Climate Investment Funds

CTF/TFC.22/5
December 21, 2018

Meeting of the CTF Trust Fund Committee
Ouarzazate, Morocco
Thursday, January 31, 2019

Agenda 5

CTF Risk Report

1 Introduction

1. This report provides an update on assessments of the more significant risk exposures facing CTF. Data as of June 30, 2018, was used to flag projects for implementation risk, with certain projects using more updated information, as indicated in the report. Also, the severity thresholds for assessing implementation risk were broadened in this report to reflect, more accurately, the nature of this risk. Information as of September 30, 2018 was used to assess the other risks.

2. The following matrix summarizes CTF's key risk exposures.

Summary Risk Matrix as of September 30, 2018			
Risk	**Likelihood**	**Severity**	**Risk Score**
Implementation Risk	Very Likely	Moderate	High
Currency Risk	Very Likely	Moderate	High
Credit Risk	Likely	Moderate	High

3. Implementation risk for CTF remains **High** as 8 projects representing USD 485 million of approved funding have been flagged for this risk.

4. Currency risk for CTF is **High.** The GBP depreciated against the USD by 7 percent during the period March 31 to September 30, 2018, causing the unrealized decline in the value of CTF's uncashed promissory notes to increase to USD 118 million from USD 66 million.

5. Credit risk for CTF is **High** as losses associated with the loan portfolio are expected to approach 6 percent. As of September 30, 2018, four loans were experiencing payment defaults (three representing EUR 22 million and one representing USD 12 million).

6. In July 2018, an initial draft Risk Appetite Statement for CTF was circulated to the CTF Trust Fund Committee. The final draft incorporating Committee comments will be circulated for approval in December 2018.

2 Assessment of key risk exposures[1]

7. For CTF, the definition of risk is any threat to the achievement of CTF's objectives. This definition, along with the definition of CTF's objectives, establishes the context for appraising the CTF's risk exposures.

2.1 Implementation risk

8. Implementation risk is the risk that a project, once effective, is not implemented in a timely manner. The CIF Administrative Unit flags a project for implementation risk if the project meets at least one of the following two criteria.

- The project has been effective for 36 months but has disbursed less than 20 percent of approved funds.
- The project is within 15 months of the date by which all CTF funds are to be disbursed but has disbursed less than 50 percent of approved funds.

9. The MDBs provide this information semi-annually, and the most recent information available is as of June 30, 2018.

10. CTF's risk score for implementation risk remains **High** as eight projects representing USD 485 million of approved funding have been flagged for this risk.

11. Table 1 illustrates that seven projects representing USD 285 million of MDB-approved funding have been flagged under the first criterion (vs. seven projects totaling USD 567 million as of December 31, 2017). Four projects flagged in 2017 remain on the 2018 list and are highlighted in orange. The other three projects no longer fall under this criterion: *One Wind Energy Program – Morocco* (USD 125 million) increased disbursements substantially to over 40 percent of MDB-approved funding, *Eskom Renewable Energy Project CSP – South Africa* (USD 250 million) was replaced with a battery storage project, and *Geothermal Financing and Risk Transfer Facility – Mexico* (USD 54 million) was restructured so its effectiveness date was reset.

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[1] 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 risk), 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.

Table 1. CTF public sector projects effective for 36 months with less than 20 percent of approved funds disbursed (USD millions)

Project Title	Country	MDB	Funding Approved by MDB	Cumulative Disbursement (as of June 30, 2018)	Disbursement ratio (as of June 30, 2018)	Effectiveness Date	Months Since effectiveness date	MDB Co-financing (USD millions)
Market Transformation through Introduction of Energy Efficient Electric Vehicles Project	Philippines	ADB	13.1	0.2	2%	12/13/2013	55	300.0
Second Urban Infrastructure Project (UIP-2)	Ukraine	IBRD	50.0	5.2	10%	11/21/2014	44	300.0
District Heating Energy Efficiency Project	Ukraine	IBRD	50.0	2.9	6%	11/24/2014	44	332.0
Cebu Bus Rapid Transit Project	Philippines	IBRD	25.0	-	0%	12/3/2014	44	116.0
Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project	Vietnam	ADB	49.0	0.3	1%	4/1/2015	40	10.0
Second Power Transmission Project	Ukraine	IBRD	48.4	0.2	0%	6/9/2015	37	332.5
Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	Vietnam	ADB	49.0	0.2	0%	7/9/2015	36	4.2

12. **Market Transformation through Introduction of Energy Efficient Electric Vehicles Project – Philippines (ADB):** This project is flagged under both criteria. Higher than expected e-trike costs has affected demand under the original project design, which led to low disbursements. The substantial partial loan cancellation led to additional deviation from disbursement projections. Subsequent revisions to project implementation arrangements were made to address the lower demand, and ADB and the government are working together to ensure sustainable deployment under the new arrangements for the contracted 3,000 units. The government has indicated its intent to request a loan extension to allow for full deployment and has communicated the expectation that initial distribution will happen in 2018, which will trigger a disbursement to the supplier.

13. The e-trikes were inspected and tested for acceptance in March 2018. Memoranda of Agreement were signed with four Local Government Units indicating intent to establish an e-trike program with the support of this loan program.

14. **Second Urban Infrastructure Project – Ukraine (World Bank):** As of June 30, 2018, the project continued to experience implementation delays due to the lengthy procurement process, including contract effectiveness after awards. Committed amounts increased significantly but disbursement remains low. There has been good implementation progress overall, despite setbacks and the high macroeconomic and political risks Ukraine is facing. The World Bank team continues to provide support to both the Central Project Management Unit (CPMU) and Regional Project Management Units (RPMUs) to improve the progress on project implementation.

15. **District Heating Energy Efficiency Project – Ukraine (World Bank):** Implementation progress has been below expectations, with significant delays experienced in the first year following effectiveness. While the Central Project Management Unit in the Min region is adequately staffed and able to fulfill its missions, some district heating companies have made insufficient progress in preparing their investment plans and feasibility studies and in tendering.

16. Given this situation, the Ukrainian authorities and the World Bank agreed to restructure the project. Restructurings in March 2016, May 2017, and June 2018 resulted in a reduction of the number of participating utility companies (from 10 to six) and in a reduction of the IBRD loan, which, after cancellation, amounts to USD 180 million. All remaining participating utilities appear on course to complete project activities, with the exception of the Dnipro District Heating Company. It decided not to go forward with a major contract to reconstruct a boiler house and, as a result, is no longer in a position to implement project activities.

17. **Cebu Bus Rapid Transit Project – Philippines (World Bank):** Changes in the high-level management team of the implementing agency led to reconsideration of the urban transportation development strategy. The project stalled as the implementing agency reevaluated the viability of the project. The reevaluation process has now been completed, and in July 2018, the government decided to proceed with the project.

18. **Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project – Vietnam (ADB):** Implementation of the SUT HCMC project has been delayed for four years due to its dependence on the parent HCMC MRT Line 2 Project. It is also facing a substantial delay of more than four years due to a protracted fundamental design process and the government's project adjustment approval procedure. The parent project is expected to be completed by December 2024, thus requiring SUT project's original completion date of June 30, 2020 to be extended as well. In December 2017, following a mid-term review mission in November 2017, the baseline projections for contract award and disbursement were reset. Based on the new schedule, the project is now on track, despite the absence of contract awards since the loan's effectiveness and low disbursements.

19. As of October 2018, only one consulting services package (external financial audit) is under recruitment. Other consulting services packages are expected to start in Q2 2019 after the government's approval of project adjustments, and civil works are expected to commence in 2022. To expedite the project, ADB continues to follow up and coordinate closely with the implementing agency to expedite recruitment of consulting services and project adjustment and loan extension.

20. **Second Power Transmission Project – Ukraine (World Bank):** The CTF-financed component of the project, Electricity Market Enhancement, has progressed slowly due to the complex nature of the procurement packages and the country's accelerated effort to synchronize its power system with the European grid. It took a long time to define the technical requirements for the bidding documents for the smart grid packages based on consultations with the transmission system operators. Those packages are new to the client. Also, it took

time to ensure all the technical requirements are aligned with European operational standards, which is critical to complete synchronization with European systems. The synchronization process was launched and agreed with the European system operators in July 2017.

21. Despite the delay in the procurement preparation stage, during 2018, implementation significantly improved. A tender for the largest package, power system monitoring and control system (SCADA), was launched in October 2018, and a contract for the Electricity Balancing Market system is under implementation to be completed by June 30, 2019. The majority of other smart grid packages is also in the procurement process to be contracted in 2019. The disbursement of the CTF loan will be accelerated in early 2019. This CTF-funded component will be completed as planned in terms of closing timeline and achieving targets.

22. Experts have been mobilized to support the client in resolving complicated technical issues. They helped the client facilitate the bidding document preparations, which led to their timely preparation, especially for the SCADA package. In parallel, the World Bank team has provided quick responses to emerging issues and carried out close monitoring on the project implementation with frequent video conferences with the client and the consultants.

23. **Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3 (ADB):** Implementation was delayed for three years due to its heavy dependence on the parent project Ha Noi Metro System Line 3 Project (Project 1), which was delayed for over four years due to a prolonged procurement process, land acquisition, and a contractor's performance.

24. As of October 2018, Project 1 has achieved about 45 percent physical progress. Twelve contract packages have been awarded out of 13 packages. Land acquisition and resettlement are expected to be completed by the end of December 2018. Civil works of underground stations started in mid-2018. Project completion is expected by December 2022. The CTF loan for Project 1 will disburse after civil works make significant progress, as the CTF loan is for contingencies.

25. For Project 2, only one contract (Detailed Design Consultant) has been awarded since loan effectiveness. The scope of consulting service packages will be adjusted to avoid overlaps with ongoing and planned interventions to be financed by Ha Noi city or other development partners. The government is expected to submit a request to extend the project until mid-2023 to align with the schedule of the parent project.

26. To expedite Project 2, ADB financed a staff consultant to prepare a TOR for consulting services and conducting due diligence on completed land acquisition for the proposed new component. ADB provided timely comments on submissions to achieve awarding of the first consulting service contract in September 2018. Advance payment will be made in December 2018. ADB continues to coordinate closely with the implementing agency to expedite the

remaining consulting services recruitment from Q1 2019. Progress is expected to improve from Q3 2019.

27. Table 2 illustrates that two projects (vs. two as of December 31, 2017) representing USD 213 million of approved funding (vs. USD 263 million as of December 31, 2017) have been flagged under the second implementation risk criterion. Of the two projects flagged in 2017, one remains on the 2018 list and is highlighted in orange (*Market Transformation through Introduction of Energy Efficient Electric Vehicles Project – Philippines*, see description in Paragraph 12). *Eskom Renewable Energy Project CSP – South Africa* (USD 250 million) is no longer flagged as it was replaced with a battery storage project.

Table 2. CTF public sector projects within 15 months of closing and less than 50 percent of approved funds disbursed (USD millions)

Project Title	Country	MDB	Funding Approved by MDB	Cumulative Disbursement (as of June 30, 2018)	Disbursement ratio (as of June 30, 2018)	Financial Closure	Months Until Financial Closure	MDB Co-financing (USD millions)
Market Transformation through Introduction of Energy Efficient Electric Vehicles Project	Philippines	ADB	13.1	0.2	2%	9/30/2019	15	300.0
Urban Transport Transformation Project	Mexico	IBRD	200.0	62.1	31%	8/30/2019	14	150.0

28. **Urban Transport Transformation Project – Mexico (World Bank):** Project financing was provided to three sub-projects for infrastructure, buses, and rolling stock. The sub-project in Mexico City is delayed due to a new law requiring the municipality to conduct a bidding process for the contracting of public debt, even if the project executing agency offers the concessional funds provided by CTF. The World Bank team is in discussions with stakeholders, including the newly elected federal and city level authorities, to assess potential modalities to disburse the remaining CTF funds in a timely manner. The authorities confirmed their interest on utilizing the remaining CTF funds.

2.2 Currency risk via promissory notes

29. Currency risk via promissory notes is the risk that fluctuations in currency exchange rates will cause the value of the foreign currency in which a promissory note is denominated to decline. CTF's exposure to currency risk remains **High**.

30. There have been no further encashments since March 31, 2018, and GBP 517 million of promissory notes remained outstanding as of September 30, 2018.

31. Since March 31, 2018, the value of the GBP has decreased by approximately 7 percent.

32. Table 3 illustrates that it is very likely CTF will realize a moderate (relative to the size of the program) decline in available resources due to the currency risk exposure via GBP-denominated promissory notes. The unrealized decline in the value of the outstanding

promissory notes has increased to USD 118 million from USD 66 million as reported at March 31, 2018.

Table 3: CTF currency risk exposure summary

Currency Risk Exposure (Millions) as of September 30, 2018							
Program/ Subprogram	Original Amount Pledged/ Received	Pledged Amount Outstanding/ Unencashed	Realized Currency Gain/ (Loss)	Unrealized Currency Gain/ (Loss)	Risk Likelihood	Risk Severity	Risk Score
CTF	£1,130.0	£517.1	($47.3)	($118.0)	Very Likely	Moderate	**High**

2.3 Credit risk

33. Credit risk is the risk that a CTF financing recipient will become unwilling or unable to satisfy the terms of an obligation to an MDB in its capacity as an originator and servicer of CTF's outgoing financing.

34. Exposure to this risk could lead to insufficient available resources for the Trustee to repay loan contributors. Additionally, the viability and success of a project can be affected by a recipient's financial solvency.

35. CTF's primary source of credit risk exposure is incurred through the funds it commits for public sector (75 percent of the portfolio) and private sector (25 percent of the portfolio) loans. Credit risk exposure incurred through other instruments (e.g., guarantees) is minimal.

2.3.1 Update on loans currently experiencing payment defaults

36. As of September 30, 2018, three private sector CTF loans (EUR 2 million, EUR 5.6 million, and USD 12 million) were experiencing payment defaults (see Table 4). Additionally, a defaulted EUR 15.5 million loan was sold to investors during the first half of FY 2019.

Table 4: CTF loans experiencing payment defaults (as of September 30, 2018)

Loan Amount	Currency	Missed Interest Payments		Missed Principal Repayments		Default Interest	Total
		Date	Amount	Date	Amount		
2,000,000	EUR			5/30/2018	78,077		156,154
				11/30/2018	78,077		
5,600,000	EUR			8/15/2018	107,692		215,385
				11/10/2018	107,692		
12,065,953	USD	8/1/2017	245,688	8/1/2017	96,528		1,104,977
		2/1/2018	245,029	2/1/2018	90,495	30,961	
		8/1/2018	241,818	8/1/2018	132,725	21,733	

37. **Rokytne Biogas Project (EUR 2.0 million):** In January 2018, EBRD reported that a borrower missed a scheduled repayment of EUR 560k due November 30, 2017 (EUR394k/EUR166k principal/interest) associated with the Rokytne Biogas project. A partial payment was made on December 1, 2017, and a subsequent partial payment was made on February 13, 2018. All remaining outstanding amounts were fully remitted by February 20, 2018.

38. Rokytne has since defaulted on two principal payments (total CTF contribution EUR 156,153.84) due May 30 and 30 November 2018. The Borrower made payments covering interest and accrued default interest but was not able to cover the principal. EBRD is negotiating a restructuring based on the cash flow capacity of the plant, after capital expenditure improvements are made and subject to a satisfactory 1) funding plan for capital expenditures, 2) third party technical support agreement, 3) related party audit (performed by KPMG), and 4) resolution of issues identified during the security audit.

39. **Ivankiv Project (EUR 5.6 million):** In June 2018, EBRD had extended the grace period for CTF loan associated with the Ivankiv project to August 2018 and the maturity to August 2028. The average CTF loan life had increased by two years, while the average life of the associated EBRD loan has increased to 2.75 years.

40. Interest due in February, May and August 2018 was paid. However, due to delays in re-commissioning the second line, Ivankiv had not generated sufficient cash to pay the first and second rescheduled principal instalments due in August and November 2018 (total CTF contribution EUR 215,384.62). Reservation of Rights letters were issued (August 15 and November 10, 2018). EBRD is not writing off any principal at this stage and still expects to recover all principal over time.

41. Although the approved rescheduling plan was based on circa USD 3.5 million of subordinated New Investor Loans, due to delays and unforeseen liabilities, the Sponsor obtained EBRD approval to increase equity by a further USD 1.3 million, thereby demonstrating support for the project.

42. **USD 12 million loan:** Payments on this remain in default although implementation of the corresponding project continues to progress.

2.3.2 Public sector exposure

43. All CTF public sector loans are extended directly to externally rated sovereigns or to entities guaranteed by externally rated sovereigns. Presently CTF is exposed to 11 sovereigns with ratings ranging from triple-C (Ukraine) to Single-A (Mexico).

44. Table 5 summarizes the public sector rating changes that occurred between March 31, 2018 and September 30, 2018.

Table 5: credit rating change summary for CTF public sector loan recipients

	9/30/2018				3/31/2018			
Country	S&P	Moody's	Fitch	Lowest Rating	S&P	Moody's	Fitch	Lowest Rating
Colombia	BBB-	Baa2(N)	BBB	BBB-	BBB-	Baa2(N)	BBB	BBB-
Egypt	B	B3(P)	B(P)	B-	B-(P)	B3	B(P)	B-
India	BBB-	Baa2	BBB-	BBB-	BBB-	Baa2	BBB-	BBB-
Indonesia	BBB-	Baa2	BBB	BBB-	BBB-	Baa3(P)	BBB	BBB-
Mexico	BBB+	A3	BBB+	BBB+	BBB+	A3(N)	BBB+	BBB+
Morocco	BBB-	Ba1(P)	BBB-	BB+	BBB-	Ba1(P)	BBB-	BB+
Philippines	BBB	Baa2	BBB	BBB	BBB	Baa2	BBB	BBB
South Africa	BB	Baa3	BB+	BB	BB	Baa3	BB+	BB
Turkey	B+	Ba3(N)	BB(N)	B+	BB(N)	Ba2	BB+	BB
Ukraine	B-	Caa2(P)	B-	CCC	B-	Caa2(P)	B-	CCC
Vietnam	BB-	Ba3	BB	BB-	BB-	B1(P)	BB-(P)	B+

45. The CIF Administrative Unit uses the five-year probability of default (PD)[2] and loss given default (LGD) associated with each rating to estimate the expected loss rate[3] associated with the public-sector loan portfolio. The CIF Administrative Unit refined its rating assessment methodology to be based on the more recent *Moody's Annual Default Study: Corporate Default and Recovery Rates, 1920-2017*. This refinement resulted in a 0.1 percent decline in expected losses for the public sector loan portfolio; however, due to the downgrading of Turkey, the portfolio's expected losses still increased from 4.4 percent to 4.5 percent (see table 6). Additionally, public sector exposure declined by USD 5 million due to the May 2018 cancellation of a portion of the committed funds for the *Rajasthan Renewable Energy Transmission Investment Program*.

[2] As published in *Moody's Annual Default Study: Corporate Default and Recovery Rates, 1920-2017*.
[3] Expected Loss Rate = PD x LGD.

Table 6: CTF public sector loan commitments credit risk exposures by country (as of September 30, 2018)

Public Sector CTF Loan Portfolio - Credit Risk Exposures as Sept 30, 2018***								
			Credit Rating					Expected Portfolio
Beneficiary Country	Loan Amount	Lowest Rating	S&P	Moody's	Fitch	PD	LGD	Loss Rate
Colombia	89,265,000	BBB-	BBB-	Baa2	BBB	2.1%	56.5%	
Egypt, Arab Republic of	149,750,000	B-	B	B3	B	27.2%	61.6%	
India	709,000,000	BBB-	BBB-	Baa2	BBB	2.1%	56.5%	
Indonesia	125,000,000	BBB-	BBB-	Baa2	BBB-	2.1%	56.5%	
Mexico	369,514,000	BBB+	BBB+	A3	BBB+	1.1%	56.5%	
Morocco	633,950,000	BB+	BBB-	Ba1	BBB-	5.3%	58.4%	
Philippines	57,201,690	BBB	BBB	Baa2	BBB	1.4%	56.5%	
South Africa	350,000,000	BB	BB	Baa3	BB+	6.2%	58.4%	
Turkey	150,000,000	B+	B+	Ba3	BB	16.7%	61.6%	
Ukraine	148,425,000	CCC	B-	Caa2	B-	39.0%	62.5%	
Vietnam	177,900,000	BB-	BB	Ba3	BB	13.2%	58.4%	
Total Exposure	**2,960,005,690**							
Weighted Average			**BB**			**7.7%**	**58.1%**	**4.5%**

2.3.3 Private sector exposure

46. The remaining 25 percent of CTF's loan commitments are to private sector entities for which publicly available information is much more limited. The CIF Administrative Unit uses the MDBs' internal risk assessments[4] of the transactions, which are provided in the form of either S&P-equivalent ratings or estimated PDs and LGDs to calculate a weighted average credit rating, PD, LGD, and expected loss rate for the private sector portfolio (see Table 7). Private sector exposure declined by approximately USD 50 million due to the cancellation of the *Redstone CSP - South Africa Sustainable Energy Acceleration Program Expansion*.

[4] Presently EBRD, IDB, and IFC provide internal credit ratings or PDs assigned to their respective private sector CTF loans or loan portfolios. The resulting credit rating for the combined portfolio of private sector CTF loans originated and serviced by these three MDBs is then applied to the entire portfolio of private sector CTF loans.

Table 7: CTF public and private sector loan commitments credit risk exposure summary

Loan Portfolio Credit Risk Exposure (as of 9/30/2018)									
Sector	Portfolio Risk Rating	Total Committed Loans (MM USD equivalent)[9]	Estimated Probability of Default (PD)6	Estimated Loss Given Default (LGD)[1]	Expected Loss Rate[2]	Expected Losses (MM USD equivalent)[3]	CTF Loan Principal Amounts Experiencing Payment Defaults[4] (MM USD equivalent)	# of Defaulted or Impaired Loans	Actual Losses and Provisions vs. Total Committed Loans
Public	BB[5]	2,960.0	7.7%	58.1%	4.5%	131.7	0	0	0%
Private	B+[7,8]	934.3	19.5%	52.5%	10.2%	92.3	32.0	4	3.4%

1. 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: Corporate Default and Recovery Rates, 1920-2017* (i.e. LGD = 1 - Average Sr. Unsecured Bond Recovery Rate from the period of 1983-2016)

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

3. Expected Losses are in addition to Actual Losses

4. Includes EUR 15.5 million which has been written off completely

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: Corporate Default and Recovery Rates, 1920-2017*

6. Represents the 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, 2018. 5-year Average Cumulative Issuer-Weighted Global Defalt Rates from the period of 1983-2017 as published in *Moody's Annual Default Study: Corporate Default and Recovery Rates, 1920-2017* are used.

7. Based on internal credit ratings or PDs assigned to their respective private sector CTF 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. Methodologies used to calculate credit ratings and PDs may differ between MDBs, as well as between a given MDB and the external rating agencies

9. Information pertaining to Committee Loans is obtained from the Trustee.

3 Next steps

47. In its continuing work to implement CIF's ERM Framework, the CIF Administrative Unit will endeavor to undertake the following actions and initiatives.

- Continue to work with the MDBs to implement a fraud risk reporting framework by end of FY2019
- Investigate the potential to implement a sexual exploitation and abuse risk management framework
- Assess and report interest rate risk exposure by end of FY2019