

# CLIMATE INVESTMENT FUNDS

PPCR/SC.25/4  
December 20, 2019

---

Meeting of the PPCR Sub-Committee  
Nairobi, Kenya  
March 2020

Agenda Item 4

## **RISK REPORT OF THE PPCR**

## **PROPOSED DECISION**

The PPCR Sub-Committee reviewed the document, PPCR/SC.25/4, *Risk Report of the PPCR*, and welcomes the progress that has been made in advancing the work of PPCR.

The PPCR Sub-Committee requests the CIF Administrative Unit to continue to identify, assess, monitor and report the key risk exposures to the program.

**Contents**

- 1 Assessment of key risk exposures..... 4
  - 1.1 Implementation risk..... 4
  - 1.2 Fraud and sexual exploitation and abuse ..... 12
  - 1.3 Credit risk..... 13

## 1 Assessment of key risk exposures<sup>1</sup>

1. For the Pilot Program for Climate Resilience (PPCR), the definition of risk is any threat to the achievement of PPCR's objectives. This definition, along with the definition of PPCR's objectives, establishes the context for appraising PPCR's risk exposures.

### 1.1 Implementation risk

2. Implementation risk is the risk that a project, once effective, is not implemented in a timely manner. The CIF Administrative Unit has added an additional criterion for flagging projects for this risk to account for the heightened implementation risk of projects which extend their anticipated dates of final disbursement. The CIF Administrative Unit now flags a project for implementation risk if the project meets at least one of the following three criteria.
  - i. The project has been effective for 36 months but has disbursed less than 20 percent of approved funds.
  - ii. The project is within 15 months of the anticipated date of final disbursement but has disbursed less than 50 percent of approved funds.
  - iii. The anticipated date of final disbursement for the project has been extended, and less than 50 percent of approved funds have been disbursed.
3. The MDBs provide this information semi-annually, and the most recent information available is as of June 30, 2019. It is compared with projects flagged in the previous PPCR Risk Report (based on data as of December 31, 2018).
4. PPCR's program-level implementation risk score remains **High**. Nine public sector projects and one private sector project (out of 65 MDB-Board approved projects) representing USD 134 million (13 percent) of program funds were flagged for implementation risk in the current reporting period (three of these projects representing USD 34 million were flagged due the introduction of the third criterion). This represents an increase from six projects representing USD 86 million reported in the last reporting cycle. The program's implementation risk score has been High for the last five semiannual reporting cycles.
5. Table 1 illustrates that four projects representing USD 42 million of program funding have been flagged under the first criterion (vs. four projects totaling USD 68 million as of December 31, 2018). While one of the four projects flagged the previous PPCR Risk Report

---

<sup>1</sup> Severity, in the risk scoring process, is determined (where possible) based on the estimated impact of a risk as a percentage of the program's total pledges and contributions.

- Severe represents an estimated potential impact > 5% of the program's total pledges and contributions.
- Moderate represents an estimated potential impact 1% - 5% of total pledges and contributions.
- Minimal represents an estimated potential impact < 1% of total pledges and contributions.

However, because the impact on funds exposed to implementation risk may simply be delays in the implementation of projects which are ultimately successful (vs. a complete loss of funding for projects as is the case with currency), the following ranges are used to classify implementation risk severity.

- Severe represents an estimated potential impact > 10% of the program's total pledges and contributions.
- Moderate represents an estimated potential impact 5% - 10% of total pledges and contributions.
- Minimal represents an estimated potential impact < 5% of total pledges and contributions.

is no longer flagged, having increased disbursements to above 20 percent of program funding (*Climate Resilience Integrated Basin Management Project – Bolivia (World Bank)*), the other three projects remain on the current list and are highlighted in orange in Table 1.

**Table 1: PPCR public sector projects effective for 36 months with less than 20 percent of program funds disbursed**

| COUNTRY          | PROJECT TITLE  | MDB  | PPCR Funding (USD million) | Cumulative Disb. As of June 30, 2019 (USD million) | Disbursement Ratio as at June 30, 2019 | Effectiveness Date | Months Since Effectiveness Date | MDB Co-financing (USD million) |
|------------------|--|------|----------------------------|--|--|--------------------|---------------------------------|--------------------------------|
| Haiti            | Centre Artibonite Regional Development Project   | IBRD | 8.0                        | 1.1  | 14%                                    | 10/6/2014          | 58                              | 50.0                           |
| Haiti            | Strengthening Hydro-Meteorological Services Project  | IBRD | 5.0                        | 0.8  | 17%                                    | 10/19/2015         | 45                              | 0.0                            |
| Cambodia         | Flood-resilient Infrastructure Development in Pursat and Kampong Chhnang Towns as part of the Integrated Urban Environmental Management in the Tonle Sap Basin Project | ADB  | 5.0                        | 0.8  | 17%                                    | 1/5/2016           | 42                              | 37.0                           |
| Papua New Guinea | Building Resilience to Climate Change in Papua New Guinea Project  | ADB  | 24.3                       | 3.0  | 12%                                    | 1/15/2016          | 42                              | 0.0                            |

6. **Centre Artibonite Regional Development Project – Haiti (World Bank)** – This project has been flagged in each of the last four semi-annual reporting cycles and is now also flagged under the second criterion. No PPCR funds were disbursed during the current reporting period.

- a) Reason(s) for delay: Rapidly disburseable activities prioritized immediately following project restructuring were financed by the IDA grant, which partly explains the lack of progress under the PPCR grant.

Rapidly disburseable activities financed by the PPCR grant experienced delays in contracting and implementation due to exogenous factors, including civil unrest throughout the country (including violent protests in February and June 2019) and changes in the government with important delays at the level of ministries and signatures. Moreover, the Project Implementation Units (PIU) required time to adapt to STEP, the new procurement tool used for World Bank projects, which added further delays.

- b) Measures underway to accelerate implementation: The previous PPCR Risk Report indicated that several activities financed by the PPCR grant were about to achieve contract signature, and disbursements were expected to follow suit starting Q2 2019; however, no disbursements of PPCR funds were made during the current reporting period.

The contracting process for spot improvements on road section Titanyen – Saut d’Eau experienced some delays due to the above-mentioned reasons. The contracts are expected to be signed before the end of September 2019. Moreover, the construction of four bridges is expected to begin shortly with the contractor’s mobilization reaching completion.

- c) Estimated timeframe within which project will have disbursed  $\geq$  20% of PPCR funds: Disbursements were expected to increase by USD 2.0 million by June 30, 2019, however

no disbursements occurred during the reporting period. The aforementioned activities are expected to increase disbursements by USD 2.5 million to USD 3.6 million by the end of December 2019, which would increase the disbursement ratio to 45 percent.

7. **Strengthening Hydro-Meteorological Services Project – Haiti (World Bank)** – This project has been flagged in each of the last two semi-annual reporting cycles. No PPCR funds were disbursed during the current reporting period.

- a) Reason(s) for delay: The initial procurement process had to be re-launched for the Phase 1 (design) of the project in 2016 after it was discovered that the technical proposal and experience of the best scoring firm was overstated and subsequently overvalued.

In 2018, the government and consulting firm had a contractual dispute, which added another two-month delay to the procurement process of the second phase of the project.

More recently, fuel shortages led to a shutdown of transportation, and impeded the mobility of government and project employees. Furthermore, demonstrations, organized strikes and outbreaks of violence have shut down the country and compromised security for the PIU and the World Bank in particular. These demonstrations come as a result of the unstable economic and political situation, increasing inflation and currency devaluation, as well as widespread corruption affecting people, politics and businesses.

- b) Measures underway to accelerate implementation: The task team leader has relocated to Haiti to provide closer implementation support to the government. This has already expedited implementation progress. The recent mid-term review was an opportunity to streamline the scope toward a more focused Phase 2 delivery. During the mid-term review, the scope was reduced for the procurement of goods that have a long lead time for delivery and substituted with an additional contract for services that have a shorter lead time for implementation. With close and intensive implementation support to the government, the procurement of the three main contracts under Phase 2 have accelerated.

The completion of Phase 1 has triggered payment to the consultant for the Phase 1 deliverables. The current disbursement stands at 19 percent of USD 5.0 million. The main contracts under Phase 2 have an estimated value of USD 2.7 million which will commence disbursement upon contract signature.

- c) Estimated timeframe within which project will have disbursed  $\geq$  20% of PPCR funds: The project team is continuing to work towards the timeline of June 2020 project closure, and with nine months remaining until end of project, the risk of overrunning the end date is being carefully monitored. The World Bank is discussing a potential six to nine-month extension with its Country Management Unit (CMU) and the government, but the CMU's policy prohibits project extensions. The policy of not extending project despite the fragility of the current political and economic situation has had an impact on

the procurement process of the three main contracts under Phase 2 as it considerably reduced the number of bidders.

8. **Flood-resilient Infrastructure Development in Pursat and Kampong Chhnang Towns as part of the Integrated Urban Environmental Management in the Tonle Sap Basin Project – Cambodia (ADB)** – This project has been flagged in each of the last two semi-annual reporting cycles. USD 0.2 million of PPCR funds were disbursed during the current reporting period.

- a. Reason(s) for delay: Detailed design in Pursat has been delayed due to changes in the town infrastructure carried out by the provincial government between the conclusion of the preparatory technical assistance and the inception of work by the project implementation consultants (PIC). This necessitated a complete redesign of the proposed solution.

In addition, the Government of Cambodia has requested that the major project component in Kampong Chhnang be cancelled, as the government is unable to meet ADB safeguard requirements for this component. This has caused considerable delay, and alternative investments to meet the project objectives are currently being developed.

- b. Measures underway to accelerate implementation: The PIC is currently tasked with prioritizing detailed design of the replacement components for the cancelled sub-project. A review mission took place in March 2019, followed by a mid-term project mission in May 2019, which determined that a resettlement corrective actions (CA) plan must precede any changes to the project. This plan was agreed and is now being implemented. Its success will determine the scope of any project changes. Also during the mission, it was agreed that existing on-site solutions are unsuitable for some locations, so alternative, collective sanitation solutions will be developed, subject to land availability. A second variation order will be prepared following the CA outcome.

In July 2019, a variation order for the PPCR grant component was signed allowing for some contingency to be used for the existing consultants.

- c. Estimated timeframe within which project will have disbursed  $\geq$  20% of PPCR funds: It is likely to take nine months for the completion of the new detailed design packages plus another six months for contract award. With the award of these two packages (Pursat Drainage and Kampong Chhnang flood protection replacement investment), the project will have awarded USD 27 million out of a project total of USD 47 million. ADB expects that the project will no longer be flagged by July 2020.

## 9. Building Resilience to Climate Change in Papua New Guinea Project – (ADB)

- a) Reason(s) for delay: During contract negotiations, UNDP informed the government that they could not sign a standard ADB contract due to a number of specific, non-negotiable conditions under which UNDP operates. This includes among other things, that UNDP operates under the Convention on the Immunities and Privileges of the UN, that auditing of activities shall be conducted in accordance with UN Single Audit Principle, that it will implement its projects in accordance with UNDP Financial Regulations and Rules and procedures, and that its activities are covered by the Standard Basic Assistance Agreement between it and the Government of PNG.
- b) Measures underway to accelerate implementation: The government has now agreed for UNDP to be an implementing agency under the project.
- c) Estimated timeframe within which project will have disbursed ≥ 20% of PPCR funds: End of 2019.

10. Table 2 illustrates that four projects representing USD 47 million of program funding have been flagged under the second criterion (vs. three projects totaling USD 22 million flagged in the last PPCR Risk Report). While two projects flagged as of December 31, 2018 remain at risk and are highlighted in orange in Table 1, *Enhancement of Flood and Drought Management in Pursat Province – Cambodia (ADB)* is no longer flagged as disbursements have increased to above 50 percent of approved funding.

**Table 2: PPCR public sector projects within 15 months of closing with less than 50 percent of approved funds disbursed**

| COUNTRY     | PROJECT TITLE  | MDB  | PPCR Funding (USD million) | Cumulative Disb. As of June 30, 2019 (USD million) | Disbursement Ratio | Anticipated Date of Final Disbursement | Months Before Anticipated Date of Final Disbursement | MDB Co-financing (USD million) |
|-------------|--|------|----------------------------|--|--------------------|--|--|--------------------------------|
| Cambodia    | Promoting Climate-Resilient Agriculture in Koh Kong and Monduliri Provinces as part of the Greater Mekong Subregion Biodiversity Conservation Corridors Project        | ADB  | 7.4                        | 1.6  | 22%                | Sep-19                                 | 3  | 19                             |
| Cambodia    | Flood-resilient Infrastructure Development in Pursat and Kampong Chhnang Towns as part of the Integrated Urban Environmental Management in the Tonle Sap Basin Project | ADB  | 5.0                        | 0.8  | 17%                | Dec-19                                 | 6  | 37                             |
| Saint Lucia | Disaster Vulnerability Reduction Project   | IBRD | 27.0                       | 10.3   | 38%                | Jun-20                                 | 12   | 41                             |
| Haiti       | Centre Artibonite Regional Development Project   | IBRD | 8.0                        | 1.1  | 14%                | Aug-20                                 | 14   | 50                             |

11. **Promoting Climate-Resilient Agriculture in Koh Kong and Monduliri Provinces as part of the Greater Mekong Subregion Biodiversity Conservation Corridors Project – Cambodia (ADB)** – This project has been flagged in each of the last three semi-annual reporting cycles. USD 0.1 million of PPCR funds were disbursed during the current reporting period.

- a) Reason(s) for delay: The civil work sub-projects will be implemented in certain protected areas where Monduliri indigenous peoples live, and the process for clearing environmental and social safeguards has required more time than expected due to capacity issues in compiling the required due diligence documentation. The issues were mainly related to format of due diligence reporting requirements, and incomplete due



diligence reports which had to be reviewed numerous times. These issues were mostly resolved in August 2019 and remaining documents are currently being finalized with additional support from the safeguards team. The ADB environment and safeguards team has provided intensive guidance to ensure every sub-project complies with requirements.

This has delayed bidding for two major subprojects (Srae Chrey and Andoung Tuek). By November 2019, it is anticipated that the bidding process can be completed for all infrastructure subprojects, and contracts are expected to be awarded in December 2019. The livelihood activities relating to the irrigation subprojects (system rice intensification and drought resilience cropping techniques) and the sea barriers (system rice intensification and saline tolerant crops) will also be delayed and will not be fully completed until mid-2020 so that dry season cropping can be fully embraced.

- b) Measures underway to accelerate implementation: The executing agencies have commenced recruiting a range of new individual consultants, including environmental and social safeguard specialists, a site supervision engineer, and project management advisers, to provide support during the construction period. The contract for the NGO providing the agricultural support services to all sub-projects will be extended to enable the NGO to undertake the program of irrigated agricultural activities as the civil works are completed.
- c) Estimated timeframe within which project will have disbursed  $\geq$  50% of PPCR funds: Bidding was expected to be completed in June 2019, and construction of all sub-projects (except for the climate-resilient irrigation rehabilitation sub-project in Mondulkiri province) was expected to be completed by November 2019, but these did not occur. ADB now expects the bidding process will be completed for all infrastructure subprojects by November 2019, and contracts will be awarded in December 2019. The livelihood activities relating to the irrigation subprojects (system rice intensification and drought resilient cropping techniques) and the sea barriers (SRI and saline tolerant crops) will also be delayed and will not be fully completed until mid-2020 so that the dry cropping season can be fully embraced.

On September 13, 2019, ADB approved a 15-month extension, from September 30, 2019 to December 31, 2020.

**12. Flood-resilient Infrastructure Development in Pursat and Kampong Chhnang Towns as part of the Integrated Urban Environmental Management in the Tonle Sap Basin Project – Cambodia (ADB):** This project was also flagged under the first criterion (see Paragraph 7).

**13. Disaster Vulnerability Reduction Project – Saint Lucia (World Bank)**

- a) Reason(s) for delay: The government and the task team have been actively working to address the following challenges.
- The project was designed through a framework approach with activities to be defined during implementation following the completion of the relevant technical

- studies. A change in government resulted in modifications to the activities to be included in the project. Types of activities remained the same, but intervention sites have changed;
- Poor project management;
  - High turnover of key staff. Over the past year the project engineer, deputy project coordinator, and procurement officer have left the project and have yet to be replaced
  - Inefficient project coordinator unit (PCU); and
  - Poor coordination with the technical line ministries.

b) Measures underway to accelerate implementation: The government and the task team have taken the following steps.

- The task team has enhanced supervision and hands-on support. Since January 2019, there have been three implementation support missions, and the team has held working sessions dedicated to specific implementation issues. The team has also introduced biweekly update calls to monitor progress of agreed action plan and to help with any bottlenecks.
- The Permanent Secretary, who started in December 2018, is providing more oversight to the PCU. The team has noted that since he has come on-board the performance of the PCU has improved. In addition, a new Climate Change Coordinator has been hired and engineers from within the Department of Infrastructure have been assigned to focus on the activities under the project. It is expected that a Project Manager will be onboard by November 2019.
- The World Bank Country Management Unit is liaising more with the government in order to provide oversight and resolve higher-level issues that are delaying implementation.
- The government has officially requested an extension of the closing date by 30 months from December 31, 2019 to June 30, 2022. The task team is discussing and agreeing with the government on milestones for the project restructuring and extension. Certain milestones would need to be achieved as pre-requisites for the World Bank to consider approving the extension, and some would be included as Legal Covenants in the financing agreements, as part of the restructuring. Depending on the successful achievement of agreed “pre-requisites,” the task team will process a Level-2 Restructuring, including a 23-month extension of the project’s December 15, 2019 closing date.

c) Estimated timeframe within which project will have disbursed  $\geq$  50% of PPCR funds: September 2020.

**14. Centre Artibonite Regional Development Project – Haiti (World Bank):** This project was also flagged under the first criterion (see Paragraph 5).

Table 3 illustrates that three projects representing USD 34 million of program funding have been flagged under the third criterion.

**Table 3: PPCR projects with extended anticipated dates of final disbursement, and less than 50 percent of approved funds disbursed**

| COUNTRY  | PROJECT TITLE   | MDB  | PPCR Funding (USD million) | Cumulative Disb. As of June 30, 2019 (USD million) | Disbursement Ratio | Effectiveness Date | Months Since Effectiveness Date | Initial Anticipated Date of Final Disbursement | Extended Anticipated Date of Final Disbursement | MDB Co-financing (USD million) |
|----------|---|------|----------------------------|--|--------------------|--------------------|---------------------------------|--|---|--------------------------------|
| Cambodia | Climate Proofing of Agricultural Infrastructure and Business-focused Adaptation | ADB  | 9.8                        | 4.6  | 47%                | 11/13/2013         | 69                              | 6/30/2017                                      | 9/30/2020                                       | 55                             |
| Cambodia | Greater Mekong Subregion Southern Economic Corridor Towns Development Project   | ADB  | 9.4                        | 3.5  | 37%                | 4/8/2013           | 76                              | 6/30/2019                                      | 6/30/2021                                       | 38.5                           |
| Samoa    | Enhancing Climate Resilience for West Coast Road Project                        | IBRD | 14.8                       | 6.4  | 44%                | 4/26/2013          | 75                              | 8/31/2018                                      | 12/31/2020                                      | 0                              |

### 15. Climate Proofing of Agricultural Infrastructure and Business-focused Adaptation – Cambodia (ADB)

- a) Reason(s) for delay: The project encountered a start-up delay of approximately two years due to the poor quality of the Project Implementation Consultant (PIC) firm (which was replaced by individual consultants), a minor change in activities, and safeguards issues - long clearance process for resettlement plans and environmental examinations for civil works subprojects (Tasoong, Ansong, and Rumlech irrigation subprojects).
- b) Measures underway to accelerate implementation: ADB confirms that, **as of August 31, 2019, disbursement of PPCR funds reached 52 percent** so this project will no longer be flagged for implementation risk.
- c) Estimated timeframe within which project will have disbursed  $\geq$  50% of PPCR funds: August 31, 2019.

### 16. Greater Mekong Subregion Southern Economic Corridor Towns Development Project – Cambodia (ADB)

- a) Reason(s) for delay: Delays in finalizing detailed engineering designs (DED) and updated safeguards (environment and resettlement) documents caused delays in awarding civil works contracts and construction activities.
- b) Measures underway to accelerate implementation: Updated IEE, EMPs and RPs for all civil works, except CW-10 which is under DED, have now been approved. Time-bound actions were established during review missions in April 2019 and October 2019. ADB's project team holds monthly follow-up meetings and supports the executing agency, General Department of Resettlement, in coordinating all main stakeholders and closely monitoring implementation progress of civil work contracts.
- c) Estimated timeframe within which project will have disbursed  $\geq$  50% of PPCR funds: 2020.

## 17. Enhancing Climate Resilience for West Coast Road Project – Samoa (World Bank)

### a) Reason(s) for delay:

- Client failed to hire local safeguards and procurement specialists, as well as to decide on a procurement strategy for packaging the civil works on a timely basis.
- Works on Lot 1 commenced during October 2018, however, awarding Lot 2 was delayed due to low capacity. Lot 2 was re-advertised with sub-lots (2a, 2b, 2c) to provide greater opportunities for local contractors to qualify. The Land Transport Authority (main counterpart of the project) has failed to produce the bid evaluation report, and the World Bank has recommended to refrain from awarding the works contract until the supervision consultant's contract variation is completed (i.e. the supervision contract time was extended, and the scope was expanded to include the supervision of the rest of the West Coast road upgrading ).

### b) Measures underway to accelerate implementation: On May 2, 2019, the World Bank provided no objections to the bid evaluation report and recommendations for award for the three sub-lots (2a, 2b, and 2c). It has also intensified supervision and support, and engaged in two missions in February and June 2019, with another one planned for early November 2019.

### c) Estimated timeframe within which project will have disbursed ≥ 50% of PPCR funds: Within the next few months.

## MDB cancellation guidelines and criteria

18. During the December 2017 CIF Trust Fund Committees' and Sub-Committees' meetings, members expressed interest in receiving information pertaining to MDBs' potential decisions to cancel projects. Some MDBs have provided the following links to their guidelines.

- [ADB – Project Administration Instructions: Suspension and Cancellation of Loans](#)
- [ADB – Externally Financed Grant Regulations Applicable to Grants Financed from a Trust Fund or Other External Sources and Administered by ADB](#)
- [AfDB – Revised Guidelines on Cancellation of Approved Loans, Grants and Guarantees](#)
- [IBRD - Trust Fund Handbook \(see Section 5.9\)](#)

## 1.2 Fraud and sexual exploitation and abuse

19. At its February 2019 meeting, the PPCR Sub-Committee requested that the MDBs provide to the CIF Administrative Unit information regarding fraud and sexual exploitation and abuse associated with any PPCR projects implemented by them to the extent that such information is provided to their own MDB boards and is subject to any necessary legal/confidentiality arrangements prior to disclosure.

20. In early 2017, a project in Cambodia experienced an incident involving the misuse of USD 200 of PPCR funds. The incident was promptly detected during a field visit to the project and all funds were returned.

21. MDBs issue the following annual reports on fraud and corruption highlighting statistics related to their anti-corruption efforts.

- [ADB – Office of Anti-Corruption and Integrity Annual Report](#)
- [AfDB – Office of Integrity and Anti-Corruption Annual Report](#)
- [EBRD – Integrity and Anti-Corruption Annual Report](#)
- [IDB – Office of Institutional Integrity Annual Report](#)
- [World Bank Group – Integrity Vice Presidency Annual Report](#)

### 1.3 Credit risk

22. At the March 8, 2018 Intersessional Meeting of the Trust Fund Committee of the Strategic Climate Fund (SCF), the committee decided that, “SCF Reflows may be used to finance Administrative Costs and shall be allocated to finance the potential shortfall of grant resources to cover Administrative Costs after they become available in each Program Sub-Account.”

23. Because credit losses can impact the availability of these reflows to finance administrative costs, it is important to assess the credit risk associated with each SCF program’s loan portfolio. Table 4 illustrates that the expected losses associated with PPCR’s public and private sector loan portfolios total USD 71 million and the credit risk associated with the program is therefore **High**.

**Table 4: PPCR public and private sector credit risk exposure summary based on loan commitments**

| Committed Loan Portfolio Credit Risk Exposure (as of 9/30/2019) |                       |  |  |   |                                 |  |  |   |  |
|---|-----------------------|--|--|---|---------------------------------|--|--|---|--|
| Sector  | Portfolio Risk Rating | Total Committed Loans (MM USD equivalent) <sup>1</sup> | Estimated Probability of Default (PD) <sup>7</sup> | Estimated Loss Given Default (LGD) <sup>6</sup> | Expected Loss Rate <sup>3</sup> | Expected Losses (MM USD equivalent) <sup>2</sup> | Total Loan Principal in Default <sup>5</sup> (MM USD equivalent) | # of Loans Experiencing Payment Default | Loan Principal in Default vs. Total Loan Amount Originated |
| Public  | B- <sup>8</sup>       | 307.6  | 29.3%  | 59.8%   | 17.5%                           | 54.0   | 0.0  | 0.0                                     | 0.0%   |
| Private   | CCC <sup>7,4</sup>    | 51.3   | 55.1%  | 60.3%   | 33.2%                           | 17.0   | 0.0  | 0.0                                     | 0.0%   |

1. Committed loan amounts are provided by the Trustee.

2. Expected losses are in addition to total loan principal reported to be in default.

3. Expected Loss Rate = PD x LGD, and does not take into account any correlations between the performance of loans within the portfolio.

4. Methodologies used to calculate credit ratings and PDs may differ amongst MDBs, as well as between a given MDB and external rating agencies.

5. Derived based on the mapping of the portfolio's Estimated PD to the corresponding rating agency credit rating as published in Moody's Annual Default Study: Defaults will rise modestly in 2019 amid higher volatility.

6. LGDs are based on the Portfolio Risk Rating's mapping to the LGD associated with Moody's credit rating equivalent as published in Moody's Annual Default Study: Defaults will rise modestly in 2019 amid higher volatility (i.e. LGD = 1 - Average Sr. Unsecured Bond Recovery Rate from the period of 1983-2018).

7. Based on internal credit ratings or PDs assigned to their respective private sector PPCR loans by reporting MDBs (EBRD, IDB and IFC), weighted by loan amount. The resulting credit rating for the combined portfolio of private sector CTF loans administered by these three MDBs is then applied to the entire portfolio of private sector CTF loans.

8. Based on weighted average PD (weighted by loan amount) associated with the external rating agency credit rating assigned to each recipient (in the case of split ratings, the PD associated with the lowest of Fitch, Moody's and S&P ratings is used) as of September 30, 2019. 5-year Average Cumulative Issuer-Weighted Global Default Rates from the period of 1983-2018 as published in Moody's Annual Default Study: Defaults will rise modestly in 2019 amid higher volatility are used.