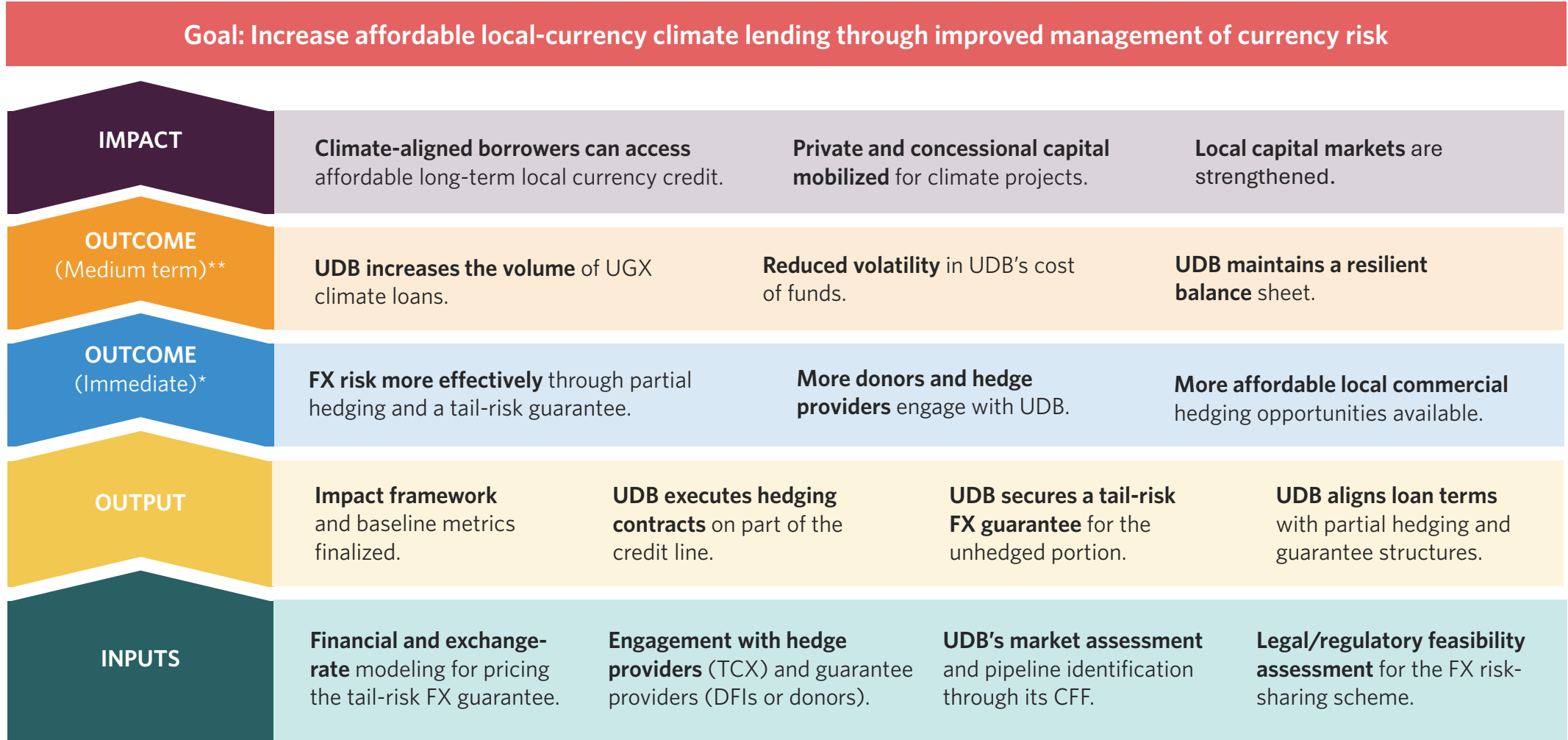
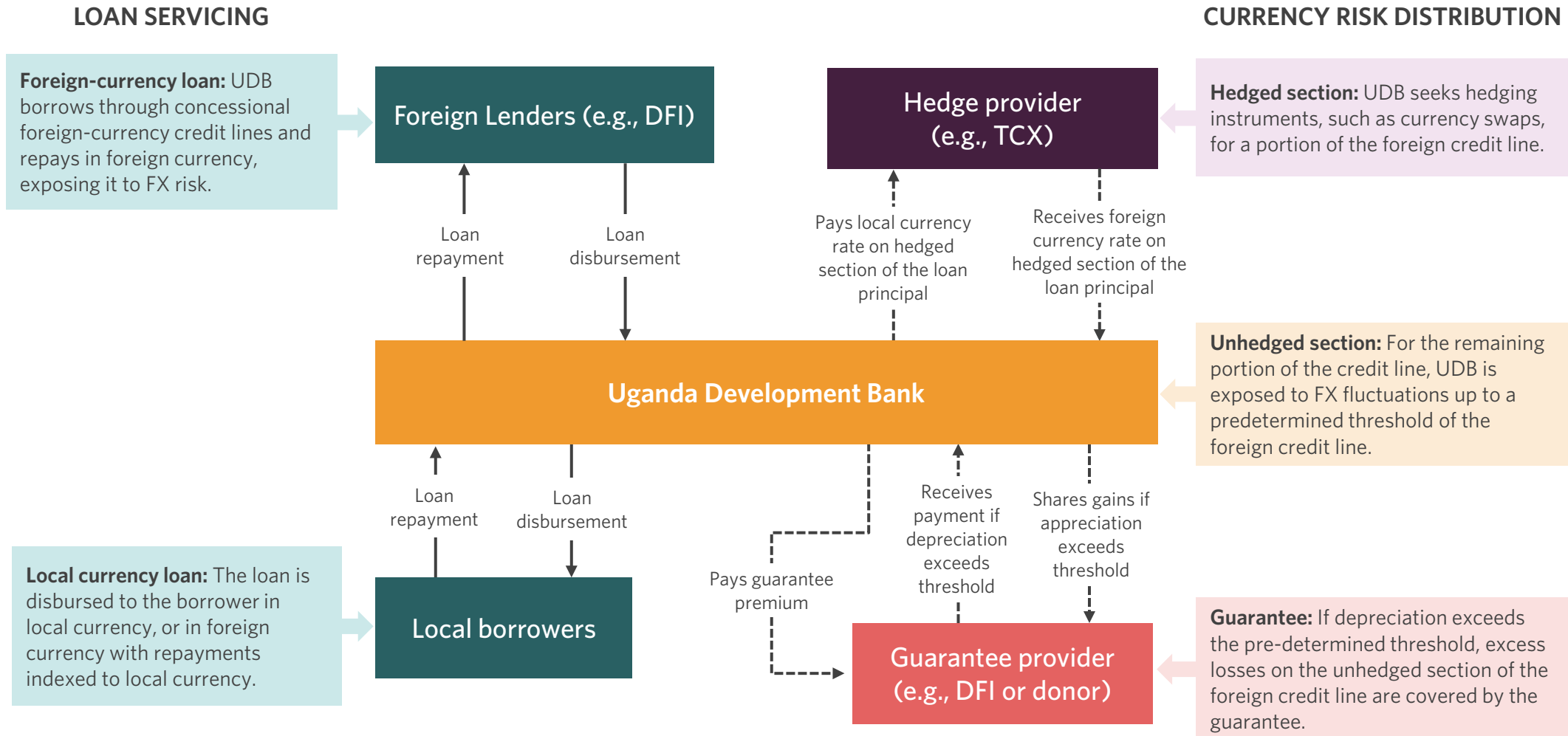


Theory of Change



*within three-five years
**post 5 years

Currency Risk-Sharing Facility – visual representation



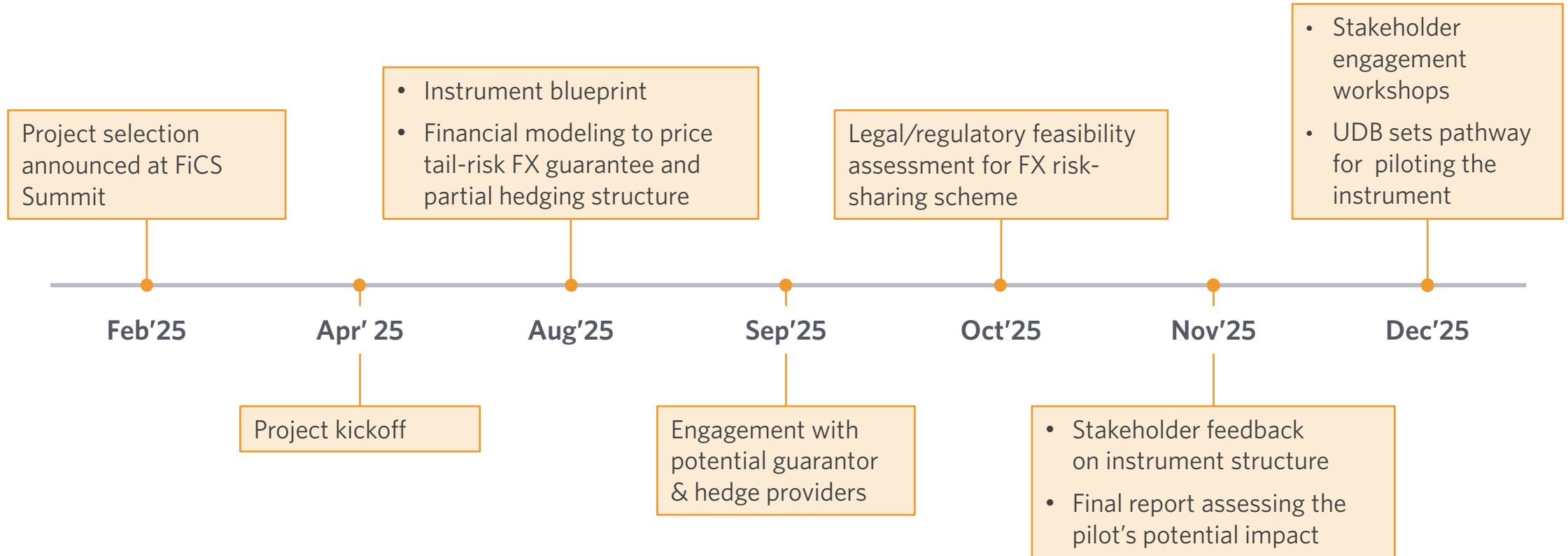
Stakeholders and Roles

Stakeholder	Core Role	Key Contributions
	<p>PDB leading the initiative</p>	<ul style="list-style-type: none"> • Instrument proponent • Portfolio and operational data • Identification of eligible climate project pipeline • Legal assessment review
	<p>Strategic support & project coordination</p>	<ul style="list-style-type: none"> • Operational Secretariat • Technical analysis and validation of deliverables • Instrument presentation and engagement materials • Stakeholder interface and outreach
	<p>Technical assistance design and delivery</p>	<ul style="list-style-type: none"> • FX risk modelling and scenario testing • Legal and regulatory assessment • Guarantee pricing model • Guarantee Methodology

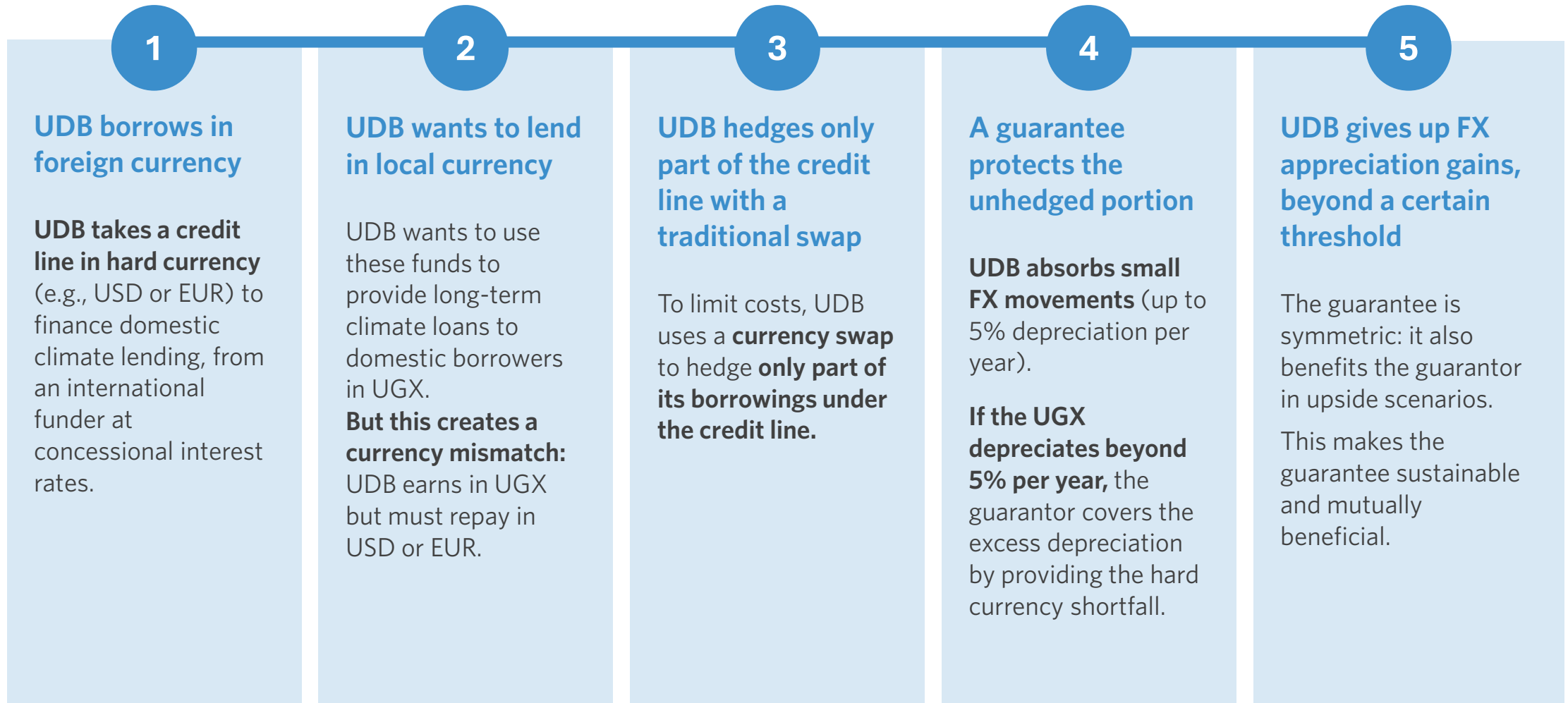
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Pilot Phase: Instrument Development Process

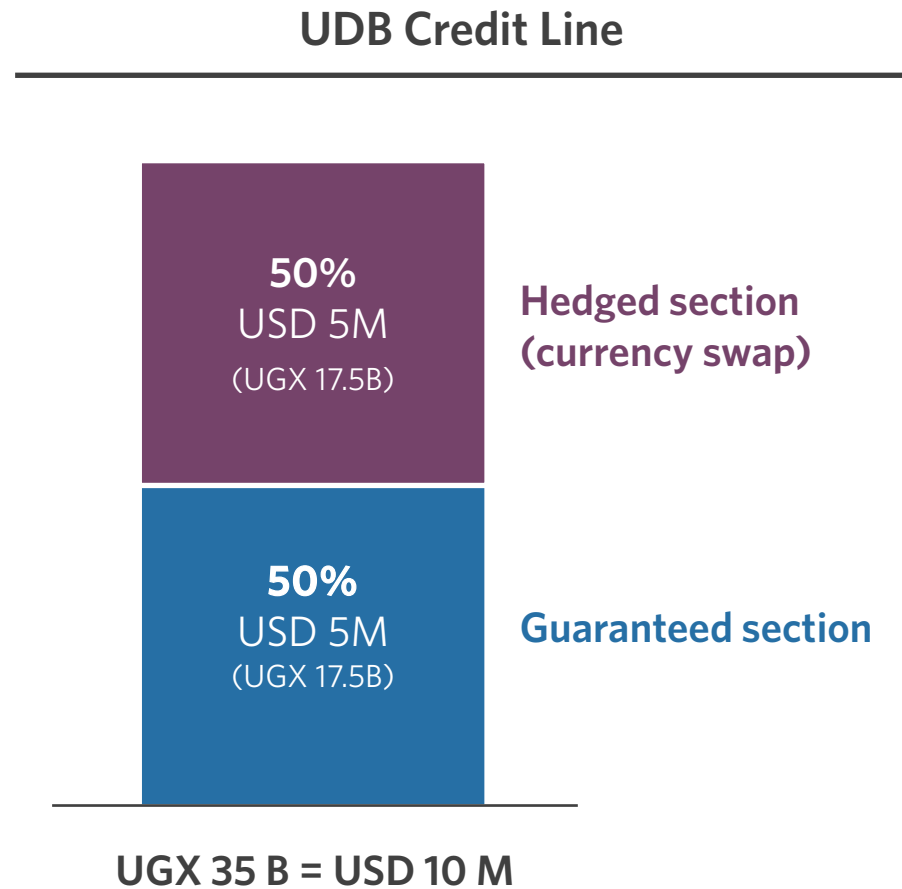


Currency Risk-Sharing Facility



Note: the credit line refers to the hard currency loan provided to UDB by a development partner (e.g., AFD). This does not refer to the downstream loans issued by UDB to local borrowers.

Scenario 3: Currency Risk-Sharing Facility (1/2)



Month

3 6 9 12 15 18 21 24

Phase 1: Setup and institutionalization

Establish the Currency Risk-Sharing Facility within UDB

Define governance, operational processes, and implementation arrangements

Finalize instrument design and prepare for pilot activation

Phase 2: Pilot activation and implementation

Activate the instrument and begin pilot operations

Phase 3: Monitoring and learning

Collect baseline data on interest rates, loan volumes, and FX exposure

Monitor pilot performance and refine the model as needed

Prepare an interim performance report

Phase 4: Final evaluation and scale-up

Prepare a final report and develop a scaling roadmap for other sectors and EMDEs

Provide recommendations for a dedicated FX guarantee fund

