

PROJECT IMPLEMENTATION REPORT (PIR) FY 2021

GEF - IDB

IMPORTANT: The reporting period is GEF Fiscal Year (July 1st, 2020 to June 30th, 2021)

of PIR: 5th

PROJECT GENERAL INFORMATION

Project Name:	Sustainable Energy Facility (SEF) for the Eastern Caribbean		
Project's GEF ID:	5312	Project's IDB ID:	RG-G1004
Project financial information:	Date of First Disbursement	12/27/2017	
	Total disbursements of GEF Grant resources as of end of June 30 th , 2021 (cumulative)	US\$ 1,855,705.99	
Project dates:	Agency Approval Date	10/13/2015	
	Effectiveness (Start) Date	10/20/2015	
	Original Last Disbursement Expiration Date ¹ (OED)	10/20/2020	
	Current OED	10/20/2022	
	Estimated Operational Close Date ² (EOC)	01/18/2023	
	Actual Date of EOC, if applicable	N/A	
Project evaluation:	Mid-term Date	10/02/2020	
	Terminal evaluation Date (Expected)	04/30/2024	

¹ For the GEF, this is equivalent to the project's "Expected Completion Date".

² For the GEF, this is equivalent to the project's "Expected Financial Closure Date".

DEVELOPMENT OBJECTIVE RATING (DO) & ASSESSMENT

Make an overall assessment and provide a rating³ of “likelihood of achieving project objective” during the period (2020-2021). Describe any significant environmental or other changes attributable to project implementation.

OVERALL (DO) ASSESSMENT					RATING
<p>The objective of the SEF-Programme is to address the financial and capacity barriers which geothermal energy encounters in the five Eastern Caribbean Countries (EECC): Dominica (DOM), Grenada (GRE), Saint Kitts & Nevis (SKN), Saint Lucia (SLU), and Saint Vincent & Grenadines (SVG). The Caribbean Development Bank (CDB) acts as borrower, beneficiary, executing agency, and co-financier.</p> <p>The SEF-Programme was approved in two tranches. The first, referred to as “SEF-2015”⁴, was approved on 13th October, 2015, bringing together the funds from the IDB, CDB, GEF and CTF. The second tranche, referred to as “SEF-Expanded”⁵ and bringing together funds from the GCF⁶ and the Republic of Italy, was approved by the Board of Executive Directors of the IDB on the 12th of December, 2018. Also, since 2016, the Programme has benefitted from additional US\$16 million co-financing from the CDB to further support energy efficiency sub-projects, plus attracting US\$47.30 million of parallel financing from the European Union, DFID, and the Abu Dhabi Fund for Development. By the end of the 2020, the SEF Programme accounted for a total US\$220.8 million, including co-financing and parallel financing.</p>					S
<p><i>Table 1: Funds of the SEF Programme organized by source and type of financial instrument.</i></p>					
		US\$ million			
SEF FUNDS per FIN.INSTRUMENT		TOTAL	LOAN	CRG ⁷	GRANT
SEF PROGRAMME	TOTAL SEF	\$ 220.86	\$ 123.30	\$ 35.05	\$ 62.50
	TOTAL SEF (w/o parallel fin.)	\$ 173.56	\$ 123.30	\$ 35.05	\$ 15.20
	TOTAL	\$ 87.94	\$ 63.30	\$ 19.05	\$ 5.58
	SEF-2015	IDB	\$ 20.50	\$ 20.00	\$ -
		CTF	\$ 19.05	\$ -	\$ 19.05
		GEF	\$ 3.01	\$ -	\$ 3.01
		CDB	\$ 45.37	\$ 43.30	\$ -
		TOTAL	\$ 85.62	\$ 60.00	\$ 16.00
	SEF-Expanded	GCF	\$ 80.00	\$ 60.00	\$ 16.00
		REI	\$ 5.62	\$ -	\$ -
		TOTAL	\$ 47.30	\$ -	\$ -
	Parallel Financing	EU	\$ 14.00	\$ -	\$ -
		DFID	\$ 18.30	\$ -	\$ -
		Abu Dhabi	\$ 15.00	\$ -	\$ -

³ See Annex 1: Definition of Ratings.

⁴ IDB project codes: RG-L1071, RG-G1009, RG-G1004

⁵ “Sustainable Energy Facility for the Eastern Caribbean Expanded”, IDB project codes RG-L1112, RG-G1013, and RG-T3603

⁶ IDB: Inter-American Development bank, CDB: Caribbean Development Bank, CTF: Clean Technology Fund, GEF: Global Environment Facility; GCF: Green Climate Fund, REI: Republic of Italy

⁷ Contingent Recovery Grant

The progress of all projects under the SEF Program has been, and continues to be, affected by the ongoing impacts of the Covid-19 pandemic, which has caused delays in the implementation of technical assistances and in the appraisal process of sub-projects. By the June 2021, the SEF Programme has spent a total US\$48 million, or 20% of its total amount. Out of it, the “SEF-2015” has used 39% of its funds, or US\$34.4million, while the “SEF-Expanded” had not started activities yet.

Regarding the GEF contribution, by June 2021, the CDB has approved sub-projects accounting for US\$2.3 million to be financed by GEF funds (83% of total funds, US\$3 million). Of these resources, approximately 81% have been spent at the end of 2021.

A mid-term evaluation of the project was conducted during 2020, which made the following recommendation:

“Given the energy sector, and the context in the Eastern Caribbean, investments in GE requires a significant amount of time to achieve results. In this sense, and considering the delays incurred in the first half of the SEF, it is recommended to request a 24-months no-cost extension for the GEF funding and an extension of the Facility implementation period as a whole as well, so that it can truly build with the countries, on the outcomes of this proposed GEF strategic technical assistance in the medium term, including through its potential leveraging effect on the recently committed GCF support”.

Based on this, a no-cost extension of the implementation period of the GEF Grant Agreement of twenty-four months, to October 20, 2022, was agreed. This is to ensure that there is adequate time to fully utilize the remaining resources towards the achievement of the fund and programme objectives and to allow the GEF resources to enable the more effective use of the other programme and counterpart resources, including the newly mobilized funds of the SEF-Expanded phase of the programme.

So far, the project has avoided 2.3 ktCO₂e/year out of the 50.4 targeted at the end of the project. This figure will dramatically increase when the solar PV system in Antigua comes online, and even more significantly so when geothermal power plants are built.

IMPLEMENTATION PROGRESS RATING (IP) & ASSESSMENT

Make an assessment and provide ratings⁸ of overall Implementation Progress, including information on progress, challenges and outcomes on project implementation activities from July 1st 2020 until June 30th, 2021. As applicable, please include information on issues and solutions related to COVID-19

OVERALL (IP) ASSESSMENT	RATING
For the period 2020-2021, the implementation progress of the SEF Programme was rated as Satisfactory (S), considering the following reasons:	S

⁸ See Annex 1: Definition of Ratings.

By June 2021, the CDB had 91 sub-projects in the portfolio of the SEF Programme, having already approved 28 of them. These latter account for an amount of US\$60.24 million, out of which US\$48.3 million had already been expended by the end of 2020. The SEF-Programme has made special progress in financing activities related with geothermal energy developments, which account for 61% of current expended amount.

The Key progress of the SEF Programme by June 2021 is:

- Drilling of three production wells for a Geothermal Plant in Saint Vincent, with satisfactory temperature but inadequate permeability to pursue conventional geothermal development. Alternative approaches to extract the heat are under consideration.
- Environmental and Social Impact Assessment for an upcoming drilling campaign in Nevis. The campaign is expected to begin during 1Q2022.
- Environmental and Social Impact Assessment for the construction of a Geothermal Power plant in Dominica. The construction of the plant is expected to take place in 2022 and will be financed by the SEF Programme.
- Rehabilitation and upgrade of the transmission line of Dominica connecting the geothermal field of Rousseau Valley, which was destroyed by Hurricane Maria in 2017.
- Rehabilitation of 13,612 LED streetlights in Antigua and Barbuda, 2,688 in Saint Kitts and Nevis, and preparation of energy efficient investments for public buildings in Dominica, Grenada, Saint Vincent.
- Celebration of 19 trainings, workshops and capacity building activities.

Regarding the contribution from the GEF, the executing agency (CDB) has approved sub-projects for a total of US\$2,300,000 and reported actual expenditures year-to-date of US\$1,554,318 (67.5%).

To-date, all the GEF allocated resources for Grenada and Antigua and Barbuda have been committed to approved projects. The allocated resources for St. Vincent were also mostly committed, however, due to the outcome of the SVG GE drilling campaign these resources are in the process of being re-programmed.

The GEF funds have financed until the reporting date the following activities:

- *Solar systems in selected schools and clinics in Antigua and Barbuda,*
 - Year Approved: 2017
 - Amount: 1,080,0000
 - Spent by June 2021: US\$819,978
 - There were implementation delays during 2019 due to challenges faced in the completion of the ESIA and ESMP to meet CDB's standards, however, designs were completed in the first half of 2020 and implementation beginning in late 2020. Delays were also experienced due

to the impacts of Covid-19. However, the project is projected to be complete by the end of 2021.

- *Advisory services for a Community Liaison Officer and a GE Sub-Project Coordinator in Grenada*
 - Year approved: 2017 & 2020 (additional grant)
 - Amount: US\$231,630 & US\$273,000
 - Spent by June 2021: US\$231,630 & US\$143,402
 - TA is being pursued using GEF resources to support the positions of Consultant PC, and Consultant CLO. An additional grant was approved in 2020 to extend the contract of service for these positions to account for delays and provided continued support through to the end of the exploratory drilling campaign.
- *Development of an environmental and social impact assessment (ESIA) in Grenada*
 - Year approved: 2017
 - Amount: US\$340,000
 - Spent by June 2021: US\$183,123
 - ESIA for Test drilling phase. The ESIA has been delayed due to a change to the location of one of the well-pads requiring a variation of the scope, as well as issues raised by a stakeholder during the scoping consultation, resulting in the need for additional hydrological studies to also be included in the scope. Additional funding has been approved from other sources within SEF to support this. The ESIA activities will re-commence during Q3 2021.
- *Community Liaison Officer Consultancy in Saint Vincent*
 - Year approved 2016
 - Amount: US\$160,000
 - Spent by June 2021: US\$126,186
 - Due to the SVG wells not having suitable permeability to proceed with GE development as intended. This remaining budget under this activity was cancelled. These funds will be re-programmed based on the next steps identified for the project.
- *Advisory Services to support Saint Vincent Geothermal drilling campaign*
 - Approved: 2018
 - Amount: US\$430,000
 - Spent by June 2020: US\$0
 - Intended to the follow-on phases of the ESIA (for plant and infrastructure development), as well as continuation/extension of the CLO consultant contract during this period. Due to the SVG wells not having suitable permeability to proceed with GE development as intended. This remaining budget under this activity was cancelled. These

funds will be re-programmed based on the next steps identified for the project.

- *Mid Term Evaluation Report*
 - Approved: 2020
 - Amount: US\$60,000
 - Spent by June 2020: US\$50,000
 - The report was delivered in 3Q2020. The unspent portion was intended for travel. However, no travel was possible due to Covid-19. As such, the remaining budget will be cancelled and reallocated.

RISK RATING & ASSESSMENT

Make any adjustments necessary to the assessment ratings⁹ of overall Project Risk¹⁰ that you provided in the last PIR (2020-2021). Please include details and remedial measures for High and Substantial Risks, specifying who will be responsible for these measures.

OVERALL RATING FOR PROJECT RISK				RATING
Overall, the project risk during the period 2020-2021 remains rated as: Moderate (M). Please find details in the table below:				M
TYPE OF RISK	RISK	RISK CLASSIFICATION (HIGH, MEDIUM OR LOW)	RISK STATUS JUNE 2021	
Development Risk	Exploratory risk perceived by investors can deter investments in GE or increase the cost of capital for GE projects to levels that make projects and/or power generation cost reductions unfeasible	6 (High)	Use of CRG to fund exploratory drilling, to reduce the risk to project developers. The use of grants to support governments in pre-investment phase. By June 2021, the project has lent US\$19 million in contingent recovery grant for Saint Vincent and attracted the interest of developers in Nevis and Dominica thanks to this mechanism. The CDB, as executing unit, oversees these sub-projects.	
Monitoring and Accountability Risk	Duplication of efforts due to multiple actors in the region	2 (Low)		

⁹ See Annex 1: Definition of Ratings.

¹⁰ These should include risks identified at CEO Endorsement AND any new risks identified during implementation.

Macroeconomic and Financial Sustainability Risk, and Development Risk	Decreased commitment from potential beneficiaries to promote SE due to recent decrease in oil prices.	2 (Low)		
Development Risk, Macroeconomic and Financial Sustainability Risk	Inadequate access to RE development sites.	2 (low)		
Macroeconomic and Financial Sustainability Risk	Pass through or on-lending mechanism does not maintain the concessionally to beneficiaries required to ensure uptake of geothermal projects and achieve reductions in the cost of electricity for customers	2 (Low)		
Fiduciary Risk	Insufficient capacity of the CDB for implementing and managing the SEF, particularly for lending to private sector	6 (High)	The CDB has implemented the project in a satisfactory manner, providing annual reports on its financial statements and lending US\$18 million in loans. Th CDB has had access to multiple capacity building activities.	
Public Management and Governance	Insufficient local geothermal and other technical expertise to accompany the pace of development of geothermal projects through PPPs	2 (Low)		
Environmental and Social Sustainability Risk	Adverse environmental or social impacts related to geothermal projects	6 (High)	All projects to be financed by the SEF, have developed complete ESIAs and detailed consultation activities, following IFC International Standards for Category A projects. By June 2021 ESIAs have been supported for Saint Vincent, Grenada, Dominica and Nevis. The IDB and the CDB are in charge of contracting these services.	

GENDER

Please add information on any progress, challenges and outcomes with regards to any and all gender-responsive measures that were undertaken in the project's activities during the 2020-2021 GEF Fiscal Year. Also: Were indicators on gender equality and women's empowerment incorporated in the project's results framework? (Yes/No). If applicable, include the indicator with its baseline, target and current value (2020-2021).

Gender consideration is a requirement from both IDB and the CDB, the executing agency, and therefore considered in all SEF sub-projects.

The project was designed with two gender-related outcome indicators:

- Indicator 1: Percentage of women who participate in consultations, with the objective of reaching and average 35% by the end of the project. So far, the project has an average of 43.8%.
- Indicator 2: % of women trained in construction, operation and/or maintained of the geothermal plant, with the objective of reaching 30% by the end of the project. So far, the project has an average of 53%.

More in detail, these have been the activities reporting gender-related measures:

- Grenada: ESIA's consultation process and focus groups with communities affected directly by exploratory activities: 52 women out of 126 people (41%); The ESIA and the Community Liaison work explicitly assesses baselines on laws regarding women land property rights, and potential jobs creation for women as a result of the project. These issues were also brought into the conversations with the Government representatives to raise awareness on gender matters.
- Saint Vincent, ESIA's Consultation activities with government stakeholders, NGOs and local community: 681 people interviews formally and informally, out of which 282 were women (41%); and Engagement activities with local community (schools and fishing association): 210 people, of which 112 women (53%)
- Training and workshops carried out by CDB at regional level. The CDB organized four workshops and capacity building activities at regional level between 2017 and 2019 regarding geothermal developments. In these activities, 80 people participated, of which 34 were women (42.5%)

Due to ongoing delays with project implementation, stakeholder engagement has been limited. In addition, restrictions on public gatherings and in-person interaction in the countries due to Covid-19 has further limited the ability for more active engagement. Nevertheless, virtual means have been utilized where possible to facilitate continued engagement and communication.

STAKEHOLDER ENGAGEMENT

Please add information on any progress, challenges and outcomes with regards to stakeholder engagement, based on the project's activities during its implementation through the 2020-2021 GEF Fiscal Year. As applicable, please include information on issues and solutions related to COVID-19.

The IDB and the CDB, the executing agency, hold weekly meetings to follow up on the progress of the project. Also, the governments of Grenada, Saint Kitts and Nevis, and public officials from the 5 Eastern Caribbean countries have been involved in trainings and meetings for a better understanding of the opportunities of geothermal energy, its contractual particularities and technological characteristics.

In addition, considering that GE development can have significant impacts on the natural and human environment. Stakeholder awareness, engagement, and buy-in are critical to the success of these projects. Based on the current activities being pursued under CDB supported GE projects in the Eastern Caribbean and given the strong need for building awareness among the citizenry, it is now considered critical that efforts be made to significantly increase public awareness about GE development. This will also reduce the risk of potential negative perceptions by the citizenry about GE and thereby further enhance national and regional buy-in for GE development. CDB is currently in the process of approving funding from other SEF resources to support the OECS with a capacity strengthening programme for Eastern Caribbean countries which includes the engagement of a Public Information and Communication Consultant (PICC) firm.

The overall objectives of the consultancy are to design, implement and monitor a public relations and communications programme that:

- Effectively delivers factual and persuasive messaging across all relevant media about the GE project within a particular BMC.
- Deliver factual information on regional GE development including the role of CDB and regional institutions (OECS, CCREEE, Geothermal Centre of Excellence) in financing and building capacity in the region
- General information on GE development, drawing on international examples, and including power generation and direct use applications of GE

It is expected that this assignment will begin by Q12022.

KNOWLEDGE

Please add information on knowledge activities and products developed in relation to the project (with GEF or non-GEF resources), with special emphasis on activities carried out during the 2020-2021 GEF Fiscal Year. As applicable, please include information on issues and solutions related to COVID-19.

The project has carried out since 2016, ten capacity building activities. In 2016, the GEF financing supported the training of a community liaison officer in Saint Vincent, to accompany the activities of drilling. The CDB and the IDB have been providing grant financing to train public officials of the five eastern Caribbean countries on the functioning of geothermal energy, on the development of technical bidding documents, and on the legal and regulatory frameworks to be considered.

See video: <https://app.box.com/s/8iyoagf8t9fu93jf0sliwsm598lf5v43>

GE development is a complex undertaking requiring specific risks be addressed at each stage of the project cycle, such as those associated with the financial, technical, environmental and social aspects. As demonstrated internationally, a leadership role by the government is critical. However, given the special nature of GE projects, Governments need assistance to fulfil this leadership role. In this regard, there is a need to have in place the appropriate human and institutional capacities to facilitate, coordinate, and manage the efforts and communicate these to stakeholders and the wider public.

As such, CDB is in the process of approving funding from other SEF resources to support the OECS with a capacity strengthening programme for Eastern Caribbean countries. In seeking to fulfil its role as the thematic hub for geothermal development, the OECS developed a GE capacity strengthening programme called GEOBUILD through which it intends to provide a range of regional level capacity strengthening interventions to support effective implementation of GE projects. These include inter alia, providing the governments with critical backstopping GE expert technical advice, supporting training of various persons in geoscience (and other technical areas), supporting GE project development, and providing public information and awareness in relation to GE development. This will be done via six regional level consultancies, viz:

- (a) GE Public Information and Communications (PICC).
- (b) GE Regional Capacity Advisor (RCA).
- (c) GE Regional Legal and Transactional Advisory (LTA).
- (d) GE Regional Environmental and Social Advisory (ESA).
- (e) GE Regional Engineering and Technical Advisor (RETA); and
- (f) GE Economic Advisor (EA).

Further, it is deemed critical that even as advisory support is provided to the government ministries and agencies, that these institutions also build their own internal skills to better fulfil these roles going forward.

These institutional and individual capacity strengthening objectives will be achieved through the following means: (a) consultants providing expert advice (on-call, through studies and analyses, etc.) to backstop government ministries and agencies in addressing matters related to the GE project/development; (b) training of relevant actors in the institutions (including the OECS); (c) hosting or facilitating attendance at various training workshops and programmes to provide specific skills transfers to various representatives of

government (and the OECSC); and (d) participation by selected persons in established courses offered by international training institutes.

In order to ensure that a strategic approach is adopted in establishing the capacity needs and ensuring that the appropriate training solutions are developed and implemented, a GE capacity strengthening expert will be engaged to support the OECSC. Also, the capacity of the OECSC will be strengthened to effectively procure and manage the consultancies, and to generally deliver on the programme. In this regard, a GEOBUILD Project Management Unit (PMU) will be established consisting of a project coordinator (PC), procurement specialist (PS), and project assistant (PA). The consultants will report to the PC. The PC with support from the PA will secure requests from countries and coordinate the work of the consultants in responding to the countries.

It is expected that this program will commence in Q12022.

PROJECT MODIFICATIONS

Please report any significant modifications made to the project design since July 1st, 2020. (The basis for comparison is the Project Results Framework Matrix included in the original Request for CEO Endorsement Document.) This should be based on the Project Results Framework Matrix included in the original Request for CEO Endorsement Document.

CHANGE MADE TO	YES/NO	DESCRIPTION OF CHANGE AND EXPLANATION
Objective	No	
Outcome	No	
Output/Activities	No	
Other	No	Extension of 24 months. In line with the recommendations made in the mid-term evaluation report, the project was extended to make use of GEF funds in the context of the SEF Expanded.

Has the project been granted any extension or other modification covered by the OA-420 from July 1st, 2020, until June 30th, 2021? If yes, please explain below. As applicable, please include information on issues and solutions related to COVID-19

Yes. A mid-term evaluation of the project was conducted during 2020, which made the following recommendation:

“Given the energy sector, and the context in the Eastern Caribbean, investments in GE requires a significant amount of time to achieve results. In this sense, and considering the delays incurred in the first half of the SEF,

it is recommended to request a 24-months no-cost extension for the GEF funding and an extension of the Facility implementation period as a whole as well, so that it can truly build with the countries, on the outcomes of this proposed GEF strategic technical assistance in the medium term, including through its potential leveraging effect on the recently committed GCF support”.

Based on this, a no-cost extension of the implementation period of the GEF Grant Agreement of twenty-four months, to October 20, 2022, was agreed. This is to ensure that there is adequate time to fully utilize the remaining resources towards the achievement of the fund and programme objectives and to allow the GEF resources to enable the more effective use of the other programme and counterpart resources, including the newly mobilized funds of the SEF-Expanded phase of the programme.

LESSONS LEARNED / BEST PRACTICES

*If the project generated any lessons learned or best practices during the 2020-2021 GEF Fiscal Year, please provide a short description. **As applicable, please include information on issues and solutions related to COVID-19.***

TOPIC/THEME	LESSONS
Design	The existence of a regional initiative facilitates the attraction of international funds to facilitate the development of geothermal plants in small and isolated countries, creating a call effect and providing confidence.
Environmental and Social	A correct socio-environmental management and the involvement of the local population is essential to avoid delays in the implementation of the project
Executing Unit	Having a regional executor is key to finding synergies between the islands, achieving more efficient institutional training activities, and dynamizing the demand for geothermal development

ANNEX 1. DEFINITION OF RATINGS

Development Objective Ratings

1. **Highly Satisfactory (HS):** Project is expected to achieve or exceed **all** its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.
2. **Satisfactory (S):** Project is expected to achieve **most** of its major global environmental objectives, and yield satisfactory global environmental benefits, with only minor shortcomings.
3. **Marginally Satisfactory (MS):** Project is expected to achieve **most** of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project is expected not to achieve **some** of its major global environmental objectives or yield some of the expected global environment benefits.
4. **Marginally Unsatisfactory (MU):** Project is expected to achieve **some** of its major global environmental objectives with major shortcomings or is expected to achieve only **some** of its major global environmental objectives.
5. **Unsatisfactory (U):** Project is expected **not** to achieve **most** of its major global environment objectives or to yield any satisfactory global environmental benefits.
6. **Highly Unsatisfactory (HU):** The project has failed to achieve, and is not expected to achieve, **any** of its major global environment objectives with no worthwhile benefits.

Implementation Progress Ratings

1. **Highly Satisfactory (HS):** Implementation of **all** components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.
2. **Satisfactory (S):** Implementation of **most** components is in substantial compliance with the original/formally revised plan except for only a few that are subject to remedial action.
3. **Marginally Satisfactory (MS):** Implementation of **some** components is in substantial compliance with the original/formally revised plan with **some** components requiring remedial action.
4. **Marginally Unsatisfactory (MU):** Implementation of **some** components is not in substantial compliance with the original/formally revised plan with **most** components requiring remedial action.
5. **Unsatisfactory (U):** Implementation of **most** components is not in substantial compliance with the original/formally revised plan.
6. **Highly Unsatisfactory (HU):** Implementation of **none** of the components is in substantial compliance with the original/formally revised plan.

Risk ratings

Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risks of projects should be rated on the following scale:

1. **High Risk (H):** There is a probability of greater than 75% those assumptions may fail to hold or materialize, and/or the project may face high risks.

2. **Substantial Risk (S):** There is a probability of between 51% and 75% those assumptions may fail to hold and/or the project may face substantial risks.
3. **Modest Risk (M):** There is a probability of between 26% and 50% those assumptions may fail to hold or materialize, and/ or the project may face only modest risks.
4. **Low Risk (L):** There is a probability of up to 25% those assumptions may fail to hold or materialize, and/ or the project may face only modest risks.