfolio overview

The EMSF portfolio is structured to deliver both impact and financial resilience through a dual-layered approach. The FX Overlay component actively manages currency risk by investing in a diversified selection of emerging and frontier market currencies. This layer is driven by systematic investment factors and tactical oversight, aiming to support currency markets across business cycles. Complementing this is the bond investment layer, including local currency peer-to-peer ("P2P") transactions, which deliver bespoke trades and investments in partnership with MDBs.

#### Impact management framework

The EMSF fund has a clear ambition to align with the Operating Principles for Impact Management<sup>1</sup>, reflecting its commitment to embedding impact considerations throughout the investment lifecycle. This alignment is evident in EMSF's approach to transparency, stakeholder engagement and outcome measurement. Key principles include:

- Strategic intent: EMSF integrates impact intent into its core strategy by exclusively funding the operations of DFIs through its bond investments while targeting currency risk solutions that enable and expand local currency financing and support development outcomes in EMDEs.
- Impact measurement and monitoring: The fund applies a proprietary methodology to estimate UN SDG-aligned impact outcomes at the portfolio level, using data reported by investees and weighting it against EMSF's holdings.
- Transparency and disclosure: EMSF promotes clear reporting on the use of proceeds and expected impact KPIs, supported by its Counterparty Leadership Framework which incentivises investees and banks to improve ESG practices and impact reporting.
- Stakeholder engagement: Through continuous collaboration with DFIs, investors and counterparties, EMSF fosters a multi-stakeholder approach to impact delivery and accountability.

This alignment ensures that EMSF not only mobilises capital for development but does so in a way that incentivises measurable, intentional and accountable investments.

#### Third-party verification

The EMSF fund has embarked on a verification dialogue with BlueMark, a leading provider of independent impact verification and intelligence for the sustainable investing market. This engagement reflects EMSF's commitment to strengthening transparency, accountability and alignment with global best practices in impact management.

Through BlueMark's rigorous assessment framework, EMSF aims to evaluate its impact strategy against the Operating Principles for Impact Management, identifying strengths and areas for improvement across key dimensions such as strategic intent, impact measurement, stakeholder engagement and transparency.

1. [www.impactprinciples.org](http://www.impactprinciples.org)

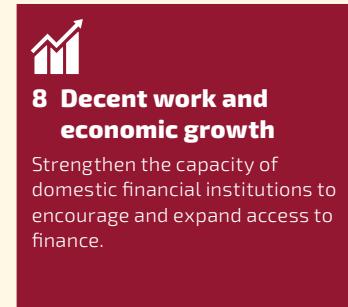
## UN SDG alignment

UN SDG alignment is intrinsically and holistically integrated in the design of EMSF and its impact approach.

EMSF investees are committed partners in supporting borrowing member countries on their development journeys. They provide financing to projects that align with a broad spectrum of the United Nations Sustainable Development Goals ("UN SDGs")<sup>1</sup>, with a strong emphasis on both climate action and social impact.

These investees operate with ambitious climate finance targets while also advancing critical social outcomes such as gender equality, access to quality education, and strengthened social cohesion. In FY-25, EMSF portfolio investments contributed to nearly all 17 SDGs. However, five core goals have emerged as most closely aligned with EMSF's overarching mission to foster the development of local currency markets in EMDEs. These core SDGs serve as strategic anchors for EMSF's impact and investment approach.

### Primary SDGs



### SDG attribution: ambitions, challenges and transparency

EMSF remains committed to continuously improving the quality and granularity of its SDG and impact KPI reporting. Our ongoing ambition is to work closely with our counterparties and partners to enhance transparency, collect more project-level data, and provide stakeholders with clearer insights into the outcomes of our investments.

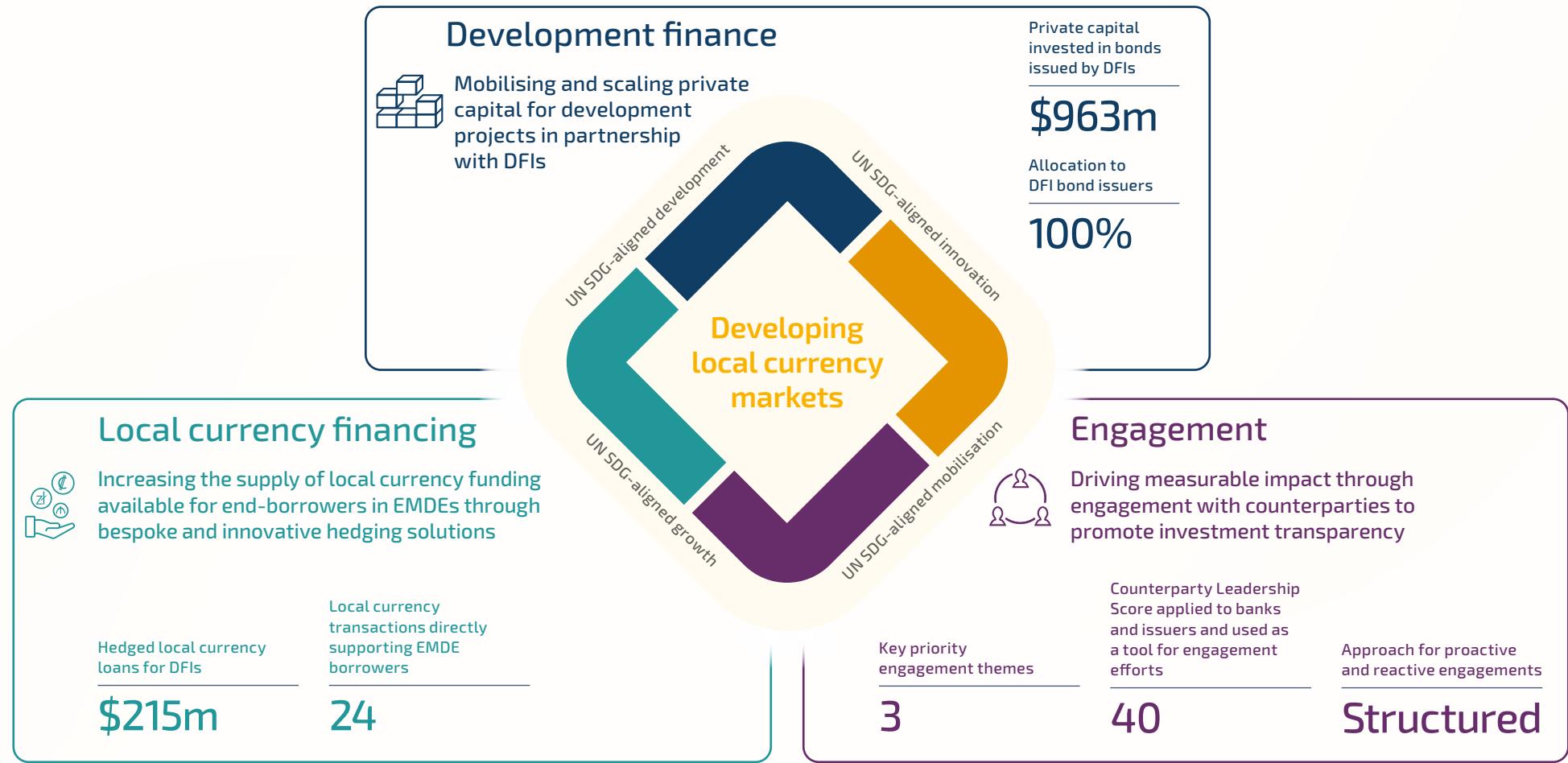
We recognise, however, that attributing SDGs to every transaction presents practical challenges – particularly where funding is pooled or used for general operations by MDBs, and where project-level disclosure is limited. As a result, while we highlight the core SDGs most closely aligned with our mandate, these attributions are based on best available information and have not been independently verified.

1. The SDG attributions presented in this report are based on internal analysis and information provided by our counterparties. They are intended to offer a high-level view of alignment and should not be interpreted as independently verified or exhaustive. EMSF will continue to refine its approach as data quality and disclosure practices improve across the market.

## Our approach to impact

EMSF's strategic ambitions are summarised within three overarching impact principles which together contribute towards developing local currency markets in EMDEs to promote UN SDG-aligned socioeconomic growth and local community wellbeing.

### Measuring and reporting EMSF development outputs for FY-25



# Development finance

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## Development finance

Mobilising and scaling development finance by funnelling private capital into development projects in partnership with DFIs.

100%

Allocation to  
DFI bond issuers

\$963m

Private capital invested  
in bonds issued by DFIs

146

EMDE countries benefiting from  
portfolio issuers' development  
operations

### The challenge: Bridging the development finance gap

DFIs remain pivotal in advancing global development, especially across EMDEs. Yet, the scale of investment needed to achieve the UN SDGs far exceeds the capacity of their funding.

Mobilising private capital, therefore, is essential to complement public financing, scale impactful projects and address systemic development challenges.

However, attracting private investment into EMDEs continues to face persistent barriers.

These include unpredictable return profiles, perceived complexity in navigating local markets, and concerns around governance, political stability and reputational risk.

To close this financing gap and accelerate sustainable development, it is critical to foster greater private sector engagement.

Investees in the portfolio lend predominantly to their sovereign members, with less than 20% of their total development assets allocated to private sector borrowers.

### The EMSF approach: Partnering for scalable, sustainable impact

EMSF collaborates with private investors to jointly deliver innovative investment solutions tailored to a range of risk-return profiles. These vehicles are designed to channel long-term, affordable capital into development projects across EMDEs, with a particular emphasis on strengthening the local private sector.

Through strategic partnerships with DFIs, EMSF supports the delivery of finance to high-impact sectors including health, agriculture, energy, financial services, water and urban infrastructure. These investments are targeted towards initiatives that drive poverty alleviation, job creation and inclusive economic growth – directly contributing to the achievement of the UN SDGs.

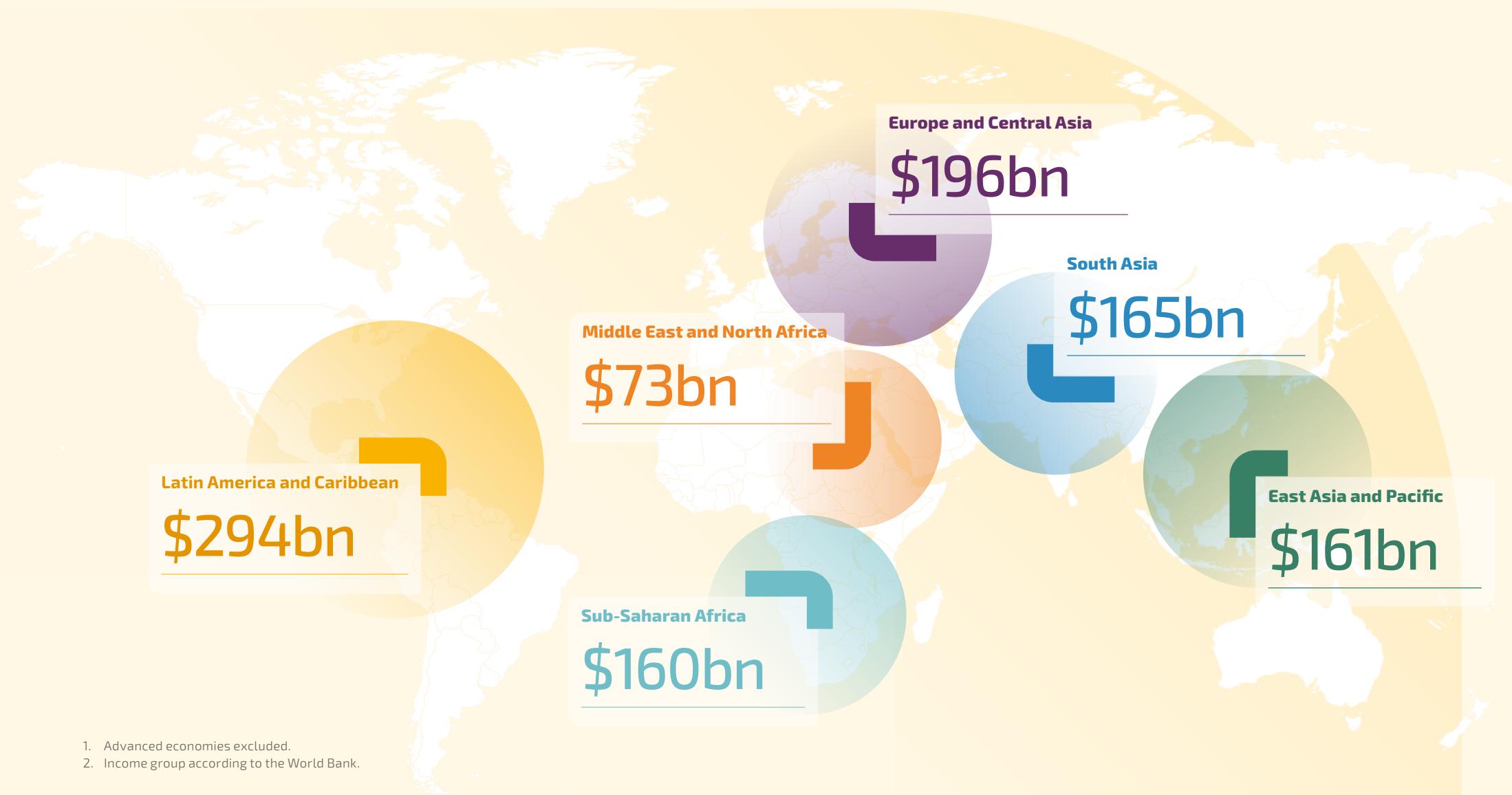
By aligning private capital with development priorities, EMSF plays a catalytic role in unlocking scalable solutions for sustainable development.

### A growing portfolio of established and young DFIs



## EMDE operational outreach of investees

The MDBs and DFIs in the portfolio have significant development operations in EMDEs.<sup>1,2</sup>



# Local currency financing

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## Local currency financing

Increasing the supply of local currency financing available for end-borrowers in EMDEs through bespoke and innovative hedging solutions.

**\$215m**

Hedged local currency loans for DFIs

**24**

Local currency transactions directly supporting EMDE borrowers

**4 years**

Average tenor of EMSF hedging solutions

### The challenge

Issuers in the strategy play a crucial role in fostering sustainable growth in EMDEs. However, MDBs operate within regulatory, credit and other operational constraints that limit their ability to absorb and manage currency risk on their balance sheets. This limits their capability to provide loans in local currencies and exacerbates the debt burden felt by local communities. Simultaneously, borrowers in EMDEs face limitations when raising funding in their own domestic financial ecosystems due to insufficient access to local financial resources. This creates significant foreign exchange risk for borrowers who operate assets and generate revenues in local currency but must manage liabilities in hard currencies, risking increased budget or business instability in light of currency volatility.

### EMSF approach

The creation of efficient, developed and transparent capital markets, coupled with affordable hedging instruments, can unlock substantial opportunities for both small and large borrowers. Such an environment allows businesses to better assess and select financial products that mitigate currency risks, ensuring that investments remain stable and sustainable over the long term. This, in turn, is a key element for a well-functioning private sector that can contribute to drive innovation, create jobs and generate economic opportunities for all. Given the urgent need to scale up private sector capital for the achievement of these goals, ambitious initiatives that address debt sustainability and mitigate currency volatility are crucial in unlocking private capital and catalyse investment interest in financial solutions that are closely aligned with the sustainable development finance agenda.

### Engagement and collaboration

EMSF works in partnership with the development community to structure tailored peer-to-peer transactions that absorb and provide foreign exchange hedge that originate mostly at MDB level, expanding local currency disbursement to projects that benefit borrowers in EMDEs. EMSF enables local currency loans by offering to hedge the MDBs' currency risk through derivative instruments, e.g. cross-currency swaps, or by purchasing a bond issued by the MDB with cash flow similar to their loan to the borrower. This matches the local currency asset with an equivalent liability, offsetting their currency risk. Additional EMSF capabilities include secondary hedging transactions (secondary FX risk transfer or FX hedging), whereby EMSF absorbs existing currency risk that originated from past development flow.

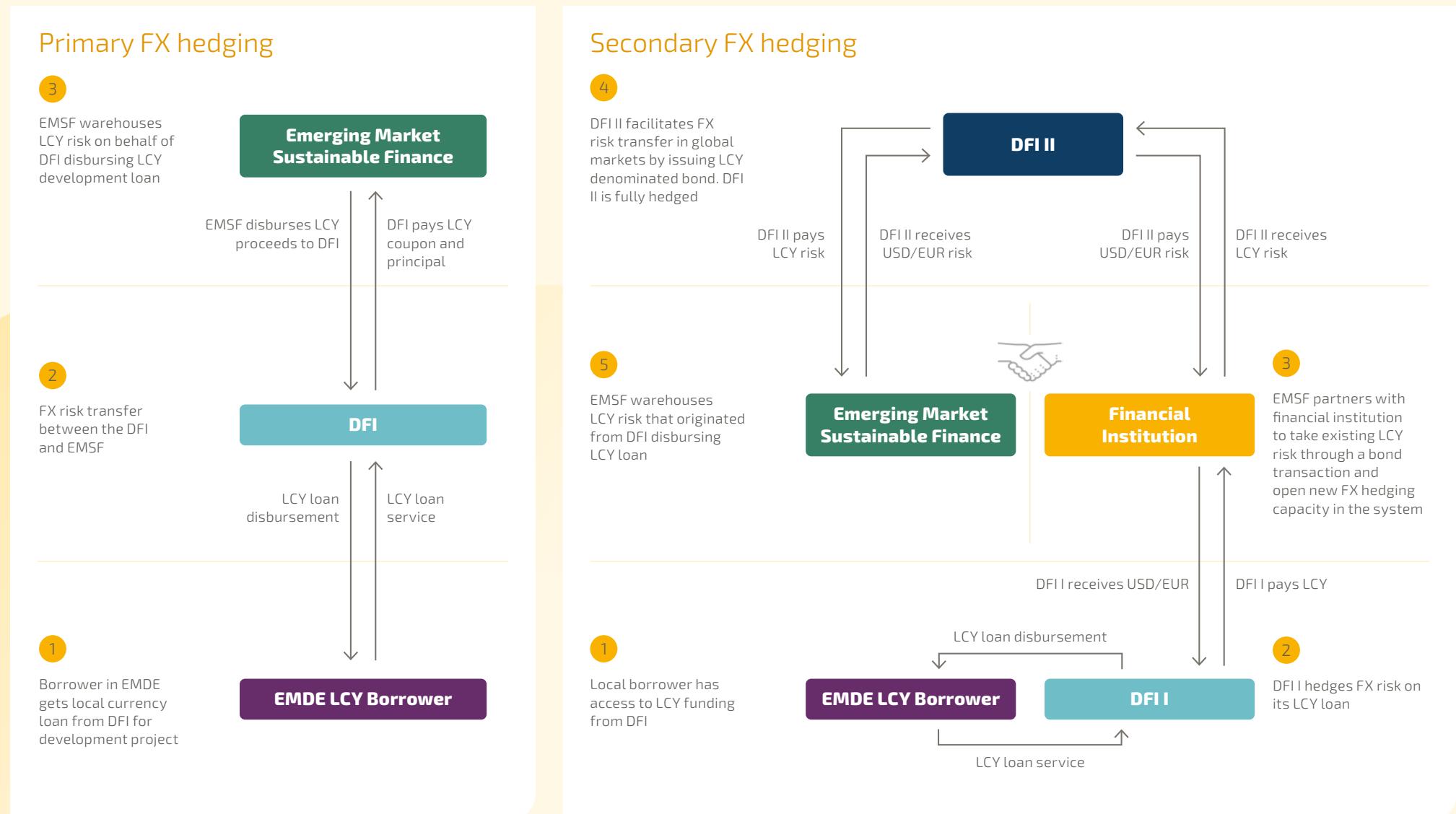
Loans denominated in local currency account for less than 10% of the total development assets of the investees in the portfolio.

### Impact outcomes

- Increasing the access to local currency loans for borrowers.
- Improving the affordability of currency hedging.
- Enhancing the stability of financial flows.
- Promoting the development of local currency markets.
- Reducing the risk premia as a powerful lever to enhance attractiveness of private co-investments.
- Creating the necessary conditions to mobilise private capital in global markets.

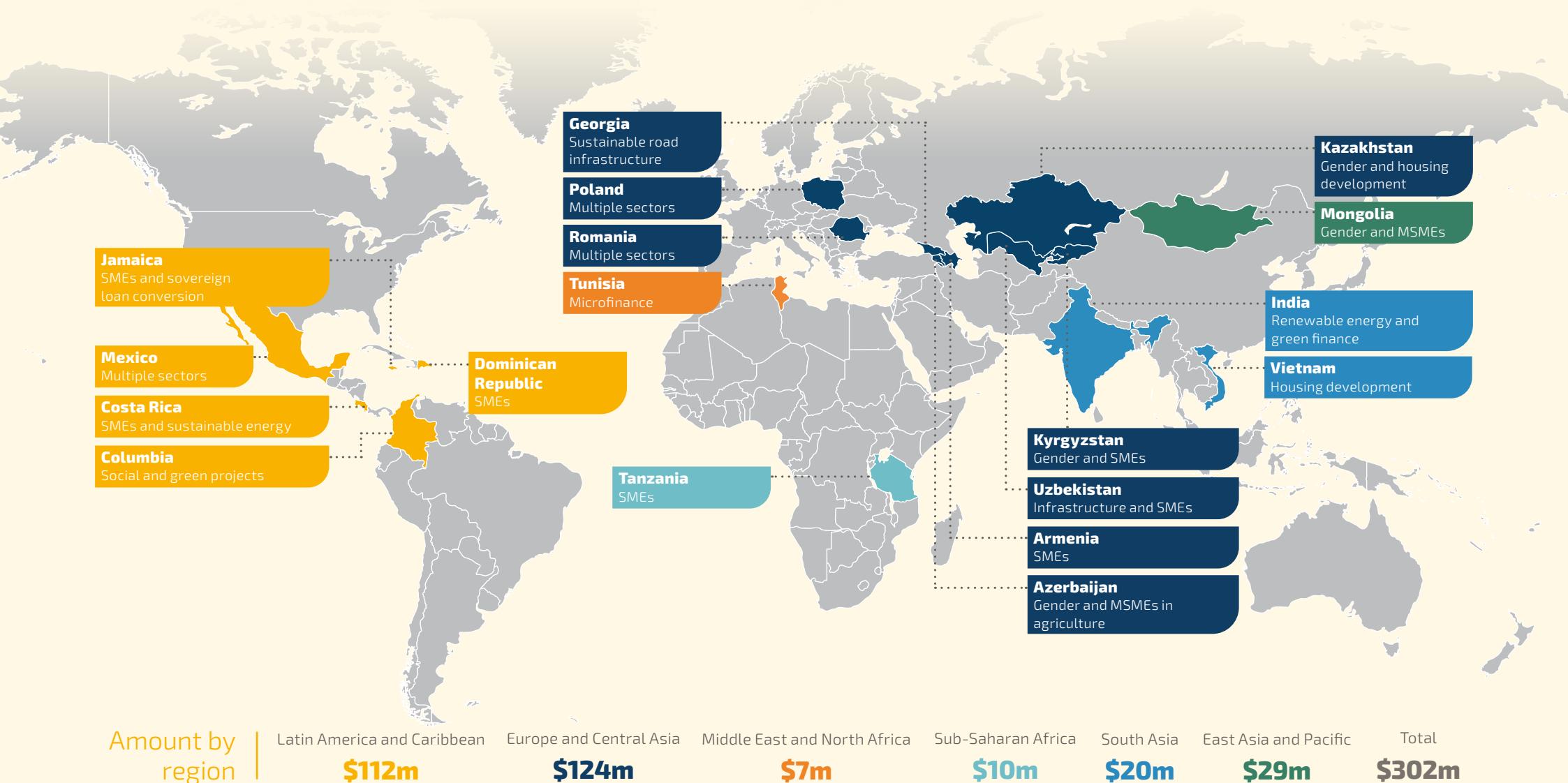
## How does it work in practice?

Primary and secondary FX hedging transactions aim to provide FX hedging solutions for DFIs that engage in local currency ("LCY") operations with end-borrowers in EMDEs. While primary FX hedging represents a bilateral transaction between EMSF and the DFI disbursing the local currency loan, secondary FX hedging occurs in global markets where DFI-originated local currency risk – initially warehoused by a financial institution – is transferred to EMSF.



## Peer-to-peer (“P2P”) local currency investments since inception<sup>1</sup>

The unique and bespoke structure of P2P trades delivers greater oversight of the use of proceeds alongside transparent and measurable impact.



1. Data as at 31 March 2025.

# Engagement

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## Our approach to engagement

Driving measurable impact through engagement dialogue is more than conversation – it is a catalyst for change and a cornerstone of strategies that address complex, evolving sustainability challenges.

**Jonathan De Pasquallie** | ESG and Impact Manager



### Structured

approach for proactive and reactive engagements

#### The challenge

EMSF has been a pioneer in mobilising private sector capital to promote development in local currency markets. EMSF must work closely with its stakeholders to deliver and measure impact and catalyse private capital that advances the global Sustainable Development Goals. Private investors are more willing to engage in local currency strategies and do good in currencies when the impact of their investments can be measured. Determining impact outcomes and standardising impact reporting in foreign exchange markets, however, presents significant challenges that are inherent to the asset class. Addressing these challenges requires increased collaboration and active engagement among investors, the development community and other stakeholders.

### 3

priority engagement themes

EMSF has taken a pioneering role in mobilising private sector capital to support development in local currency markets. To deliver meaningful impact and attract further investment, EMSF must work closely with stakeholders across the financial and development ecosystem. This includes banks, MDBs as well as regulators and policymakers. However, measuring impact and standardising reporting in foreign exchange markets presents unique challenges due to the complexity and opacity of the asset class. Overcoming these hurdles requires deeper collaboration and active engagement between investors, DFIs and other market participants.

### 40

Counterparty Leadership Score applied to 40 banks and issuers and used as a tool for engagement efforts

#### Our approach to engagement

EMSF adopts a **multi-stakeholder engagement strategy** designed to promote transparency, accountability and impact integrity across its investment ecosystem. At the heart of this approach is the **Counterparty Leadership Framework**, which enables EMSF to assess and engage with counterparties – including banks, MDBs, local financial institutions and private sector borrowers – on key impact and ESG dimensions.

Since its inception, EMSF has consistently championed improved transparency around the **use of proceeds**, clearer articulation of **impact outcomes**, and stronger **ESG integration**.

The strategy is designed to be responsive to the evolving challenges of local currency financing and the emerging needs of stakeholders in frontier markets.

EMSF's investment platform is built on **long-term, trust-based** relationships with private investors and counterparties. It operates with full transparency and a commitment to continuous improvement – driving innovation in how impact is measured, reported and delivered. Through ongoing engagement, EMSF aims to raise standards across the market, mobilise private capital more effectively, and ensure that its investments contribute meaningfully to sustainable development.

## Our approach to engagement continued

### Priority engagement themes

For the reporting period, EMSF continued to strengthen its engagement strategy with both banks and MDBs, by focusing on three core themes that are critical to advancing responsible investment practices and delivering meaningful impact.

These priority engagement themes reflect the areas where EMSF believes it can drive the greatest value and influence among its counterparties:

- Enhanced transparency on use of proceeds** – Promoting clear and consistent disclosure on how capital is deployed, ensuring alignment with intended development outcomes and enabling robust impact tracking.
- Responsible investment policies** – Encouraging counterparties to adopt and strengthen environmental, social and governance frameworks, with a focus on integrating ESG into risk management, governance structures and operational practices. This includes aligning practices to emerging regulation.
- The climate agenda** – Encouraging counterparties in aligning with global climate goals, including improved climate risk disclosure, transition planning and investment in climate-resilient infrastructure and technologies.

### Enabling productive engagements through our Counterparty Leadership Framework

Effective engagement is essential for building transparent and mutually beneficial relationships with counterparties. The Counterparty Leadership Framework is designed to enable productive engagement and assess the performance of counterparty banks and investees (collectively referred to as "counterparties") across two categories: counterparty operations and counterparty engagement. By integrating and measuring engagement performance considerations, the Counterparty Leadership Score is used to incentivise counterparties to collaborate, improve transparency and report impact.

#### Counterparty Leadership Score

Counterparty performance	Counterparty engagement
<b>Level 1</b> ESG screening	<b>Level 3</b> Collaboration
<b>Level 2</b> Market operations	<b>Level 4</b> Transparency/use of proceeds
	<b>Level 5</b> Measurable impact



# Impact stories

## What's in this section

Case studies

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## Case study: Supporting the mobilisation of capital for climate action

# Climate Investment Funds Capital Markets Mechanism ("CCMM")



### Project summary

In 2024, EMSF welcomed a new multilateral climate issuer: the Climate Investment Funds ("CIF") Capital Markets Mechanism ("CCMM"). This marked the debut of a new issuer focused on mobilising finance for climate action, raising a USD 500 million three-year benchmark bond listed on the London Stock Exchange. EMSF acted as an early anchor investor, supporting this new multilateral climate issuer.

The World Bank, serving as CCMM's Treasury Manager, oversees liquidity and risk management, credit rating arrangements and funding execution. Proceeds from the CCMM bond are allocated by CIF to one of its primary funds, the Clean Technology Fund ("CTF"). Since its inception in 2008, the CTF has deployed concessional finance from government donors and private sector contributors to over 170 projects across more than 40 countries, focusing on renewable energy, energy efficiency and clean transportation, including innovations such as battery storage and industry decarbonisation.

The CTF plays a catalytic role in climate finance:

- **Scale:** Enabled 25.2GW of installed clean energy capacity and 42.3 million tonnes of CO<sub>2</sub> emissions avoided annually.
- **Leverage:** Every \$1 invested by the CTF has mobilised \$10 in additional capital, demonstrating the power of blended finance.

CIF's model reduces risk for investors and lowers barriers to piloting and scaling clean technologies, particularly in low and middle-income countries undergoing rapid growth and requiring substantial investment to transition to low-carbon, climate-resilient economies.

### Links to UN SDGs



The CTF does not lend directly to borrowers; instead, it channels funds through a partnership of six Multilateral Development Banks ("MDBs"): the World Bank Group institutions such as the International Bank for Reconstruction and Development, and the International Finance Corporation, the African Development Bank, the Asian Development Bank, the European Development Bank, and the Inter-American Development Bank.

Record's investment contributes to unlock a resilient funding stream for climate solutions and supports the acceleration of global decarbonisation efforts. This commitment exemplifies how institutional investors can drive measurable, large-scale climate impact, contributing to closing the \$8 - \$10 trillion annual climate finance gap identified by the Climate Policy Initiative.

**Source:** Climate Investment Funds Annual Report



WORLD BANK GROUP

"CCMM's successful first issuance marks a transformative moment in climate finance, demonstrating how innovative market solutions can mobilise private capital to accelerate the global energy transition."

**Daniel Foster Morris** | Head of Clean Energy and Technology at Climate Investment Funds, CCMM

## Case study: Jamaica's economic transformation – A Caribbean success story

# The Land of Wood and Water



Jamaica's economic transformation over the past decade stands out as one of the most compelling turnaround stories in the Caribbean. The country has garnered praise from the IMF, World Bank, regional Multilateral Development Banks and academia for its disciplined macroeconomic reforms, fiscal responsibility and remarkable resilience.

Significant improvements in public debt management, the external account and international reserves have laid the foundation for a credible path towards lower terminal interest rates in the medium term. These gains have also been mirrored in Jamaica's notable progress in its sovereign credit ratings.

Over the past years, Jamaica has received multiple credit rating upgrades and outlook improvements. Most recently, in September 2025, S&P Global Ratings upgraded Jamaica to BB with a positive outlook – the highest credit rating in the country's history. This marks a stark contrast to its CCC rating in 2009 following a sharp downgrade during the global financial crisis.

Higher credit ratings are not merely symbolic; they reduce borrowing costs, broaden the investor base – particularly among institutional investors – and support the development of local currency financial markets. Importantly, these rating improvements reflect a policy framework characterised by consistency, transparency and broad-based political and societal commitment, regardless of electoral cycles.



One of Jamaica's most significant achievements has been its drastic reduction in public debt. The debt-to-GDP ratio fell from over 140% in 2013 to low 60% in 2025, among the steepest reductions globally and closer to the mandated FY-27/28 target of 60%.

### Links to UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS



This was driven in large part by the implementation of the Fiscal Responsibility Law, approved in 2014 and further amended in 2025, which institutionalised prudent fiscal management and set clear targets for debt reduction and budgetary balance.

Beyond macroeconomic stabilisation, Jamaica is also advancing its structural transformation. Flagship initiatives such as the Special Economic Zones ("SEZs") and the Logistics Hub Initiative ("LHI") continue to position the country as a regional logistics and investment hub, leveraging its strategic location and improving infrastructure.

### Record's role: Supporting sustainable financing and the development of Jamaica's capital markets

Record has been an early investor in Jamaican dollar ("JMD") denominated instruments since 2023, advancing the country's access to sustainable local currency financing through close collaboration with development partners.

In 2023, Record partnered with the International Finance Corporation ("IFC") and The Currency Exchange Fund ("TCX") as an anchor investor in the first-ever five-year JMD-denominated note issued by a supranational. This groundbreaking deal marked a major milestone in developing the JMD offshore market and expanding local currency investment opportunities.

[Click to see press release](#)

## Case study: Jamaica's economic transformation – A Caribbean success story continued

Unsurprisingly, this paved the way for further innovation. In November 2023, the Government of Jamaica issued the first-ever listed, JMD-denominated, Euro-clearable international bond, raising JMD 46.6 billion (approximately USD 300 million). This was a landmark achievement: very few small, frontier economies have successfully tapped international capital markets in their own currency, sidestepping the currency mismatch trap. The success of this issuance was a strong endorsement of Jamaica's domestic policies and market credibility.

In a second major transaction in 2024, Record expanded its JMD exposure by investing in a seven-year JMD-denominated bond structured in close collaboration with DFIs and a commercial bank. In this innovative deal:

- The Inter-American Development Bank ("IDB") converted a USD sovereign loan into a JMD-denominated loan at the request of the Jamaican government.
- IDB hedged its JMD exposure in global capital markets.
- Record partially absorbed JMD risk in the system by investing in a JMD-denominated note.
- The ultimate beneficiary was the Jamaican sovereign who delivers continued sustainable debt profile by reducing currency mismatch and unpredictability in the government accounts.

This transaction was rooted in the IDB de-dollarisation programme, which enabled Jamaica to convert a USD sovereign loan – originally provided during the Covid-19 crisis – into local currency. The original facility had been aimed at strengthening Jamaica's fiscal management, promoting efficiency and equity in public spending, and supporting economic recovery.

[Click here](#) for the IDB project detail on Strengthening Fiscal Policy and Management Programme to Respond to the Public Health Crisis and Economic Effects of COVID-19 in Jamaica II.

Sustainable hedging solutions enable currency risk to be absorbed in international markets – including by private sector asset owners – freeing up domestic capacity and increasing economic resilience. The longer maturity of the bond aligned well with Record's strategic goals to co-develop long-term, bespoke risk management solutions with development banks.

### Establishing a reference curve and catalysing market liquidity

These transactions, together with JMD sovereign issuances across key tenors, have contributed to establish a reference curve in the offshore JMD market. This has had a catalytic effect, contributing to crowd in new investors and issuers, improving liquidity, and reducing trading costs. More importantly, it reinforces Jamaica's strong track record of steady, favourable access to international capital markets in its own currency – an extraordinary achievement for a frontier economy.

### Local currency lending: Key to frontier market resilience

Frontier markets today are undergoing significant economic and societal transformations. Local currency financing plays a critical role in supporting these transitions by:

- enhancing **debt sustainability**;
- reducing **currency mismatch risks**;
- attracting a **broader pool of investors**; and
- lowering **overall capital costs**, which in turn fuels **investment, productivity and local development**.

**Source:** Record



**TCX** 

## Case study: Empowering Amazonian communities through sustainable private sector investment

# Inter-American Investment Corporation (IDB Invest)

### Inter-American Investment Corporation (IDB Invest)

#### Project summary

IDB Invest, the private sector institution of the Inter-American Development Bank Group, is a Multilateral Development Bank committed to promoting development and strengthening the private sector enterprises in Latin America and the Caribbean. In 2024, IDB Invest issued its first local currency bond denominated in Brazilian reais ("BRL") to finance projects in the Amazon region. The bond was structured as a Sustainability Bond under IDB Invest's Sustainable Debt Framework ("SDF").

Record was proud to support the inaugural transaction as a sole investor in this landmark BRL 50 million, five-year bond, which is dedicated to financing green and social investments aligned with the categories included in the SDF.

The bond proceeds are earmarked for private sector projects that aligned with the objectives of Amazonia Forever, the IDB Group's holistic umbrella programme that seeks to upscale financing for the sustainable development of the Amazon region, supporting:

- sustainable agriculture and forestry;
- local bioeconomy initiatives;
- rainforest conservation; and
- community resilience and inclusion.

#### Links to UN SDGs

8

DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRY INNOVATION AND INFRASTRUCTURE

13

CLIMATE ACTION

15

LIFE ON LAND

This initiative not only strengthens local currency markets and shields borrowers from foreign exchange volatility, but also demonstrates the power of sustainable finance and strategic partnerships in advancing sustainable development in one of the world's most vital ecosystems.

**Example of eligible projects under the IDB Invest Sustainable Debt Framework with focus on private sector in the Amazonia region and with local currency (BRL) disbursement**

**Cresol Baser Sustainable Finance Partnership:** Expand MSMEs' lending in the Amazon region with a strong focus on advancing sustainable agriculture.

[Click here](#) for further information on the Cresol Baser Sustainable Finance Partnership

[Click here](#) for the press release of IDB Invest

[Read the press release of IDB Invest issuing first private sector bond to finance Amazon region](#)



## Case study: Gender-inclusive and sustainable development in rural Mongolia

# Asian Development Bank

### Project summary

In 2025, the EMSF strategy invested USD 15.7 million in the six-year amortising Mongolian tugrik-denominated bond issued by the Asian Development Bank ("ADB"). The issuer will use the proceeds to support APU Dairy LLC in financing the construction of a new factory building, expansion of dairy processing and packaging capacity, as well as the establishment of raw milk collection centres and other working capital needs.

### About Mongolia

Mongolia is a vast, landlocked country in East Asia, uniquely positioned between Russia and China. With a population of 3.5 million people, roughly half of which are situated in its capital, Ulaanbaatar, Mongolia expanses over c.604,000 square miles, making it the world's most sparsely populated sovereign state. The country is distinguished by its rich nomadic heritage and unique ecosystems including the Gobi Desert and steppe grasslands.

Over the past decade, Mongolia has been one of the fastest-growing economies, largely driven by activity in the mining and services sector. However, growth has been volatile and has not generated prosperity for all.

### Links to UN SDGs



The economy is highly dependent on commodity exports and its strong trade links with Russia and China. Commodity exports (mostly coal and copper) to China accounted for more than 90% of total exports in 2024. Moreover, Mongolia's development prospects are highly sensitive to climate change.

The country is experiencing warming rates more than double the global average, increasing vulnerability to extreme weather events such as dzuds and flooding, the social and economic outcomes of which could be profound. To address these challenges, the Mongolian government has launched the Vision 2025 development strategy with a focus on diversification, poverty reduction, sustainable growth and private sector development.

According to the Asian Development Bank, agriculture, particularly animal husbandry, is a key pillar of Mongolia's economy, contributing c.13% to GDP in 2022 and employing 23% of the workforce. With one-third of the population living in rural areas and 78% of rural households owning livestock, the sector is vital for livelihoods and economic diversification beyond mining. However, despite producing 800 million litres of raw milk annually, only 10% is processed due to limited procurement from herders, leaving much of the country's dairy processing capacity underutilised.

## Case study: Gender-inclusive and sustainable development in rural Mongolia continued

# Asian Development Bank continued



Record's investment in a Mongolian tugrik-denominated bond supports the ADB's mission to focus on improving social services, female livelihood opportunities, sustainable infrastructure, technical assistance and policy-based lending for economic diversification and climate action. By providing funding in local currency, this investment also contributes to reduce borrowers' exposure to exchange rate volatility which is an important step in strengthening Mongolia's financial resilience and supporting private sector growth.

The proceeds of this transaction are predominantly allocated towards the following sustainable development priorities in Mongolia:

- Addressing remaining poverty and reducing inequalities (SDG 1 and SDG 10).
- Accelerating progress in gender equality (SDG 5).
- Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability (SDG 13).
- Promoting rural development and food security (SDG 2, SDG 8 and SDG 9).

The project contributes to supporting the integration of herders into Mongolia's dairy value chain by financing APU Dairy's expansion of raw milk procurement and dairy processing capacity. The expected outcomes include:

- Support livelihoods of 1,000 herders.
- Provide employment for 320 workers in a gender-inclusive manner.
- At least 30% of herders receiving milk payments from the new collection centres will be women.

The transaction is fully aligned with the Mongolian Government's goals to support the business and economics of herders and herder groups, develop agriculture, enhance agricultural productivity, increase local value addition, create jobs, and improve food security.

**For more details** on ADB's operations, priorities and impact outputs in Mongolia, please [click here](#).



# Conclusion

## What's in this section

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## The impact journey continues

EMSF reflects on a year of meaningful progress and remains committed to scaling impact and advancing our contribution to sustainable development in emerging and frontier markets.

**Andreas Daenzer** | Group Chief Investment Officer

Building and scaling sustainable investment vehicles is never without challenges. These hurdles should inspire innovation and collaboration, not hesitation. Harnessing the expertise and resources of DFIs, philanthropies, foundations, academia and private-sector asset owners presents a powerful opportunity to address some of the most pressing challenges in developing markets. Together, we can advance currency risk management and deliver affordable, scalable solutions that foster lasting economic and social prosperity.

### **Priorities for 2026**

#### **Commitment to impact integrity**

In the coming year, EMSF will complete its independent impact verification with BlueMark, using the insights gained to refine our internal processes and strengthen our alignment with the Operating Principles for Impact Management. We will also enhance our disclosure practices, providing stakeholders with clearer, more actionable information on our progress and challenges.

#### **Strengthening stakeholder engagement**

Leveraging the Counterparty Leadership Framework, we will continue to strengthen our engagement programme through borrower feedback surveys and impact maturity assessments (impact at exit), to capture a more holistic view of our influence. We aim to increase the frequency and depth of our engagement with DFIs, local financial institutions and private sector borrowers, ensuring that our investments are responsive to local needs and global best practices.

#### **Advancing our Theory of Change: building a clearer path to impact**

In 2026, EMSF will prioritise the refinement of its Theory of Change to better articulate how our investment strategy translates into measurable outputs and longer-term outcomes and impacts. By strengthening this foundation, EMSF aims to enhance transparency, improve stakeholder alignment, and ensure our impact ambitions are both credible and actionable.



## Meet the team



**Renata Kreuzig**  
Director,  
Fixed Income  
Portfolio  
Manager



**James  
Fitzgibbons**  
Associate Director,  
Fixed Income



**Canberk Talcin**  
Director,  
FX Portfolio  
Manager



**Cameron Hill**  
Senior Analyst,  
Currencies



**Victoria Butcher**  
Associate Director,  
Sales and  
Distribution



**Jonathan  
De Pasquallie**  
ESG and Impact  
Manager



# Appendix

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# Disclosures

## Disclosures

### Disclosures for whole report

- Rounding and exchange rate conversion errors may exist.
- Emerging Market and Developing Economies ("EMDE") includes countries classified by the International Monetary Fund, with the addition of South Korea, which is internally classified as an emerging market currency.
- Currency data represents notional traded.
- All investee information is based on the most recent data reported.
- This report refers to Multilateral Development Banks ("MDBs"), development agencies and development banks collectively as Development Finance Institutions ("DFIs").

### Disclosures for EMDE operational outreach of investees – page 10

- Data was calculated using the most recent available information on disbursed loan operations, as reported in investees' financial statements as of December 2024 or June 2025. In cases where no 2025 or 2024 reports were available – specifically for ASIA, IFC, AGRNC and IFFIm – the latest available data was used.
- Where disbursed data was unavailable, committed capital figures were used as a proxy.
- The institutions included in the analysis are: AGRNC, AfDB, ASIA, EBRD, IADB, IDB Invest, EIB, IBRD, IFC, IDA, NDB, CABEI and IFFIm. For IFFIm, data was derived from its share of its parent organisation, Gavi, due to the unavailability of direct data.
- AIIB and KfW were excluded from the analysis due to a lack of consistent data.



## Disclaimer

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## Glossary

<b>ADB</b>	Asian Development Bank	<b>EMDE</b>	Emerging Market and Developing Economy	<b>MDB</b>	Multilateral Development Bank
<b>AfDB</b>	African Development Bank	<b>IADB</b>	Inter-American Development Bank	<b>MSMEs</b>	Micro, Small and Medium-Sized Enterprises
<b>AIIB</b>	Asian Infrastructure Investment Bank	<b>IDB Group</b>	Inter-American Development Bank Group	<b>NDB</b>	New Development Bank
<b>CABEI</b>	Central American Bank for Economic Integration	<b>IDB Invest</b>	Inter-American Investment Corporation	<b>P2P</b>	Peer-to-peer
<b>DFI</b>	Development Finance Institution	<b>IFC</b>	International Finance Corporation	<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>EBRD</b>	European Bank for Reconstruction and Development	<b>IFFIm</b>	International Finance Facility for Immunisation	<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>EIB</b>	European Investment Bank	<b>KfW</b>	Kreditanstalt für Wiederaufbau		



Listen  
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**Record plc**  
3 Sheldon Square  
Paddington  
London W2 6HY  
T: +44 (0)1753 852 222

[www.recordfg.com](http://www.recordfg.com)

Co-authored by Renata Kreuzig, Portfolio Manager, EMSF  
and Jonathan De Pasquallie, ESG and Impact Manager.

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