Evaluation of GGGI’s Green Investment Services

December 2019
The evaluation team was a hybrid of staff members from GGGI’s Impact and Evaluation Unit (IEU) and external green investment specialists from Finergreen Asia Pte. Ltd.

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About Finergreen

Finergreen is a financial advisor dedicated to renewable energy, energy efficiency and sustainability projects with offices in Paris, Singapore, Ivory Coast, Dubai, and Mexico.

Finergreen’s main role is to lead equity and debt fundraising transactions from preliminary analysis, financial structuring to effective closing, and oversee the necessary due diligence (legal, technical, tax). The company puts its extensive network of partners and comprehensive experience in the sector at the service of its clients.

The group has an extensive track record in advising clients on the financing of green investments, as well as conducting training and capacity-building courses for governments in developing countries.

The evaluation was led by Finergreen Asia Pte Ltd, based in Singapore.

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The following annexes to this main report are included in a separate document:
- ANNEX 1: Key facts about projects covered under this evaluation
- ANNEX 2: List of stakeholders interviewed
- ANNEX 3: List of documents reviewed
Executive Summary

The main objective of this evaluation was to review and validate the results to date and identify lessons and opportunities to further improve the delivery and impact of GGGI’s green investment services.

Overall, this evaluation concluded that GGGI’s services to support member and partner countries mobilize green investments are relevant to country needs and demonstrated substantial results in a short period of time. This reflects the conclusions under each of the 4 Key Evaluation Questions (KEQs) summarized below along with recommendations related to key areas for improvement:

KEQ 1: What key results and lessons have emerged from GGGI’s green investment work?

GGGI’s explicit aim is to mobilize initial commitments from financiers or project developers to invest or take over the responsibility of finding investment for green and climate projects in member and partner countries. GGGI normally makes a deliberate “exit” from a specific project at the point where proven initial investment commitment is secured.

An independent assessment of what happened after GGGI secured initial investment commitments and exited found that 86% of the value of investment commitments reported at the time of exit was still valid. Two third of this value has progressed to signed investment agreements or disbursement stages. However, it was noted that quality assurance and monitoring in GGGI’s reporting systems need to be strengthened and the definition of initial investment commitment needs updating / clarification.

Conclusion 1: GGGI has defined initial investment commitment in its Corporate Results Framework but this does not reflect how the term is understood and operationalized by GGGI in practice. The evaluation team adopted an updated definition for the purposes of this evaluation and found this to be better in understanding GGGI’s results. It is important to be clearer and more transparent that GGGI is not measuring actual investments mobilized but initial investment commitments with a potential value provided by project proponents or investors which would not have otherwise happened without GGGI’s involvement.

Conclusion 2: The evaluation team examined 28 projects with the value of USD 655 million in initial investment commitments mobilized between 2015-2018. The evaluation found that most projects were still actively progressing following GGGI’s exit, with several reaching the signed investment agreements and disbursement stages.

However, it was noted that GGGI’s reporting systems need to be strengthened as the definition of initial investment commitments is not clear. Of the 28 projects examined, 2 were found to have been prematurely reported as achieving initial investment commitment.

Out of the remaining 26 projects, the value of initial investment commitments had declined from USD 627 million at the time of exit to USD 539 million at the time of the evaluation. The change in value was mainly due to changes in project costs. Out of these 26 projects, it was found that 6 projects worth USD 292 million have secured signed investment agreements and 8 projects worth USD 65 million have reached the disbursement stage.

Recommendation 1: GGGI should develop clear criteria to measure and report when initial investment commitment has been achieved. It should also strengthen quality assurance in its annual reporting process to avoid erroneous reporting.

Recommendation 2: GGGI’s annual reporting should begin to include reporting on progress of projects after the initial investment commitment stage. GGGI should follow up on the status of each of the projects reported to understand which ones have progressed towards tangible impacts. This can be done by reporting a similar summary diagram as in Figure 1 included in this evaluation report.
Conclusion 3: Out of the total validated initial investment commitments, the private sector has committed to raise USD 391 million (73%) of the investments in 9 projects. This shows a positive result from GGGI’s efforts to engage the private sector. However, there is some lack of consistency in whether investors and finance are classified as private or public. There was one case noted in the sample evaluated where a state-owned company was classified as public sector while two other cases involving state-owned companies were classified as private sector.

It is important to note that certain members and partner countries also require support to access finance from donors and international climate and carbon finance institutions. GGGI has shown significant results by providing this support and has helped mobilize USD 106 million of funding from the Green Climate Fund (GCF), Adaptation Fund and bilateral donors including the Republic of Korea, Luxembourg, Germany and Italy.

Recommendation 3: GGGI should clarify the definition of which investors can be classified as private sector. A state-owned company effectively behaves as a private sector company, abiding by the arm’s length principle and competing with private companies. In such cases, the evaluation team recommends classifying these companies as private sector investors and applying this classification consistently in reporting going forward.

Conclusion 4: The evaluation team identified several key success factors in projects that have secured initial investment commitments. The most common factors included: strong stakeholder engagement with all relevant project stakeholders; GGGI’s ability to combine technical, financial and local expertise; a team consistently working on the ground with local experience; and a clear alignment with GGGI’s policy work and government priorities.

Recommendation 4: GGGI should consistently identify all critical actors related to a project up front and examine ways to establish formal stakeholder engagement mechanisms. These could be in the form of project steering/management committees involving various stakeholders, established with specific terms of references.

KEQ 2: Are GGGI’s green investment service offerings relevant and adding value to members and partner countries?

GGGI occupies a niche place in the market for green investment services and clients value its service offerings. GGGI’s point of exit is appropriate but needs to be differentiated from when GGGI secures initial investment commitments, particularly for NFVs. The main area for improvement is in the communication of GGGI’s value proposition and results.

Conclusion 5: GGGI occupies a niche space in the market providing a combination of policy and investment services through in-country teams embedded in government. However, GGGI has not been able to effectively communicate its value proposition and results in a way that is clearly understood by all stakeholders.

Recommendation 5: GGGI clearly adds value and has a niche place in the market but should improve communication of its value proposition and results through simple communication materials and on multiple platforms. There has been some progress made with promoting these types of communication materials, but it needs to cover all countries where GGGI has developed investment projects.

Conclusion 6: GGGI’s clients value its service offerings and there is clear demand for its strong technical expertise, deep understanding of local needs, ability to coordinate stakeholders and embedded teams providing long term support. It is evident from stakeholder feedback that GGGI is generally providing high quality services with some areas for improvement.
Conclusion 7: GGGI’s current point of exit is appropriate. There are varying exit points depending on the type of projects/services and these should be differentiated from when GGGI secures initial investment commitments, particularly for NFVs.

KEQ 3: How can GGGI strengthen the scaling up of its investment work?

GGGI aims to achieve results at scale but there is lack of a clear definition and operational approach to scaling up investment projects. The 26 projects that secured initial investment commitments demonstrated evidence of having adopted at least one of 4 scaling up strategies. But the evaluation could not assess actual results on the ground. GGGI is building on past experiences in priority areas and replicating projects in new countries through informal knowledge sharing. However, an up front, structured approach to scaling up needs to be operationalized and simple but formal methods of knowledge sharing need to be adopted.

Conclusion 8: The evaluation found that all 26 projects that secured initial investment commitments and reviewed under this evaluation have demonstrated evidence of having adopted different strategies for scaling up – enabling policies, NFVs, bundling projects to attract investors and pilot projects to demonstrate a business case. GGGI also uses these strategies to scale up projects involving the private sector specifically by overcoming the early stage hurdles to promote blended finance. These different experiences have served as important lessons for GGGI to strengthen its strategy for scaling up its investment projects.

However, GGGI has not operationalized a structured approach to scaling up. The current project approval process in GGGI does not include a specific step to examine how an investment project can be scaled up. An up front, structured approach based on lessons learned to date can help plug this gap.

Recommendation 6: GGGI should adopt a clear definition and operationalize a structured, up front approach to scaling up its investment projects. This should be a key priority for GIS moving forward to achieve the ambitious Strategy 2030 targets. GGGI can build on the lessons learned from projects implemented so far and this evaluation has provided a starting point for this. It can adopt and build on the 4 specific scaling up strategies identified in this evaluation. This can help GGGI’s project teams adopt a more structured approach up front based on lessons learned and adjust according to specific project and country contexts. Further guidance can be provided to project teams by developing a list of key considerations for scaling up. An initial list is included in the evaluation report to serve as a starting point.

Conclusion 9: GGGI has selected strategic priority areas to focus on moving forward based on the experience gained between 2015-2018. An examination of the 2019 portfolio of projects reveals that GGGI is building on its past experience in these priority areas and replicating projects in new countries.

This demonstrates that GGGI has been able to share experiences and lessons across countries using informal mechanisms but this will become a challenge as the portfolio of projects increases in 2019 and beyond and as GIS staff are increasingly deployed to different countries.

Recommendation 7: There has been some knowledge sharing taking place already through informal mechanisms within and across countries but GGGI should adopt some simple methods and platforms for knowledge sharing going forward as the number of projects in the pipeline increases.

KEQ 4: How can the internal management and processes of GGGI’s green investment services be made more efficient and effective?

Recent reforms to GGGI’s management and processes are evolving in the right direction to support the scale up of activities going forward. There has also been an increased diversification of the portfolio
across thematic areas. As the GIS service line matures, it is important to plug specific gaps related to management of staff and processes to support scoping activities.

**Conclusion 10:** There has been a positive trend to move GIS staff from headquarters (HQ) to countries so that country teams are equipped with a strong combination of technical, financial and local expertise. Currently all GIS staff directly report to the Head of GIS which centralizes a large amount of human resource management burden. A regional approach with senior GIS staff managing staff in-country and reporting to the Head of GIS is being examined by GGGI.

**Recommendation 8:** GGGI should adopt a regional management approach for its GIS staff. Senior GIS staff can be designated responsibility to manage in-country staff in 4 regions that GGGI works in - (1) Latin America and the Caribbean, (2) Africa, Europe and the Middle East, (3) Asia and (4) the Pacific regions. These regional heads should, in turn, report to the Head of the GIS team.

**Conclusion 11:** In the 2016-2017, GGGI’s investment project portfolio focused heavily on the Sustainable Energy thematic area but this has diversified in 2018-2019 into other thematic areas. This illustrates that staff working on investment projects have spread their expertise across thematic areas. As investment mobilization skills are mostly transferable across thematic areas, this is an encouraging trend moving forward.

**Conclusion 12:** GGGI has implemented recent reforms to accelerate the organization’s ability to deliver impact at speed and scale and enhance GGGI’s competitiveness for earmarked funding. As the availability of core funding for project origination has decreased, GGGI is exploring new ways of funding the delivery of its services, like a fee for service model. This is a promising opportunity but there are risks of displacing country needs with investor interests which need to be carefully managed.

A part of the reforms also includes the new Project Idea Note (PIN) process for project development and approval. Overall this has been a positive initiative to build a strong pipeline of projects and provide quality assurance to project development teams. However, there are gaps which are being identified and addressed through an ongoing internal review process. This evaluation found one particular area as important to highlight as it aligned to feedback received from users of the PIN process. The evaluation found that it is difficult for GGGI staff to conduct scoping activities for investment projects and have this recognized in time accounting systems as project-related work rather than general management/administration work.

**Recommendation 9:** An internal review of the PIN approval process has recognized the need for budgets to be allocated for scoping of investment projects. The evaluation supports the finding from the internal review process to adopt a phased PIN approach to budget allocation for investment project development which is common practice in other development organizations. The main advantage of this will be that GGGI’s staff time spent on scoping investment projects can be appropriately recognized as project work and not general management/administration work.

In conclusion, the evaluation has identified specific lessons and opportunities to improve the delivery and impact of GGGI’s green investment services. These can be leveraged to help inform decisions on the future of GGGI’s green investment services, as part of the implementation of the new Strategy 2030.
1. Introduction

1.1 Purpose of this evaluation

The main objective of this evaluation was to review and validate the results to date and identify lessons and opportunities to further improve the delivery and impact of GGGI’s green investment services\(^1\).

1.2 Overview of GGGI’s approach to mobilizing green investments

To prepare for this evaluation, IEU developed an Evaluation Approach Paper in April 2019. The main purpose of this document was to guide the evaluation team in conducting the evaluation of GGGI’s green investment services. Details of GGGI’s approach to these services is included in the paper and a short overview is provided below.

GGGI set a target in the Strategic Plan 2015-2020 to contribute to the mobilization of USD 600 million in investments into green growth opportunities in member and partner countries by 2020. However, results in 2017 showed that the Institute exceeded this target, with a cumulative total of USD 760 million reported in green investments that GGGI contributed to mobilize. As a result, GGGI increased the target to USD 2.5 billion by 2020\(^2\).

GGGI’s approach to implementing its objectives has evolved continuously since 2016 in response to member and partner country needs and implementation experience. GGGI currently does not have a single policy document that directs its approach to implementing green investment services. The evolution of the approach is described in four main documents developed by the Green Investment Services (GIS) team: (i) Mind the Gap: Bridging the Climate Financing Gap with Innovative Financial Mechanisms, GGGI Insight Brief 1, November 2016; (ii) GGGI Green Investment Services: Policy objectives and guidance notes – guidelines for doing business (2017); (iii) Integrated origination and preparation process for Investment Projects and Policy Projects (2018) and (iv) Project Cycle Management (PCM) Manual Part 3 – Project Development (approved in March 2018). Based on these documents, IEU’s evaluation approach paper noted 5 key aspects that characterize GGGI’s current approach:

1. GGGI’s work on contributing to the mobilization of green investments aims to be integrated with its policy work, so that policies and investments mutually support one another towards common program impacts.
2. GGGI seeks to use its limited public capital to reduce investment risks and leverage the mobilization of larger volumes of finance, particularly private finance.
3. GGGI focuses on delivering 3 types of services: developing bankable projects, financial instruments and national financing vehicles or funds.
4. GGGI seeks to replicate and/or scale up successful investment experiences in the same country or other countries, in order to deliver impact at scale.
5. GGGI serves as a neutral advisor and project arranger, working in the early stages of project development, generally up to the point when initial investment commitment can be achieved.

Further details about the implementation of GGGI’s approach and experience between 2015 to 2018 are elaborated in the Approach Paper in terms of: resourcing and building up the GIS team; developing an operational approach and growing the investment pipeline; and achieving early results.

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\(^1\) The evaluation report has used the term green investment services but this includes services provided by the Green Investment Services (GIS) team and other divisions within GGGI, including the Green Growth Planning and Implementation (GGPI) and Investment and Policy Solutions Division (IPSD).

\(^2\) Director General’s (DG) Progress Report to GGGI’s Council, October 2017
1.3 Evaluation approach

The table below provides an overview of the four key evaluation questions (KEQs) and sub-questions which this evaluation sought to address.

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<td>KEQ 1: Key results</td>
<td>What key results and lessons have emerged from GGGI’s green investment work?</td>
<td>1.1. For all investment projects that reached the investment commitment stage, what has happened since GGGI’s exit?</td>
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<td>1.2. Based on a sample of projects selected, what were the main success factors and lessons learned?</td>
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<td>KEQ 2: Value proposition</td>
<td>Are GGGI’s green investment service offerings relevant and adding value to members and partner countries?</td>
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<td>3.1. How well is GGGI integrating its investment and policy work to enable the scale up of investments?</td>
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<td>3.2. How effectively is GGGI sharing knowledge about its experiences and lessons from successful investment projects for potential replication by others?</td>
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<td>KEQ 4: Management and processes</td>
<td>How can the internal management and processes of GGGI’s green investment services be made more efficient and effective?</td>
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<td>4.2. Are GGGI’s business processes effectively and efficiently enabling the delivery of green investment services?</td>
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Scope of the evaluation

The evaluation covered GGGI’s green investment services, which included bankable projects, financial instruments, and national financing vehicles. Initial investment commitments for these projects have been secured from public or private sources. It also includes support provided to access international climate and carbon finance towards specific projects which was otherwise unable to be disbursed due to the lack of projects. The scope of this evaluation excluded policy and planning related work which subsequently attracted allocations of partner government or ODA funds, as these are usually not the result of GGGI’s green investment services work.

The time period covered by the evaluation was 4 years between January 1, 2015 to December 31, 2018. Based on this time period, the universe of projects included 38 policy and investment projects which were reported in GGGI annual reports to have secured initial investment commitments. From this list, IEU selected the following samples to answer the different KEQs:

- 28 projects covered under KEQ 1: Out of the total universe of 38 projects, 10 projects were excluded as they comprised of policy and planning related work which subsequently attracted allocations of partner government or ODA funds. Therefore, the focus of this KEQ was to examine 28 investment...
projects to understand what happened after GGGI’s exit and document main success factors and lessons learned. The full list of projects and descriptions are included in Annex 1.

- **6 projects in 3 countries examined in depth**: Indonesia, Vanuatu and Thailand were selected based on sampling criteria which included: (i) alignment with GGGI’s strategic focus areas; and (ii) covering all three types of GGGI’s services - bankable projects (Solar PV projects in Indonesia), financial instruments (energy efficiency program for SMEs in Thailand) and national financing vehicles or funds (National Green Energy Fund in Vanuatu).

**Steps in the evaluation process**

The key steps included: an inception phase to finalize the sample of projects; data collection through in-country visits to Indonesia, Thailand and Vanuatu where 34 external stakeholders were interviewed as well as online and in-person interviews with 48 GGGI staff; data analysis; report writing; and detailed reviews by GGGI’s staff and management.

The rest of this report is structured around the 4 KEQs:

- Chapter 2 addresses KEQ 1 identifying what happened after GGGI’s exit from the projects sampled for this evaluation and documents the main success factors and lessons learned.

- Chapter 3 addresses KEQ 2 and examines GGGI’s value proposition and comparative advantage based on feedback from key external stakeholders (government clients, financial institutions, investors, project developers and organizations providing similar services).

- Chapter 4 addresses KEQ 3 and examines GGGI’s potential for scaling up its investment projects that have secured initial investment commitment and provides guidance to GGGI teams working on these projects.

- Chapter 5 covers KEQ 4, which looks at GGGI’s internal management and processes related to its green investment service line to identify key areas that can be improved moving forward.

- An overall conclusion from this evaluation is included in Chapter 6 followed by GGGI’s management responses to each recommendation.

- The Annexes (separate document) include details of the stakeholders interviewed, documents reviewed, and key facts about all the projects examined under this evaluation.
2. What happened after GGGI’s exit?

Key Evaluation Question 1: Key results

What key results and lessons have emerged from GGGI’s green investment work?

- Section 2.1 in this chapter: For all investment projects that reached the investment commitment stage, what has happened since GGGI’s exit?
- Section 2.2 in this chapter: Based on a sample of projects selected, what were the main success factors and lessons learned?

2.1 What happened after GGGI’s exit?

The focus of this sub-question is to follow up on what happened in terms of projects progressing towards securing signed investment agreements and the disbursement stage since GGGI’s exit.

Figure 1 - Status of investment projects after GGGI’s exit

* Based on the definition of initial investment commitment. In this evaluation, 1 project in Vanuatu worth USD 0.1 million has been added to the value of initial investment commitments reported by GGGI.

** The evaluation found that 2 projects (in Mozambique and Vanuatu) did not meet the definition of initial investment commitment and have been excluded. In addition, one project in Indonesia was marked as public finance when it should have been private finance.

*** Value of initial investment commitments in some projects has reduced over time.
Conclusion 1

GGGI has defined initial investment commitment in its Corporate Results Framework but this does not reflect how the term is understood and operationalized by GGGI in practice. The evaluation team adopted an updated definition for the purposes of this evaluation and found this to be better in understanding GGGI’s results. It is important to be clearer and more transparent that GGGI is not measuring actual investments mobilized but initial investment commitments with a potential value provided by project proponents or investors, which would not have otherwise happened without GGGI’s involvement.

- In order to explain what happened after GGGI’s exit, it is important to have a clear understanding of what initial investment commitment means. A definition currently exists in its Corporate Results Framework (CRF) but is outdated, and the evaluation team found it necessary to update the definition to reflect how the term is understood and operationalized by GGGI in practice.

GGGI’s explicit aim is to mobilize initial commitments from financiers or project developers to invest or take over the responsibility of finding investment for green and climate projects in member and partner countries. GGGI normally makes a deliberate “exit” from a specific project at the point where proven initial investment commitment is secured. Proof usually takes the form of letters of intent (LOI) or memorandum of understanding (MOU) or formal correspondence documented by GGGI. The commitments are typically provided by the following entities:

- **Host governments:** allocation of government budgets, formal decisions to secure funding for a project. Should not include commitments to implement projects with no secured funding.

- **Bilateral donors:** as part of Official Development Assistance (ODA), public commitments or approved funding / proposals for specific projects.

- **International climate finance institutions:** documented approvals of project proposals submitted with GGGI’s support.

- **Private sector financiers / investors** include banks or companies with their own funds to invest in projects and GGGI has reasonable assurance that funds are available to invest.

- **Private sector project developers:** usually do not have sufficient funds to invest in projects themselves but have demonstrated their commitment to build on GGGI’s work and complete the design of the project, secure the required permits, bring the project to maturity and find sources of funding.

Securing initial investment commitment does not guarantee that investment for the project will be realized and the project will break ground. GGGI recognizes that additional steps are required to reach these points by the stakeholders noted above who will need to be responsible for this.

It is important to clarify the role of project developers noted above. Although GGGI should only exit when an “investor” becomes involved in the project, in some cases it seems reasonable for GGGI to exit where a developer takes over the project (rather than a financier or investor). According to the evaluation team, this is the case when a MOU or LOI is signed with a party willing to take over the development of the project and responsibility for fundraising with strong credentials to do so. An example is Rwanda’s Green City pilot project which has been included by the evaluation team in the validated results. The LOI was provided by a private sector company which did not themselves have access to funding but demonstrated its commitment to find other sources of funding, building on the work conducted by GGGI.
According to the evaluation team, GGGI’s work is completed when the project is handed-over to a private party who believes that the projected risk-return ratio is satisfactory enough to continue developing the project on its own (without further subsidy). To illustrate this case and to help get a better understanding of the definition of initial investment commitment, the different scenarios that GGGI may face are summarized below:

**Conclusion 2**

The evaluation team examined 28 projects with the value of USD 655 million in initial investment commitments mobilized out of the total of USD 1.2 billion between 2015-2018. The evaluation found that most projects were still actively progressing following GGGI’s exit, with several reaching the signed investment agreements and disbursement stages.

However, it was noted that GGGI’s reporting systems need to be strengthened as the definition of initial investment commitments is not clear. Out of the 28 projects examined, 2 were found to have been prematurely reported as achieving initial investment commitment.

Out of the remaining 26 projects, the value of initial investment commitments had declined from USD 627 million at the time of exit, to USD 539 million at the time of the evaluation. The change in...
value was mainly due to changes in project costs. Out of these 26 projects, it was found that 6 projects worth USD 292 million have secured signed investment agreements and 8 projects worth USD 65 million have reached the disbursement stage.

- Out of the 28 projects analyzed under this evaluation, 2 were prematurely reported as achieving initial investment commitment based on the definition used for this evaluation. The evaluation team validated initial investment commitments in the remaining 26 projects worth USD 627 million.

Based on the definition of initial investment commitment outlined under Conclusion 1 of this report, the evaluation team determined that 2 out of the 28 projects examined did not meet the definition:

Project 1 in Mozambique worth USD 13.5 million: Solar irrigation systems for 150 farms in Manica Province (Mozambique). GGGI exited the project after it was included in Fundo de Energia or FUNAE’s Carteira, which is a roadmap of projects that the state-owned fund commits to implement and fund by 2040. However, FUNAE is being funded by the Government of Mozambique whose financial resources are scarce. The fund is expecting support from GGGI to access external sources of funding (donors, ODA, international climate finance) to implement the project.

Project 2 in Vanuatu worth USD 15 million: National Green Energy Fund – funding for the energy component of the Member Financial Service Limited’s (MFSL) USD 100 million Green Affordable Housing Scheme. GGGI worked with a subsidiary of the Vanuatu National Provident Fund (MFSL) to integrate a green energy and energy efficiency component into an affordable housing scheme. Under this housing scheme, MFSL was compiling a USD 100 million proposal to the ADB at the time of the country visit during this evaluation. The commitment letter from MFSL to GGGI noted that the NGEF will provide additional co-finance for the energy component and USD 15 million was reported by GGGI as corresponding to this. This amount had to be mobilized from other sources but the evaluation team noted that there was no evidence of investment commitment yet for this energy component from any investor.

GGGI’s assumption in the above two cases was that the counterparty in each case had sufficient chances of successfully securing funding on their own. The issue facing GGGI is that the clients (FUNAE in Mozambique and MFSL in Vanuatu) have requested further work from GGGI to source potential investors, after GGGI has exited and reported the mobilization of initial investment commitments. There is a reputational risk for GGGI to prematurely report these types of projects as having mobilized initial investment commitments when clearly further support is required to secure any form of investment commitments.

- A majority of the current value of USD 539 million in 26 projects has been mobilized in the African region.

In terms of geographic spread, most initial investment commitments secured are in Africa (USD 414 million or 77% of the total current value of initial investment commitments, i.e. USD 539 million). It is important to note that 1 project in Ethiopia contributed to USD 250 million of the initial investment commitments in Africa. There have also been comparatively large individual commitment sizes from international climate finance institutions secured through GGGI’s support to mature national financing vehicles in Ethiopia and Rwanda.

In comparison, GGGI in Asia supported 8 projects contributing 13% of initial investment commitments or USD 71 million. The Latin America and Caribbean region has contributed USD 42 million of initial investment commitments with only 3 projects. There has been good progress made in the Pacific with USD 6 million in initial investment commitments from 5 projects in a comparatively small region and in Eastern Europe with USD 5 million from 1 project.
Out of the 26 projects with the current value of USD 539 million, it was found that 6 projects worth USD 292 million have secured signed investment agreements and 8 projects worth USD 65 million have reached the disbursement stage.

A key finding from the evaluation is that 14 out of 26 projects have progressed from the initial investment commitment stage to secure signed investment agreements or reached the disbursement stage. Therefore, most projects were still actively progressing following GGGI’s exit, with several reaching the signed investment agreements and disbursement stages.

Out of the 26 projects, 1 project has been dropped and 11 projects are still progressing after GGGI has exited but have not yet achieved any major milestones on the financing side beyond the initial investment commitment. This means the current value of projects is USD 538 million in 25 projects.

The current value of USD 538 million in 25 projects represents 86% of the total validated commitments. Only 1 project with the value of USD 1 million has been dropped. In 4 projects the total commitment value has reduced over time which explains a change in value of USD 89 million. It was found that USD 0.2 million had been incorrectly reported by GGGI.

The one project that was dropped is the Costa Rica Environmental Bank Foundation (FUNBAM) project and this is no longer progressing as there was a change in government which brought with it a shift in

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4 The evaluation team found that an estimated USD 13 million out of the USD 65 million has been actually disbursed by investors (been paid out). But as GGGI has exited the projects it was not possible to fully validate the exact amount of money that has been disbursed (most likely higher than estimated). Therefore, the report has marked the full amount of USD 65 million in 8 projects that have reached the stage where funds have started to be disbursed by investors which is an important milestone for these projects after having secured signed investment agreements.

5 For the National Green Energy Fund (NGEF) in Vanuatu, USD 0.67 million was reported instead of USD 0.068 million in 2017. The additional investment was reported based on the understanding of projected or expected future funds from the government. The funds finally committed by the government in were lower than the estimates and should have been reported in the following year once finalized.
government priorities. In addition, GGGI does not have a team on the ground in the country to follow up on this project effectively.

Out of the 11 projects that are still progressing but have not yet achieved further financing milestones, 1 project is deemed to have a low chance of success due to regulatory barriers. For the remaining 10 projects in this category, signing of investment agreements or reaching the disbursement stage are subject to: administrative clearances, feasibility studies or negotiation of terms between project parties. Some examples are included in Figure 5 below.

**Figure 5 – The main issues that the 11 projects that are on track still have to do to secure signed investment agreements**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Issue Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>27%</td>
<td>Negotiations are ongoing on modalities for project implementation</td>
</tr>
<tr>
<td>18%</td>
<td>Administrative clearance is required or paperwork must be completed</td>
</tr>
<tr>
<td>18%</td>
<td>Further feasibility studies are being done or required</td>
</tr>
<tr>
<td>9%</td>
<td>Project parties are looking for investors</td>
</tr>
<tr>
<td>9%</td>
<td>The project is stuck due to structural regulatory issues</td>
</tr>
</tbody>
</table>

1. Thailand’s First SME-only National Energy Efficiency Program with a target to replace lighting, motors and variable speed drivers: EESL (Indian state-owned energy service company) has signed a LOI and committed to invest USD 20 million in the project. At the time of this evaluation, EESL was engaging with its counterparty, the Provincial Electrical Authority (PEA), to fulfill specific conditions to progress with implementation.

2. Fiji’s Solar PV project on Taveuni Island: the Korea International Cooperation Agency (KOICA) provided a commitment to the Ministry of Economy for the capital investment in the 1.55-megawatt solar power system. The Ministry made a formal announcement about the project in July 2019 which indicates that the project is progressing, and final administrative clearances are required for a firm investment agreement to be signed.

3. Mexico’s Sonora State Green Bond to Implement the Sonora Green Growth Strategy and Finance the First Stage of BRT Development: The Ministry of Finance has hired a financial advisor who is tasked to review the feasibility and support Sonora on the financial structuring and engagement with underwriters.

4. Rwanda’s Green City Pilot Project: The LOI was signed with a private party willing to take over the development of the project. However, this company effectively did not have their own funds for project implementation and is looking for third-party funding.

5. Indonesia’s solar PV project in NTT Province: A MOU has been signed with Engie who has committed to take over the development of the project and to provide funding. However, the Indonesian utility (PLN) must issue a request for proposal for the project to officially select a project developer from a regulatory perspective. Engie has been lobbying with PLN over the last two years, but PLN is cautious with hybrid projects, having limited experience in that field.

**Recommendation 1**

GGGI should develop clear criteria to measure and report when initial investment commitment has been achieved. It should also strengthen quality assurance in its annual reporting process to avoid erroneous reporting.

GGGI has communicated its results regarding green investments using varying descriptions between 2015-2018 – investment mobilized/ investment catalyzed. The Strategy 2030 (currently being finalized) communicates this result as “GGGI mobilized green and climate finance commitments”. Following the clarification made in the Strategy 2030, GGGI should consistently use
this description to communicate all future results of its investment work. Further, GGGI can adopt the updated/clarified definition included in this evaluation report to serve as clear criteria to measure and report when initial investment commitment has actually been achieved.

GGGI has reported that initial investment commitments were mobilized for 2 projects in which the MOU/LOI was signed with a party who had no capacity to fund the project themselves and further GGGI support is required to secure any form of investment commitment. This can be misleading for external stakeholders since it indicates that money is expected to flow to the project. It also creates internal issues in GGGI as it is required to help its clients secure funding for the projects after formally exiting following its reporting as already having secured initial investment commitments. In such cases, GGGI staff may be required to spend time and effort on a project that may no longer be marked as active in GGGI’s project cycle management systems. Therefore, an updated/clarified definition of initial investment commitment along with strengthened quality assurance in its annual reporting process will ensure that these kinds of projects are not reported in the future.

**Recommendation 2**

**GGGI’s annual reporting should begin to include reporting on progress of projects after the initial investment commitment stage, similar to Figure 1 in this evaluation report.**

GGGI should follow up on the status of each of the projects reported to understand which ones have progressed towards tangible impacts. This can be done by reporting a similar summary diagram as in Figure 1. It can be operationalized by including an additional indicator in the corporate results framework to report projects that have progressed from the initial investment commitment stage to at least secure signed investment agreements. This can demonstrate a higher degree of certainty in GGGI’s ability to mobilize investments and progress towards contributing to GGGI’s 6 Strategic Outcomes.

Regular post-exit monitoring can not only help with reporting. The evaluation team found that GGGI teams were often not aware of the status of their projects after exit, and as a result were missing valuable opportunities to:

- Learn from the issues faced by the project after GGGI’s exit to enhance the organization’s value proposition on future projects;
- Complement green investment services with policy work to remove the hurdles impeding some projects from moving forward;
- Identify new investment project opportunities and potential to replicate existing projects in new locations.

The project developers interviewed noted that they are open to sharing information with GGGI on the status of projects (status of signed investment agreements or disbursements) but have to keep in mind their need for confidentiality on specific project details. GGGI can source this information through informal follow up meetings or telephone calls and does not always need to use formal, complicated processes.

**Conclusion 3**

Out of the total validated initial investment commitments, the private sector has committed to raise USD 391 million (73%) of the investments in 9 projects. This shows a positive result from GGGI’s efforts to engage the private sector. However, there is some lack of consistency in whether investors and finance are classified as private or public. There was one case noted in the sample evaluated where a state-owned company was classified as public sector while two other cases involving state-owned companies were classified as private sector.
It is important to note that certain members and partner countries also require support to access finance from donors and international climate and carbon finance institutions. GGGI has shown significant results by providing this support and has helped mobilize USD 106 million of funding from the Green Climate Fund (GCF), Adaptation Fund and bilateral donors including the Republic of Korea, Luxembourg, Germany and Italy.

- The private sector has committed USD 391 million in 9 projects representing 73% of the total initial investment commitments.

Although the public sector has committed to invest in a majority of the projects (16 cases out of 25), the private sector has committed to raise the largest pool of potential investments, by committing 73% of the total initial investment commitments.

However, the evaluation was not able to determine the sources of these potential investments as the projects are still in progress. Moreover, this information is generally not made available to GGGI as it is proprietary after it has handed over the ownership of the project to the private sector project developer. This stresses the importance of clarifying what GGGI means by initial investment commitment as highlighted under Recommendation 1 above and to report that it has mobilized commitments from the private sector and not specifically mobilized private finance.

Figure 6 - Initial investment commitments provided by different project developers or investors - host governments, donors, international climate finance institutions and private sector

Included in the above finding and figure, is one project in Ethiopia which secured USD 45 million in funding from an international climate finance organization (GCF) and USD 5 million in co-funding from the host government. In this case, the project has been included as one of 3 international climate projects and the co-funding from the host government has been included within the proportion of the initial investment commitments classified as public (host government).

In addition, one project in Mongolia has secured initial investment commitments from both the private and public sectors. This project has been included as one of the 9 private sector projects and the value of initial investment commitment from the public sector has been included within the proportion of the initial investment commitments classified as public (host government). This is an important example of GGGI’s efforts to promote blended finance towards green growth and is discussed further in Section 4.1 of this report.

- There has been a lack of consistency in defining which investors can be classified as private sector. It should include any company operating within the private sector space and competing with private companies on an arm’s length principle, even if they are state-owned.
In several cases, a company funded with public money effectively behaves as a private sector company, abiding by the arm’s length principle and competing with private companies. The French company, Engie, involved in Indonesia solar PV project in NTT Province is an example and another example is the Indian state-owned company EESL involved in Thailand’s First SME-only National Energy Efficiency Program with a target to replace lighting, motors and variable speed drivers. In such cases, GGGI reported that the initial investment commitment was secured from the private sector. However, in Indonesia’s solar PV project in Mandalika, a LOI has been signed with Indonesia Tourism Development Corporation (ITDC). ITDC is an Indonesian state-owned company and GGGI reported that the investment commitment was secured from the public sector rather than following the examples above and classifying it as private sector.

- A majority of the projects which have received initial investment commitments from the private sector have not yet progressed to signing of investment agreements. Projects financed through international climate finance, donors / ODA and host governments have made comparatively more progress beyond the initial investment commitment stage.

Most projects in which the private sector is involved have not reached further financing milestones beyond the signing of a MOU/LOI, as shown in Figure 7 below. However, in terms of the value of the commitment, USD 250 million financed by the private sector has signed investment agreements in place. This value is from Ethiopia’s Pipeline of projects for the Mekelle City Water Project which has obtained a commitment from a Chinese construction company (Gezhouba) and construction will be financed through a loan provided by the Chinese government.

*Figure 7 – Project status according to type of investor*

![Project status according to type of investor](image)

The private sector is involved in a larger number of projects (9 out of 25) but the downside is that 7 projects have not yet progressed to signing of investment agreements. This is understandable as project development timelines are typically longer in the private sector until financial close but risk / reward ratios are higher as illustrated in the following finding.

- In addition to committing a majority of the investments, the private sector has provided the largest individual commitment / investment sizes. International climate finance institutions are second, but they have financed fewer projects. All donor funded projects provided commitments below USD 5 million.
The private sector is involved in projects with larger individual investment sizes compared to host governments, donors and international climate finance institutions. Although most private sector projects are less than USD 20 million in individual investment sizes, in a few cases the private sector is able to participate in the development of projects requiring the largest amounts of capital: USD 60 million in Rwanda’s Green City Pilot Project, and USD 250 million in Ethiopia’s Pipeline of projects for the Mekelle City Water Project.

The average individual investment sizes in most private sector projects are, on average, similar to international climate finance institutions such as GCF or the Adaptation Fund. These international climate finance institutions are involved in three projects and are typically providing reasonably large individual investment sizes (from USD 10 million to USD 50 million). On the other hand, donors and host governments are typically involved in projects with a value lower than USD 5 million.

Figure 8 - Distribution of projects with different types of investors across individual investment sizes

- Ability to achieve financing milestones is comparable across bankable projects and NFVs. No progress from the initial investment commitment stage has been noted for any financial instrument.

Figure 9 - Breakdown of status of projects across different project types
Out of the 18 bankable projects having secured initial investment commitments, 6 have reached their disbursement phase. Another 6 have signed investment agreements in place. Financial instruments have secured initial investment commitments but not progressed to secure signed investment agreements or reached the disbursement stage.

- Most projects in the sample evaluated were Sustainable Energy projects. The ability to achieve further financing milestones is relatively similar across GGGI’s four thematic areas.

Figure 10 – Breakdown of status of projects across GGGI’s 4 thematic areas

Close to half of the projects in the sustainable energy thematic area have reached their disbursement stage (4 projects out of 11). All Water and Sanitation projects have progressed, having either reached signed investment agreements or disbursement stages.

The evaluation team examined the reasons for the relatively higher number of projects in the Sustainable Energy thematic area compared to others. Initially it was assumed to be due to the skill sets of GGGI staff being focused on the energy sector but an analysis of the portfolio of projects that GGGI is developing in 2018 and 2019 (not just the projects that secured initial investment commitments) showed a diversification into the other three thematic areas. This is illustrated in detail under KEQ 4 in Section 5.2 of this report. Further examination found that the reasons for the higher number of sustainable energy projects are mostly external to GGGI. The enabling environments for sustainable energy projects are more conducive compared to the other areas in countries where GGGI operates. Clear paths have been created by governments through the implementation of several mechanisms such as subsidies to promote green energy sectors. In addition, organizations like the World Bank, Asian Development Bank and other multilateral and bilateral organizations have been working in the energy sector for some time now to demonstrate viable business models and that could explain why the sustainable energy thematic area is more developed than the other thematic areas.

Recommendation 3

GGGI should clarify the definition of which investors can be classified as private sector.

There was one case noted in the sample evaluated where a state-owned company was classified as public sector while two other cases involving state-owned companies were classified as private
sector. A state-owned company effectively behaves as a private sector company, abiding by the arm’s length principle and competing with private companies. In such cases, the evaluation team recommends classifying these companies as private sector investors and applying this classification consistently in reporting going forward.

2.2 What are the main success factors in GGGI’s completed projects?

Conclusion 4

The evaluation team identified several key success factors in projects that have secured initial investment commitments. The most common factors included: strong stakeholder engagement with all relevant project stakeholders; GGGI’s ability to combine technical, financial and local expertise; a team consistently working on the ground with local experience; and a clear alignment with GGGI’s policy work and government priorities.

- Strong engagement with all project stakeholders is the main factor to ensure a project’s success

Figure 11 - Common factors that affect project success

<table>
<thead>
<tr>
<th>Factor</th>
<th>Number of Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder engagement</td>
<td>16</td>
</tr>
<tr>
<td>Technical expertise</td>
<td>11</td>
</tr>
<tr>
<td>Team on the ground</td>
<td>8</td>
</tr>
<tr>
<td>Alignment with policy work and government priorities</td>
<td>8</td>
</tr>
</tbody>
</table>

1 Stakeholders said that involving all interested project parties is key to make a project successful. In some cases, stakeholders pointed out GGGI’s lack of engagement with relevant stakeholders. It was also noted that in countries where the administration is decentralized, engagement with authorities should also be sustained at different levels (local, regional, national) to ensure project success.

2 Most stakeholders appreciate GGGI’s ability to combine a set of skills at different levels: country/local expertise, financial and project structuring expertise, thematic expertise. Two stakeholders recognized these qualities in GGGI’s team but identified some areas for improvement in terms of the quality of the pre-feasibility studies completed by GGGI.

3 Stakeholders recognized the value of having a team on the ground, or pointed out the challenges of not having staff locally. It was noted that dedicated GIS staff should have limited turn-over for the team to be able to provide appropriate advice within a local context. The need to understand the local language was specifically mentioned.

4 GIS services aligned with government objectives and GGGI’s policy work helps significantly to gain government’s support, and for GGGI to demonstrate credibility in its proposed business models.

Stakeholders interviewed during this evaluation stressed the importance of engagement with all key stakeholders on a regular basis to include their requirements during the design phase of projects. It was also important to have a strong understanding of the local context. Logically, having a team on the ground
makes this and continuous stakeholder engagement possible and is recognized as another key success factor. However, it can prove challenging for GGGI to provide high-quality services if there is high turnover among GIS staff as project development processes are long and often depend on inter-personal relationships to yield results. Respondents noted that having a strong alignment with GGGI’s policy work and government priorities facilitates project progress. GGGI’s ability to combine diverse expertise (thematic, financial, and country-specific) was also mentioned as a factor for success.

It could be argued that the factors identified above are simplistic and even obvious to most GGGI staff, but the evaluation team found that these basic factors also explain “failures” as well as “successes”. The following examples help illustrate this point:

- Stakeholders pointed out that it is often necessary to reach out to an organization at different levels (national/regional). For instance, GGGI initially engaged with the energy utility in Indonesia only at the provincial level where the project was located. This was reasonable at the time, but progress has been halted due to changes in regulations at the head office level. GGGI has recently initiated a systematic effort to engage with the head office to overcome these barriers.

- It is necessary to engage with multiple Ministries to overcome policy / regulatory barriers. In Hungary, GGGI was initially engaged primarily with the Ministry of Information and Technology and later found it necessary to engage with the Ministry of Finance to establish the Hungary-Balkan Regional Multi Donor Trust Fund. A formal advisory committee was subsequently established involving both Ministries which helped overcome the policy / regulatory barriers. Another example related to this was noted by the evaluation team which is confidential in nature but important to highlight anonymously. GGGI had assumed that the main government counterpart would engage with a different government department to secure regulatory approvals needed for the project to secure funding. This government department was not consulted during the project development process which led to significant delays in the final stages of the project.

- Managing stakeholder expectations throughout the project is critical to ensure that GGGI’s limited resources are not stretched too widely and deliver value for money. In Vanuatu, stakeholders interviewed during this evaluation assumed that GGGI would continue to provide direct and substantial support to the National Green Energy Fund (NGEF). However, GGGI’s role needs to transition as the fund matures and initiates disbursements. Currently GGGI is focused on resource mobilization for the fund but needs to transition to other priorities in the future and enable the fund to function as an independent and sustainable entity. The country team is developing a long-term exit strategy of direct GGGI support which is a positive development to manage stakeholder expectations.

A number of stakeholders interviewed during this evaluation stressed the importance of formal stakeholder engagement mechanisms to prevent or overcome the challenges identified above. These kinds of formal mechanisms are difficult to establish in some country contexts, but the benefits are considerable to facilitate engagement with different stakeholders and manage expectations.

Recommendation 4

GGGI should consistently identify all critical actors related to a project up front and examine ways to establish formal stakeholder engagement mechanisms. These could be in the form of project steering / management committees involving various stakeholders, established with specific terms of references.

Stakeholder engagement should be comprehensive as leaving one stakeholder aside increases the risk of the project getting stuck at a later stage if their interests have not been taken into consideration. GGGI should make sure that engagement occurs at different levels of an organization and is sustained and regular. This is why project steering / management committees, although they may be seen as time consuming to manage, have proven to be a useful mechanism to coordinate with different ministries and ensure sustainability through political changes.
3. **GGGI’s value proposition**

<table>
<thead>
<tr>
<th>Key Evaluation Question 2: Value proposition</th>
<th>Are GGGI's green investment service offerings relevant and adding value to members and partner countries?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Section 3.1 in this chapter: What are GGGI's strengths and weaknesses relative to other comparable organizations providing similar services?</td>
</tr>
<tr>
<td></td>
<td>• Section 3.2 in this chapter: Do members and partner countries value GGGI's current service offerings? Is there demand for other types of green investment services?</td>
</tr>
</tbody>
</table>

### 3.1 How does GGGI compare with other organizations?

The focus of this sub-question is to examine GGGI’s unique value proposition compared to other organizations that are providing similar services.

#### Conclusion 5

GGGI occupies a niche space in the market providing a combination of policy and investment services through in-country teams embedded in government. However, GGGI has not been able to effectively communicate its value proposition and results in a way that is clearly understood by all stakeholders.

- GGGI occupies a niche space in the market compared to other organizations providing similar services.

GGGI works for member and partner governments by integrating policy and investment work to promote green growth. This is unique compared to similar organizations providing support in the areas of climate change and sustainable development. GGGI's niche space in the market for green investment services is illustrated in Figure 12 below. The figure has been adapted from Ann Mei Chang’s book “Lean Impact” (https://www.annmei.com/book) and builds on GGGI’s own publication “Mind the Gap: Bridging the Climate Financing Gap with Innovative Financial Mechanisms”.

The figure illustrates three types of organizations operating at different points on the spectrum of different types of projects. The three types of organizations provide project development support to entities that seek finance from different types of investors:

- Projects on the left side of the figure are funded by foreign aid and philanthropic organizations and expect no return on investment. These grant-funded projects are typically implemented by non-profits, international organizations or directly by governments in developing countries.
- Projects on the right side can either be funded by investors who at least expect to recoup their capital or by investors operating in capital markets that require a +X% market rate return. These projects are typically implemented by for profit companies, including project developers.
- There is a gap in the market in the middle of the spectrum where projects are high risk or provide low returns and require support to be made bankable and attract concessional or commercial finance. This is the space in the market that GGGI operates in.
There are a large number of organizations providing project development support under Type A (fully grant-funded projects with no return on investment) and Type B (structuring projects that have proven business models and can attract commercial finance from capital markets). However, there are a few organizations, like GGGI, which are trying to strategically reduce risks or enhance potential returns to the point that projects are sufficiently bankable to attract larger amounts of finance from investors. These investors expect at least their capital to be returned in full (concessional finance from multilateral development banks or debt funding from international climate finance organizations) or expect commercial rates of return (private investors through capital markets or commercial banks).

The evaluation team has not done a full market survey of all organizations who operate in the different areas identified above. However, a sample of organizations were identified and examined to better understand the services they provide compared to GGGI’s services.

**Type A:** Includes a large number of organizations implementing fully grant funded projects which are not expecting any return on investment. These organizations mainly include traditional non-profit organizations and can also include some international organizations like UNDP and UN Environment. These organizations are accredited entities with various international green and climate finance institutions and implement large scale projects in countries mainly with grant funding.

**Type B:** These include organizations, mainly private sector but some public sector as well, who work on project preparation with mainly private sponsors to facilitate the flow of finance to projects that have proven business cases. The number of organizations in this category is growing rapidly to facilitate finance from private sector capital providers expecting a +X% market rate return on projects.

- **PFAN:** The Private Financing Advisory Network is a global network of climate and clean energy financing experts, which aims to bridge the gap between entrepreneurs developing climate and clean energy projects and private sector investors. PFAN provides free business coaching to projects, and outreach to investors.
- **PwC**: PwC’s clients include corporations, resource management companies, international development agencies, financial institutions and non-profit organizations. The company help with monitoring and evaluation, project management, as well as operational improvement and compliance.

**Type C**: There were four organizations identified by the evaluation team which provide project preparation support to government clients and work closely with the private sector as well to identify projects in their early stage of development without proven business models and work on developing them to be bankable. The organizations include:

- **Climate Finance Accelerator (CFA)**: CFA is an innovative partnership between British and Nigerian experts and organizations. It supports countries to identify priority NDC projects and generate concrete financing propositions by blending public, private, international and national funding.

- **Commonwealth Climate Finance Access Hub (CCFAH)**: This initiative helps Commonwealth member countries navigate the red tape around climate financing and develop successful applications to international climate finance organizations.

- **Deutsche Gesellschaft für Internationale Zusammenarbeit (GiZ)**: GiZ is the German development agency which provides project support in various development-related fields from drafting the concept through to project implementation and final financial settlement and evaluation. As an implementation organization, GiZ may also provide policy-related support for governments to achieve their NDC goals.

- **Climate Policy Initiative (CPI)**: CPI helps governments, businesses, and financial institutions implement new and transformative finance solutions that mobilize sustainable investment at scale. It also supports policymakers to unlock energy finance.

The above organizations were examined to identify the areas of support they provide and this has been compared with GGGI’s services in Figure 13 below. It is important to note that GGGI has developed strong partnerships with some of these organizations already (like GiZ) which helps strengthen the value of the combined service offerings.

![Figure 13 – Comparing GGGI’s value proposition and services with similar organizations under Type C](image)

As an intergovernmental organization mainly working through embedded teams in governments, GGGI is able to combine its policy and investment work to provide a unique value proposition. There are organizations also providing similar services to government clients but GGGI has been able to distinguish itself as demonstrated below by the feedback from stakeholders interviewed during this evaluation.

- Stakeholder feedback during this evaluation consistently noted that GGGI's ability to combine policy and investment work and deliver this through embedded teams helps distinguish it from
other comparable organizations. However, this value proposition is not always well communicated to stakeholders in-country.

The feedback gathered during this evaluation has been included in the report in general terms to ensure the confidentiality of the feedback received. Project stakeholders interviewed during in-country visits noted that GGGI stands out from other comparable organizations as it is not aligned to any particular investor and works in the best interest of the project. It was also noted that GGGI is able to focus its efforts on specific sectors rather than working on mainly cross-sectoral initiatives like other organizations. However, GGGI does not communicate its results clearly and consistently. Sometimes, it is difficult to distinguish what GGGI’s deliverables / outputs are compared to the government departments it is embedded in. Comparable organizations were recognized to be doing this better than GGGI.

The evaluation team also sourced informal feedback from some of the organizations included in Figure 13 to better understand GGGI’s comparative strengths. Organizations interviewed noted that GGGI has collaborated on specific efforts which have been successful, it is viewed as an “implementation” agency with a focus on projects on the ground, perceived to be a strong competitor for earmarked funding opportunities and unique as it is embedded in government. The main challenge pointed out was that GGGI is perceived to be working on a broad green growth agenda which leads to the challenge in communicating GGGI’s value proposition clearly to stakeholders on the ground.

**Recommendation 5**

**GGGI should improve communication of its value proposition and results through simple communication materials and on multiple platforms.**

GGGI clearly adds value and has a niche place in the market but communication can be improved. Simplified communication materials like posters and brochures should be used consistently in all countries supported by budget allocations up front for these types of activities. There has been some progress made with promoting these types of communication materials, but it needs to cover all countries where GGGI has developed investment projects. Investment teasers have been developed by GGGI deal managers but are not published on GGGI’s website. These are a good starting point to not only communicate GGGI’s value proposition and services but also its potential results in terms of the 6 Strategic Outcomes. To prevent conflicts of interest, project owners after GGGI’s exit can be engaged and, where possible, joint communication collateral can be developed and published on multiple platforms.

**3.2 Do clients value GGGI’s service offerings?**

This sub-question focused on addressing if GGGI’s green investment service offerings are relevant and adding value to member and partner countries. The evaluation team documented feedback from key external stakeholders about GGGI’s service offerings and value add. A particular focus was on seeking feedback from stakeholders on whether GGGI should reconsider its current choice of exit point and if exiting at a later point will be more useful and impactful.

**Conclusion 6**

**GGGI’s clients value its service offerings and there is clear demand for its strong technical expertise, deep understanding of local needs, ability to coordinate stakeholders and embedded teams providing long term support.**
• GGGI’s specific role as part of its services for project scoping and preparation in a majority of the investment projects examined under this evaluation was to conduct pre-feasibility studies (pre-FS) to prepare projects to secure initial investment commitments.

To better understand GGGI’s value proposition, it is first important to examine the role it plays / support it offers to project stakeholders.

*Figure 14 – Proportion of projects in which GGGI provided different types of support*

The pre-FS services are in majority of 52% of the projects examined followed by proposal support to government counterparts to access international climate or carbon finance in 37% of the projects. This demonstrates the relative importance of proposal support to member and partner countries. Examples of the types of support provided by GGGI are included below:

**Pre-FS:** According to guidelines provided by the Green Climate Fund6, a pre-feasibility study is undertaken “to present an assessment of the proposed project/program’s interventions in terms of the soundness of their technical design, costs and benefits, social and environmental impacts, legal and regulatory environments in which the proposed interventions/activities are expected to be implemented, institutional and financial aspects, and any other analysis to assess feasibility of the investment. The pre-feasibility study should provide a clear conclusion, with recommendations that explain the underlying logic of the project structure and activities”. This is different from a feasibility study which “incorporates in-depth technical design studies for the proposed technological solutions, may involve detailed engineering study/analysis with testing work and on-site appraisals and includes deeper analysis and testing of each feasible option”.

An example of a pre-FS study is in NTT province in Indonesia, where GGGI executed a pre-feasibility study for the connection of existing diesel-powered grids to solar PV plants. The study nominated 6 locations out of 8 examined, which were financially viable with an estimated investment size of USD 15 million. The study was done following a formal request by the Governor of NTT and was subsequently submitted to the Governor. A private sector energy company, Engie, was already engaged with the NTT administration and GGGI supported the company to connect with PLN, the state-owned utility, as the off-taker. Engie decided to consider investing in the project based on GGGI’s pre-FS and has conducted further studies building on GGGI’s analysis. There was positive feedback about the quality of the pre-FS noted from Engie during this evaluation. Engie is currently waiting for a formal procurement process to be initiated by PLN to take this project forward.

**Pipeline building or bundling projects:** GGGI works with a range of local stakeholders to identify and aggregate a pipeline of projects that can be financed. For example, in the Thailand EE Program, GGGI conducted walk through energy audits in 220 SMEs across different sectors to aggregate demand. Based on these audits, financial and business models were developed to engage an energy service company

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6 Guidance for preparing a pre-feasibility study under the Simplified Approval Process, GCF Guideline.
(ESCO) and the Provincial Electricity Authority (PEA)\(^7\). The Indian state-owned ESCO, EESL, expressed interest based on the energy audits and proposed business models and PEA agreed to implement one of the options recommended by GGGI. EESL is committed and intends to invest USD 20 million in energy efficiency projects in Thailand’s SME sector.

**Matchmaking:** GGGI supports specific projects to access finance by matching them to relevant investors. GGGI helped establish the National Green Energy Fund (NGEF) in Vanuatu which aims to provide increased financing for energy access and green energy projects. It was set up in May 2017, and the government contributed a seed fund based on proposals developed with GGGI’s support. GGGI has continued supporting resource mobilization for the fund through matchmaking to relevant funding sources like GCF.

**Proposal support:** This kind of support is aimed at government counterparts to access international climate or carbon finance. GGGI supported Ministry of Finance and Economic Cooperation (MoFEC) in Ethiopia to develop its GCF project to enhance critical irrigations systems in regularly drought-stricken areas. GCF approved the USD 50 million project, contributing USD 45 million with a USD 5 million co-contribution from the Ethiopian Government. GGGI initiated its support to MoFEC to secure GCF accreditation and then engaged in the development of the full project proposal, including a feasibility study. The project was approved with conditions in October 2017. GGGI supported in addressing these conditions following which the project received the first disbursement of USD 3.8 million in May 2019. In July 2019, GGGI participated in the first inception workshop with the implementing partners and plans to continue supporting implementation with monitoring and reporting.

- It is evident from stakeholder feedback that GGGI is generally providing high quality services with some areas for improvement.

In general, the evaluation found that GGGI delivered its outputs in a relatively timely manner and with high technical quality. Specifically, stakeholders noted that GGGI deployed high quality staff and consultants to conduct studies and engaged international experts who helped build credibility in the studies. There were some stakeholders who noted that GGGI did not always have a clear plan in place at the start of projects which affected its ability to manage evolving risks and opportunities. There were some delays in projects and stakeholders noted that these were mainly due to other stakeholders, not GGGI.

- GGGI’s external stakeholders identify its technical expertise to be its most important value proposition, followed by a good understanding of local needs, its role as a matchmaker to coordinate stakeholders and its ability to provide long term support through embedded teams.

*Figure 15 – External stakeholders who provided feedback on different aspects of GGGI’s key value proposition*

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\(^7\) PEA is a Thai state-owned enterprise working as the electricity distributor for the whole country except Bangkok and its vicinity
The evaluation team got feedback on GGGI’s value proposition from 20 external stakeholders and aggregated them into the following main categories:

**Technical expertise:** Stakeholders noted that GGGI has “solid experience” in relevant sectors, developed innovative financing mechanisms and brought in international experience. Some stakeholders raised questions about the quality of specific assumptions in studies conducted by GGGI, but this feedback should be viewed in the context that the studies were only preliminary analyses.

**Understanding local needs:** The feedback pointed to the fact that GGGI’s work integrates well with existing government systems and processes and does not create parallel systems. The projects were consistently noted to be relevant to local needs and GGGI was seen as a “first mover” in some specific areas which other development partners had not prioritized. Feedback from stakeholders also noted that GGGI focused on specific sectors unlike other development partners who provided more general and high-level support.

**Coordinating stakeholders:** The main feedback received under this was that GGGI adds value by bringing together a range of relevant stakeholders for the benefit of a project. This is particularly important in terms of GGGI’s ability to connect private and public sector entities.

**Embedded teams in government departments:** Stakeholders noted that GGGI is able to provide ongoing support, as a neutral advisor. They noted that there are few organizations working on providing implementation support and GGGI’s embedded teams can work hand in hand with government and local stakeholders to develop projects which would otherwise not have received support.

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**Conclusion 7**

GGGI’s current point of exit is appropriate. There are varying exit points depending on the type of projects / services and these should be differentiated from when GGGI secures initial investment commitments, particularly for NFVs.

- GGGI’s exit point varies depending on the type of projects / services, i.e. bankable projects, financial instruments and national financing vehicles (NFVs) or funds.

GGGI typically exits earlier in bankable projects and financial instruments once initial investment commitments are secured and the responsibility to develop the project further has been handed over to a project developer or investor. GGGI should not be using its limited resources to stay engaged and subsidize project developers and investors who have demonstrated their commitment to develop a project. GGGI stays engaged longer in NFVs, even after securing initial investment commitments, to ensure its sustainability. This is illustrated in the following examples:

**Bankable project in NTT Province in Indonesia:** GGGI developed a pre-FS and business models for a private sector project developer (Engie) to engage with the state-owned energy utility (PLN). GGGI exited the project when the private sector project developer provided a letter of interest expressing its initial commitment to invest in the project. The ownership of the project passed on to Engie who built on GGGI’s pre-FS and conducted more detailed studies in the different project locations.

**Financial instrument in Thailand:** GGGI aggregated demand for energy efficiency measures in SMEs by conducting 220 walk-through energy audits. GGGI also developed business models for the state-owned energy company (PEA) to engage with an international energy service company (EESL from India). GGGI exited the project when the international energy service company provided a letter of interest expressing its initial commitment to invest in the project. As in the case of bankable projects, the project ownership transferred to the international energy service company at this point.

**National Financing Vehicle in Vanuatu:** GGGI developed the National Energy Road Map (NERM) stipulating the need for a financing mechanism for energy projects, then conducted various preparatory activities to establish the National Green Energy Fund (NGEF) including development of the law to establish the fund, business plan, operational manual, hiring of the fund manager etc. After the NGEF was
established and its first staff was recruited, GGGI has continued to stay engaged to mobilize resources for the fund from various government sources and international funders. Once adequate resources have been raised and the NGEF disburses funds for its first project, GGGI plans to provide high level technical advice to the NGEF Board and shift focus to developing bankable projects on the ground to submit to the NGEF for funding. The potential conflicts of interest need to be examined and mitigated when this stage is reached. The key point is that GGGI’s support is evolving as the NGEF matures and there is no explicit point of exit and rather a scaling down of direct support.

Therefore, there are varying exit points depending on the type of projects / services. To better understand GGGI’s value proposition, these exit points should be differentiated from when GGGI secures initial investment commitments, particularly for NFVs.

- **Stakeholders interviewed noted that GGGI’s current point of exit for bankable projects and financial instruments is appropriate as the responsibility for implementation shifts to project developers / investors.**

As noted above, the exit point for NFVs is not always clear and GGGI’s role should transition over a period of time as the fund matures. However, there are clear exit points for GGGI in bankable projects and financial instruments when a formal initial investment commitment is received from a project developer or investor. Feedback received from stakeholders interviewed during this evaluation was consistent that GGGI’s current point of exit is appropriate in these types of projects. Only one stakeholder out of 19 who responded to this specific question noted that GGGI should have stayed engaged longer. Further examination of this feedback revealed that the suggestion was for GGGI’s role to be focused on stakeholder coordination to ensure the project progresses and not to get involved in project details like financing agreements, procurement etc.

Even though the exit point is appropriate, monitoring of project progress is currently not systematically undertaken by GGGI. This will be key to understand lessons learned for replication and, more importantly, identify new opportunities and mitigate evolving barriers to scale up projects. The need for post-exit monitoring has already been highlighted in Section 2.1 of this evaluation report.
4. **GGGI’s potential for scaling up**

<table>
<thead>
<tr>
<th>Key Evaluation Question 3: Scaling up</th>
<th>How can GGGI strengthen the scaling up of its investment work?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Section 4.1 in this chapter: How well is GGGI integrating its investment and policy work to enable the scale up of investments?</td>
</tr>
<tr>
<td></td>
<td>• Section 4.2 in this chapter: How effectively is GGGI sharing knowledge about its experiences and lessons from successful investment projects for potential replication by others?</td>
</tr>
</tbody>
</table>

### 4.1 How is GGGI scaling up its investments?

The focus of this sub-question is to understand GGGI’s potential to scale up and replicate its green investment work in the projects that secured initial investment commitments between 2015-2018.

**Conclusion 8**

The evaluation found that all 26 projects that secured initial investment commitments and reviewed under this evaluation have demonstrated evidence of having adopted different strategies for scaling up – enabling policies, NFVs, bundling projects to attract investors and pilot projects to demonstrate a business case. GGGI also uses these strategies to scale up projects involving the private sector specifically by overcoming the early stage hurdles to promote blended finance. These different experiences have served as important lessons for GGGI to strengthen its strategy for scaling up its investment projects.

However, GGGI has not operationalized a structured approach to scaling up. The current project approval process in GGGI does not include a specific step to examine how an investment project can be scaled up. An up front, structured approach based on lessons learned to date can help plug this gap.

- GGGI explicitly aims to scale up successful investment experiences in the same country or other countries, in order to deliver impact at scale. However, GGGI has not operationalized a structured approach to scaling up. Despite this, the evaluation found that all 25 projects that secured initial investment commitments and reviewed under this evaluation have demonstrated different strategies for scaling up.

The fact that GGGI aims to scale up its successful investment projects is clear in its Strategic Plan 2015-2020. It states that GGGI aims to deliver transformational impacts in member and partner countries and this requires it to contribute to mobilize financing at scale towards successful green growth interventions. In practice, GGGI attempts to achieve this in a number of different ways which are not explicitly documented. Therefore, the evaluation team adopted a working definition of scaling up from a credible source and identified the different scaling strategies adopted by GGGI by examining the 26 projects that have secured initial investment commitments and reviewed under this evaluation.

**Definition of scaling up:** A good starting point is a definition of scaling up proposed by the Brookings Institution in 2008—“Scaling-up is the process of expanding, adapting and sustaining successful policies, programs or projects in geographic space and over time to reach a greater number of people”.

**Different scaling up strategies adopted by GGGI:** 4 main strategies were identified by examining the projects covered under the scope of this evaluation - enabling policies, NFVs, bundling projects to attract investors and pilot projects to demonstrate a business case.

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It is important to note that projects implemented by GGGI are still fairly recent with a majority securing initial investment commitments in 2017-2018. Therefore, it may be considered premature or ambitious to expect substantial progress in scaling up already. Ideally, this will need more return on experience to judge the appropriateness of the sectors, geographies and type of projects selected to effectively refer to scaling up. But the evaluation did find that all 26 projects that secured initial investment commitments and reviewed under this evaluation demonstrated that they have adopted at least one of the above 4 scaling up strategies and some have adopted more than one as illustrated in Figure 16 below:

**Figure 16 - Projects evaluated showed evidence of adopting one or more of the different scaling up strategies**

<table>
<thead>
<tr>
<th>% of projects that adopted different scaling up strategies</th>
<th>Enabling policies</th>
<th>NFVs</th>
<th>Bundling projects to attract investors</th>
<th>Pilot projects to demonstrate a business case</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Name of project</td>
<td>Country</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1 Pipeline of projects for the Mekelle City Water Project</td>
<td>Ethiopia</td>
<td>48%</td>
<td>32%</td>
<td>20%</td>
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<tr>
<td>2 Adaptation Fund allocation to the CRGE Facility for a Climate Smart Integrated Rural Development Project</td>
<td>Ethiopia</td>
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<tr>
<td>3 Global Climate Fund (GCF) Project to enhance critical irrigations systems in regularly drought-stricken areas</td>
<td>Ethiopia</td>
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<tr>
<td>4 Rwanda Green City pilot project</td>
<td>Rwanda</td>
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<tr>
<td>5 Costa Rica Environmental Bank Foundation (FUNBAM)</td>
<td>Costa Rica</td>
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<tr>
<td>6 Fiji Solar PV project on Taveuni Island</td>
<td>Fiji</td>
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<tr>
<td>7 Strengthening climate resilience of rural communities in Northern Rwanda (SCRNR) – GCF FONERWA (Rwanda’s Green Fund) funding by the Swedish International Development Cooperation Agency</td>
<td>Rwanda</td>
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<td>8 Rwanda Environment Management Authority – Kigali City wetland development</td>
<td>Rwanda</td>
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<tr>
<td>9 Rwanda Environment Management Authority – Government contribution for Kigali City wetland development</td>
<td>Rwanda</td>
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<tr>
<td>10 Rice Husk Waste to Energy Projects Bundle, 1.5MW</td>
<td>Senegal</td>
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<tr>
<td>11 Distributed Solar PV program, 14 MW</td>
<td>Guyana</td>
<td></td>
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<tr>
<td>12 Sonora State Green Bond to implement the Sonora Green Growth Strategy and finance the first stage of BRT development</td>
<td>Mexico</td>
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<tr>
<td>13 Vientiane’s Solid Waste Management</td>
<td>Lao PDR</td>
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<tr>
<td>14 Hungary-Balkan Regional Multi Donor Trust Fund</td>
<td>Hungary-Balkans</td>
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<tr>
<td>15 Mongolia Green Finance Corporation</td>
<td>Mongolia</td>
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<tr>
<td>16 Ulaanbaatar City Thermo-technical retrofitting of residential buildings</td>
<td>Mongolia</td>
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<td>17 Ulaanbaatar City construction of a city green kindergarten</td>
<td>Mongolia</td>
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<td>18 Indonesia solar PV project in Mandalika</td>
<td>Indonesia</td>
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<td>19 Indonesia solar PV project in NTT province</td>
<td>Indonesia</td>
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<tr>
<td>20 National Green Energy Fund (Ngef)</td>
<td>Vanuatu</td>
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<tr>
<td>21 National Green Energy Fund - contribution by the Government</td>
<td>Vanuatu</td>
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<tr>
<td>22 Vanuatu Outer Island Solar Power Project funded by Luxembourg</td>
<td>Vanuatu</td>
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<tr>
<td>23 Solar Freezers project funded by BMZ</td>
<td>Vanuatu</td>
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<tr>
<td>24 First SME-only National Energy Efficiency Program with a target to replace lighting, motors and variable speed drivers</td>
<td>Thailand</td>
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<tr>
<td>25 CotoMetalWorks funding for energy efficiency projects in the SME sector</td>
<td>Thailand</td>
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</table>

Based on the above analysis, the scaling up strategies can be described as follows:

- **Enabling policies**: This is explicitly mentioned in GGGI’s Strategic Plan and operational strategies for its green investment services. GGGI tries to ensure that its investment work is closely integrated with its policy work. By working closely with governments to remove policy obstacles and/or create policy-based incentives alongside creating a pipeline of green investment opportunities, GGGI hopes to contribute to attracting greater flows of finance into sectors and technologies that are capable of having significant green growth benefits. Examples of policy measures include changes in the
structure of power purchase agreements, tariffs, tax incentives and associated decrees and legislations which improve the enabling environment for investments. But this is not the only way that GGGI works on scaling up its investment projects.

- **NFVs**: National Financing Vehicles can help consolidate existing financial mechanisms and leverage seed funding from host governments to access larger amounts of finance from external sources. The aim is to create a sustainable financing mechanism that functions without GGGI’s direct support and helps achieve specific government SDG or NDC targets.

- **Bundling projects to attract investors**: GGGI examines the market (or a segment of it) to understand the potential to implement specific measures that contribute to green growth (like energy efficiency). Based on the market assessment, demand for such measures is aggregated to demonstrate a viable investment size for investors.

- **Pilot projects to demonstrate a business case**: GGGI conceptualizes pilot projects, conducts technical and financial pre-feasibility studies and brings together project developers, financiers and government agencies to demonstrate the business case for specific green growth projects (like solar PV). GGGI does this to demonstrate and build confidence in a specific market about the viability of technologies and solutions and hopes to pave the way for the implementation of similar projects.

- **To illustrate the above scaling strategies in practice, a sample of projects were examined in detail. These were noted to be good quality projects by external stakeholders (government, developers and financiers) and can potentially catalyze a larger pool of capital by leveraging initial investments and could be replicated within the countries or in other countries.**

**Enabling policies**: There are a number of examples of GGGI teams working on developing enabling policies to unlock finance. To demonstrate this scaling strategy an example from Guyana can be seen where the overall objective pursued by GGGI was to develop distributed solar. It focused on tackling three main hurdles for solar development: lack of awareness among local private stakeholders, regulatory barrier of 100 kWP cap on connecting to the grid imposed by the utility and lack of funding. GGGI had an on-site consultant visiting local companies to raise awareness and provide them with technical and financial solutions to implement solar power in their facilities. A Letter of Intent (LOI) was secured from 2 private sector partners to invest in 14 MWp Solar PV project on the equity side. In the meantime, GGGI is continuing to discuss with the utility to lift the cap and trying to mobilize private investors (local and international) to invest in the pipeline.

**Bundling projects to attract investors in Thailand**: Even though the National Energy Efficiency Program (NEEP) is currently on hold (agreement to be reached between PEA and EESL), the investment grade energy audit performed by GGGI for one company (Cotco Metal Works) has enabled them to implement concrete energy efficiency measures. The evaluation team noted strong opportunities to unlock an estimated USD 380 million for energy efficiency investments in the SME sector through these kinds of demonstration projects and once the NEEP is implemented by PEA and EESL with an initial USD 20 million. These opportunities are based on the specific characteristics of Thailand’s industrial base which offers a high number of industrial clusters that could benefit from this program. The program also represents a strong opportunity to mobilize an increasing amount of private finance by demonstrating progress in the engagement between PEA and EESL.

**NFV in Vanuatu**: The seed capital for the National Green Energy Fund (NGEF) has been secured from the government based on which further funding from the GCF is being leveraged to scale up and provide a solid foundation for NGEF to start investing in bankable projects.

**Pilot project to demonstrate a business case in Indonesia**: An initial investment commitment has been secured from the private sector (Engie) for a pilot project in NTT province to demonstrate the business case for hybrid systems by connecting existing diesel-powered grids to solar PV plants. However, the project has not progressed due to policy/regulatory barriers. Developing a solar PV project in Indonesia is very difficult and scaling up might be even more challenging based on the experiences of solar PV developers like Engie, Akuo or Total Eren. The risk is that the solar PV projects can become one-off
projects despite the huge potential in the country unless some actions can be taken at the policy level to overcome the barriers. GGGI has initiated some actions in this regard.

- GGGI also uses the above strategies to scale up projects involving the private sector specifically by overcoming the early stage hurdles to promote blended finance.

The OECD\textsuperscript{9} has defined blended finance as “the strategic use of development finance for the mobilization of additional finance towards sustainable development in developing countries. Additional finance is commercial finance that does not have an explicit development purpose and that has not primarily targeted development outcomes in developing countries, and development finance is public and private finance that is being deployed with a development mandate. This framing of blended finance distinguishes finance by purpose rather than by source, moving away from the emphasis on public/private actors to highlight development/commercial finance flows.” It also highlights that it occurs in the context of a specific transaction.

GGGI has demonstrated that it has adopted strategies to scale up its investment projects involving the private sector so that they can attract larger amounts of additional / commercial finance that would otherwise not flow to these kinds of projects. GGGI is developing NFVs to consolidate existing development finance and leverage additional finance, it is bundling projects to attract additional finance that would otherwise not be invested due to the small size of individual investments and demonstrating business cases through pilot projects to build confidence in providers of additional finance.

GGGI works in the early stage of project development and is able to bring together public and private sector organizations to commit to further developing a specific project. This serves as a first step in overcoming the hurdles to deploying blended finance. However, GGGI is not involved in later stages of the project to structure transactions. As GGGI projects involving the private sector are still in their early stages it is not yet possible to examine if they will involve blended finance in practice. This is an important aspect to clarify when reporting GGGI’s results.

- The different experiences to date have served as important lessons for GGGI to strengthen its strategy for scaling up its investment projects. The current project approval process in GGGI does not include a specific step to examine how an investment project can be scaled up. An up front, structured approach based on lessons learned till date can help plug this gap.

A review of the current template for Project Idea Notes (PIN) revealed that it includes sections on context / rationale to document why the project is important and why it is needed and a section on strategic alignment with GGGI’s and government’s priorities. However, there is no specific section to highlight how an investment project can be scaled up. As GGGI explicitly aims to scale up its investment projects, an upfront review of how this plans to be undertaken is critical.

Recommendation 6

GGGI should adopt a clear definition and operationalize a structured, up front approach to scaling up its investment projects. This should be a key priority for GIS moving forward to achieve the ambitious Strategy 2030 targets.

GGGI can build on the lessons learned from projects implemented so far and this evaluation has provided a starting point for this. GGGI should adopt a clear definition of scaling up and build on the 4 specific scaling up strategies identified in this evaluation based on lessons from past projects, including the need to overcome early stage hurdles to promote blended finance. This can help

GGGI’s project teams adopt a more structured approach upfront based on lessons learned and adjust according to specific project and country contexts. The Project Idea Note (PIN) template can include a section on which scaling up strategy will be adopted by an investment project and this should be examined during the PIN review meeting. GGGI is currently revising its guidelines for the project development process and it is recommended to include this section in the template and guidelines.

Further guidance can be provided to project teams by developing a list of key considerations for scaling up. An initial list is included below to serve as a starting point and is not meant to be exhaustive. It might be difficult to “tick” all the boxes in this checklist of considerations upfront as some of the items can only be discovered during the implementation phase of projects but it can still guide project teams to consider them during project implementation.

- **Enabling policies**: relates to the overall regulatory framework and can include the historical evolution of the specific sectoral market in the country (e.g., the energy mix); targets set by the government (national development plans, NDCs, SDGs); the political stability of the country over the past few years and whether upcoming elections could potentially bring some uncertainties for investors and affect the progress of projects.

- **NFVs**: existing laws governing financial institutions; central bank regulations on managing foreign currencies; building on government systems to ensure that parallel systems are not created; governance structure and membership to ensure broad participation.

- **Bundling projects to attract investors**: focus on building an appropriate investment size by examining if the related sector or the market is deep enough to consider a bundling approach (e.g., in Thailand, there are a large number of industrial clusters where demand can be aggregated for energy efficiency or solar rooftop projects); analyzing if GGGI’s role is adequate/relevant to bundle projects or if any other entity/organization is able to do this instead (e.g., energy efficiency audits can also be performed by private sector entities).

- **Pilot projects to demonstrate a business case**: related to the extent of in-country expertise and experience in specific technologies; adequacy of supporting infrastructure (information and communications technology, transmission and distribution); if similar projects have been attempted by others in the past and the main challenges they faced; alignment with policy work done by GGGI to identify specific barriers in a sector.

### 4.2 How well is GGGI sharing knowledge to replicate projects?

This sub-question examined how effectively GGGI is able to document and systematically share experiences and lessons from successful investment projects to enable replication by others in the same country or other countries.

### Conclusion 9

GGGI has selected strategic priority areas to focus on moving forward based on the experience gained between 2015-2018. An examination of the 2019 portfolio of projects reveals that GGGI is building on its past experience in these priority areas and replicating projects in new countries.

This demonstrates that GGGI has been able to share experiences and lessons across countries using informal mechanisms but this will become a challenge as the portfolio of projects increases in 2019 and beyond and as GIS staff are increasingly deployed to different countries.

- The 2019 pipeline of projects shows a clear ambition to scale up and replicate solar PV, energy efficiency projects and NFVs, balanced by projects in new priority areas such as e-mobility and waste-to-energy.
In 2019, as part of the development of the Strategy 2030, GGGI selected 6 strategic priorities to focus its investment work on - solar PV, energy efficiency, waste-to-resource, sustainable landscapes and commodities, e-mobility and NFVs. This was based on the need to effectively utilize GGGI's limited resources in areas that can be replicated based on past experience. An examination of the 2019 portfolio of projects (as of July 2019) shows some clear examples of replication of projects that secured initial investment commitments between 2015-2018:

**Solar PV:** Experiences from Indonesia, Vanuatu, Mozambique, Guyana and Fiji are being replicated in 2 utility-scale projects in India (150 MW) and the Philippines (50 MW) and off-grid projects in Papua New Guinea and in new locations in Fiji.

**Energy Efficiency:** A similar project to the one in Thailand is currently being developed in Cambodia.

**NFVs:** Based on experience gained in Vanuatu, Hungary, Rwanda, Mongolia and Costa Rica, GGGI is working on similar projects in Ethiopia, Uganda, Morocco and Cambodia.

Even limited experience in areas such as waste-to-resource and e-mobility gained during 2015-2018 is starting to be replicated in new countries.

**Waste-to-Resource:** The experience with one project in Senegal is being replicated in 3 projects that are currently being developed in Myanmar (rice husk), Cambodia (waste-to-fuel) and Indonesia (biogas).

**E-mobility:** The experience in Mexico and India is being used to develop projects in Nepal and Lao PDR.

Overall, these examples show that GGGI has been able to share knowledge and replicate successful projects in new countries.

- **The evaluation team noted some specific lessons from the projects examined in Indonesia and Thailand that can be applied to solar PV and energy efficiency projects that GGGI is currently developing as part of the 2019 portfolio.**

  - The utility-scale projects in India and the Philippines are relevant given the energy needs in these countries. However, the trend in each country is very different, as India continues to add capacity every year especially in solar PV (utility-scale and rooftop) while the Philippines has an oversupply of power in some regions. In 2017, the government in Philippines decided to stop the feed in tariff (FiT), and it will be important for GGGI to apply the lessons learned in Indonesia (in terms of changing policy / regulatory requirements) to examine if a 50 MW solar PV project can be developed in Philippines’ Bataan province given the policy barriers. If GGGI pursues this opportunity, it should carefully examine the evolving regulatory environment.

  - In biogas and energy efficiency projects currently being developed in Indonesia and Cambodia respectively, lessons learned from the Indonesia (NTT) project and the energy efficiency program in Thailand should be carefully followed. Indeed, for commercial viability of biogas projects and especially if electricity generation is a component, involving PLN in Indonesia early in the process should be a pre-requisite. On the energy efficiency project in Cambodia, the relationship between the government body (Electricité du Cambodge) and the requirement for a foreign company to establish itself in Cambodia should be verified early in the process along with an examination of the foreign ownership limitation in this sector.

- **Overall, the nature of projects in the 2019 pipeline illustrates some lessons already learned from past projects and these being transmitted to new countries. However, the current mechanism for sharing this knowledge is mainly through unstructured or informal channels.**

Although the 2019 pipeline demonstrates some replications and lessons learned from past projects, it is important to understand the current mechanism for replication and knowledge sharing;
Mainly through regular calls between the GIS staff based in HQ and in-country and the Head of GIS, discussions within thematic areas through communities of practice (COP), and intranet communication platforms where notes can be compared.

GIS staff have consolidated some early return on experience and are working on similar projects in multiple countries which also helps transmit lessons.

The GGGI Online project management system has recently been adopted which can help to store and make knowledge accessible to all staff. However, there is currently no clear approach / incentive / policy for GIS deal managers to document and share lessons.

Out of all the projects examined, the evaluation team noted only one project in Viet Nam which had clearly documented lessons learned and shared this with headquarters. It serves as a good example of GGGI being flexible in its approach and adjusting based on evolving circumstances on the ground. GGGI conducted pre-feasibility studies for biomass projects and found the feed in tariff (FiT) to be too low to be feasible for implementation and no investment commitments were secured. Following a re-think in the approach, GGGI has worked closely with local stakeholders to develop a publication using the data collected from the pre-feasibility studies to build a case for lowering the FiT. This publication has been shared widely with government departments and used to advocate for this regulatory change.

**Recommendation 7**

There has been some knowledge sharing taking place already through informal mechanisms within and across countries but GGGI should adopt some simple methods and platforms for knowledge sharing going forward as the number of projects in the pipeline increases.

A short 1 or 2-page document template can be developed to concisely capture key project information including GGGI’s role in the project, initial investment commitment mobilized, timeline (planned vs actual), key challenges faced and next steps for scaling up. Deal managers should systematically complete this document once initial investment commitments have been secured and it should be stored in GGGI’s online project management system (GGGI Online). GGGI is currently finalizing its project management manual (Project Cycle Management – PCM 4 Manual) which includes a step to document lessons from projects that have been completed. This process can be leveraged to specifically document lessons learned from investment projects and store them on GGGI Online.

More importantly, the lessons learned should be proactively shared with GGGI staff. This can be done by organizing regular meetings for staff working on investment projects. The meetings can be organized twice a year by the GIS team to include GIS staff in HQ and countries and specific GGPI and IPSD staff involved in investment projects.
5. GGGI’s management and processes

Key Evaluation Question 4: Management and processes

How can the internal management and processes of GGGI’s green investment services be made more efficient and effective?

- Section 5.1 in this chapter: Are GGGI’s human resources being deployed and managed effectively to deliver the green investment services?
- Section 5.2 in this chapter: Are GGGI’s business processes effectively and efficiently enabling the delivery of green investment services?

5.1 How well is GGGI managing its human resources?

The focus of this sub-question is to examine the management of GIS staff based in GGGI’s headquarters (HQ) in Seoul and embedded in various countries.

Conclusion 10

There has been a positive trend to move GIS staff from headquarters (HQ) to countries so that country teams are equipped with a strong combination of technical, financial and local expertise. The regional management approach of GIS staff being examined by GGGI can help strengthen this expertise and promote effective management of staff.

- There has been a five-fold increase in GIS staff over a 4-year period and the majority of staff are currently deployed in-country which helps improve technical expertise on the ground.

The number of GIS staff grew more than five-fold over a 4-year period, from 5 staff in 2015 to 27 staff at the start of 2019. During 2015-2016, key leadership vacancies were filled, notably the Head of the GIS department. In mid-2017, GGGI began to deploy investment staff to country offices, reflecting the growing demand for these skills. As of February 2019, 56% of GIS staff were based in 12 country offices, up from 0% at the start of 2017.

Figure 17 – Growth in number of GIS staff between 2015-2018
The transition from HQ to in-country presence aims to improve the understanding of local needs and place expertise closer to where it is needed. This aligns with feedback from stakeholders interviewed during this evaluation about the importance of technical expertise and understanding local needs. Stakeholders specifically noted GGGI’s unique value proposition to provide a combination of technical, financial and local expertise to progress green growth projects in countries.

- Currently all 27 GIS staff directly report to the Head of GIS which centralizes a large amount of human resource management burden. A regional approach with senior GIS staff managing staff in-country and reporting to the Head of GIS is being examined.

A Harvard Business Review study\(^{10}\) on management trends found that as new leaders come into their position there is a tendency to consolidate a large number of direct reports under them to get a comprehensive understanding of their team. This is facilitated by the increasing ease of being able to reach more people directly through online platforms. As the team transitions into a steady state, leaders tend to gradually reduce their span of direct control. This finding holds true in the GIS team’s evolution since the Head of GIS was appointed in November 2016. As the team rapidly expanded and spread to 12 countries, it was important to directly oversee activities to ensure alignment with GGGI’s overall strategic priorities. Feedback received from GIS staff members based in-country has been positive towards this model, noting that this direct support from HQ has been helpful to originate project ideas. However, it should be recognized that one senior manager with 27 direct reports can lead to a lack of focus and attention on the development needs of specific individuals. As the team has matured and stabilized at this point in 2019, the Head of GIS can begin to delegate direct management responsibilities to subordinates and focus more on broader strategic management issues.

The delegation of direct management responsibilities is particularly important at this stage as there has been significant growth in GGGI’s investment project pipeline since 2015. The total number of

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\(^{10}\) How many direct reports?, Gary L. Neilson and Julie Wulf, Harvard Business Review, April 2012. Details can be found here: https://hbr.org/2012/04/how-many-direct-reports
investment opportunities in the pipeline rose from just 5 projects in 2015 to 32 at the end of 2018 and 38 as of July 2019. This increase in projects in the pipeline can have a direct impact on the ability of the Head of GIS to provide substantive inputs and guidance on specific projects and quality assure project ideas.

A GIS senior team member located in Viet Nam is overseeing projects in Lao PDR, Thailand, Cambodia and Myanmar. However, the reporting lines of staff in-country are still directly to the Head of GIS. There are internal discussions underway to build on this experience in South East Asia and implement a regional approach where senior GIS staff in different regions manage in-country staff and report to the Head of GIS.

**Recommendation 8**

GGGI should adopt a regional management approach for its GIS staff. Senior GIS staff can be designated responsibility to manage in-country staff in 4 regions that GGGI works in. These regional heads should, in turn, report to the Head of the GIS team.

The evaluation team has noted that discussions about a regional management approach are already underway within GGGI. This evaluation supports this approach and recommends that senior GIS staff can be designated responsibility to manage in-country staff in 4 regions that GGGI works in and aligned to where GIS staff are currently located – (1) Latin America and the Caribbean, (2) Africa, Europe and the Middle East, (3) Asia and (4) the Pacific regions. The regional heads can be senior GIS staff based in HQ or in the region who should be the direct reporting managers for all GIS staff in the respective regions. These regional heads should, in turn, report to the Head of the GIS team. There are regional heads overseeing all of GGGI’s programs in the above 5 regions but the GIS regional heads should be specifically overseeing GGGI’s investment work in these regions.

**Conclusion 11**

In the 2016-2017, GGGI’s investment project portfolio focused heavily on the Sustainable Energy thematic area but this has diversified in 2018-2019 into other thematic areas. This illustrates that staff working on investment projects have spread their expertise across thematic areas. As investment mobilization skills are mostly transferable across thematic areas, this is an encouraging trend moving forward.

- There has been a diversification in the investment project pipeline since 2015 and GGGI is building experience across different thematic areas.

Skills can be viewed to be transferable for the kind of work GGGI is involved in, which is mainly project conceptualization and matchmaking. Technical expertise in specific thematic areas is sourced from HQ based thematic experts or country-based specialists. This combination of skills is showing positive results as is evident from the fact that the portfolio has started to diversify from a predominant focus on the Sustainable Energy thematic area between 2015-2017 when the GIS team was being built up to a more balanced scenario in 2018 and 2019. The 2019 portfolio has 33% of projects focused on the Sustainable Energy thematic area, 21% in Sustainable Landscapes and relatively similar proportions of projects in the Green Cities and Water and Sanitation thematic areas. The projects that are cross cutting are important to note as they include nexus approaches covering multiple thematic areas, such as solar irrigation covering sustainable energy and sustainable landscapes. This diversification of the portfolio demonstrates that there is a positive trend in GIS team skills (in project conceptualization and matchmaking) being deployed across the different thematic areas.
5.2 How effective are GGGI’s business processes?

This sub-question looked at how effectively GGGI’s business processes facilitate green investment teams to develop project ideas and achieve initial investment commitments, i.e. results.

**Conclusion 12**

GGGI has implemented recent reforms to accelerate the organization’s ability to deliver impact at speed and scale and enhance GGGI’s competitiveness for earmarked funding. As the availability of core funding for project origination has decreased, GGGI is exploring new ways of funding the delivery of its services, like a fee for service model. This is a promising opportunity but there are risks of displacing country needs with investor interests which need to be carefully managed.

A part of the reforms also includes the new Project Idea Note (PIN) process for project development and approval. Overall this has been a positive initiative to build a strong pipeline of projects and provide quality assurance to project development teams. However, there are gaps which are being identified and addressed through an ongoing internal review process. This evaluation found one particular area as important to highlight as it aligned to feedback received from users of the PIN process. The evaluation found that it is difficult for GGGI staff to conduct scoping activities for investment projects and have this recognized in time accounting systems as project-related work rather than general management/administration work.

- GGGI is exploring new ways of delivering services efficiently and effectively like the use of a fee for service model but there are risks which need to be carefully managed.

An example of the fee for service model is the 2018 agreement between the World Green Economy Organization (WGEO) and GGGI to fast-track green investments into bankable, smart city projects. The joint initiative should make it possible for smart green cities and sustainable infrastructure projects to gain access to grants and investments facilitated through WGEO. 60 bankable smart green city projects are planned to be delivered by GGGI to this initiative over the next 3 years. Under this initiative, it is envisioned that GGGI will initially submit project ideas which will be approved / selected by WGEO for further development. GGGI will receive funds to conduct pre-feasibility studies for the selected projects.
and these projects will be showcased to potential investors engaged with W GEO if a clear business case is established.

This fee for service model can be potentially transformational in terms of increasing GGGI’s ability to originate and get projects financed, especially from the private sector. But it does face a number of risks that GGGI has noted it is considering carefully as this initiative evolves. The main risk is the potential of displacing country needs with investor interests affecting GGGI’s ability to be a neutral advisor to governments and not working on behalf of specific investors. GGGI envisions that this risk can be mitigated by establishing transparent criteria for initial project idea development to ensure that they are aligned to country needs. This evaluation did not explore this model further as it is still at its inception / preliminary phase.

• GGGI’s reforms to its Project Cycle Management (PCM) system have recently been implemented and are showing positive signs to enable staff to develop project ideas.

In 2017, GGGI launched a new business model – internally branded as ‘iGROW’ – which was intended to accelerate the organization’s ability to deliver impact at speed and scale and enhance GGGI’s competitiveness for earmarked funding. A key aspect of these reforms was the development of clear guidance through manuals for each step in the project cycle – strategy, earmarked resource mobilization, project development (PCM 3), project management and implementation and finally reporting and evaluation. The PCM 3 (implementation initiated in 2019) was particularly relevant to this evaluation as it is related to origination and development of investment projects through a process called Project Idea Note (PIN) development.

Feedback received from various users of the PIN process noted that it is a good way of getting feedback on project ideas from senior GIS team members, country representatives, regional Heads of Programs and thematic experts. Users also noted that this new and flexible method for project development at GGGI is a positive development. The manual and process, even though new, has been clearly understood by a majority of staff and systems supporting the process are also user friendly. Overall, the feedback on the process and systems governing PIN development was generally positive.

• An internal review of the PIN approval process has identified specific gaps and consolidated recommendations for improvement. The feedback collected during this evaluation aligned to one particular recommendation for a phased approach to be adopted to allocate budgets for project development.

GGGI’s approved Work Program and Budget for 2019-2020 includes Country Business Plans (CBPs) which were developed in consultation with government counterparts and local stakeholders in each country. The CBPs identified specific areas for programming based on the Country Planning Frameworks (where applicable) and allocated indicative budget envelopes for the 2019-2020 biennium period. During the WPB period, project teams are required to develop PINs in line with the CBPs to draw down from the budget envelopes. The envelopes include a project management component to fund country program activities not related to specific projects.

The above arrangement means that the time required by project teams to develop a PIN should, in theory, be relatively short as consultations with local stakeholders have taken place and project opportunities have been identified based on some level of analysis when developing the CBPs. Based on this assumption, there are no project codes available for scoping activities to develop concrete PINs.

To examine this issue in practice, the evaluation team conducted a review of a random sample of 10 approved PINs from 10 different countries from a total of 50 approved PINs as of the end of September 2019. The review found that only 2 out of 10 PINs submitted did not have an explicit link to projects identified in the respective CBPs. Arguably, these two projects could still be linked to broad areas for programming identified in the respective CBPs. This is not an extensive review of all approved PINs but it points to the fact that a majority of PINs are generally being developed based on priorities identified in
the CBPs. Despite this, feedback from GGGI staff during this evaluation noted that, in practice, project teams are spending considerable amounts of time on PINs with no budget and related project codes to charge their time to. The main reasons are that some of the CBPs identify only broad areas for programming which require additional time to develop concrete projects and some PINs are being developed based on emerging opportunities identified in-country or requests from local stakeholders.

The above situation has led to the main problem of staff charging their PIN development time to program management codes in country programs. This artificially drives up the general management costs while in fact teams are working on scoping activities for projects which is a critical aspect of the project cycle and should be classified as project implementation costs. It also adds pressure on teams to develop PINs quickly which can affect their quality. Lastly, in an environment with limited core funding available and the fact that earmarked donors do not always fund project scoping / origination activities, the available core funds need to be carefully managed to ensure that GGGI can continue delivering strong results from its green investment services.

**Recommendation 9**

*GGGI should appropriately recognize scoping activities as project costs and allocate budgets accordingly to allow adequate time for project design.*

The internal review of the PIN approval process has recognized the need for budgets to be allocated for scoping of investment projects. The evaluation supports the finding from the internal review process to adopt a phased PIN approach to budget allocation for investment project development which is common practice in other development organizations. The main advantage of this will be that GGGI’s staff time spent on scoping investment projects can be appropriately recognized as project work and not general management/administration work.
6. Overall Conclusion and GGGI’s Management Response

Overall, this evaluation concluded that GGGI’s services to support members and partner countries mobilize green investments are relevant to country needs and demonstrated substantial results in a short period of time. This can be illustrated by the fact that:

- An independent assessment of what happened after GGGI secured initial investment commitments and exited found that 86% of the value of investment commitments reported at the time of exit are still valid. Two third of this value has progressed to signed investment agreements or disbursement stages. However, it was noted that quality assurance and monitoring in GGGI’s reporting systems need to be strengthened and the definition of initial investment commitment needs updating / clarification.

- GGGI occupies a niche place in the market for green investment services and clients value its service offerings. GGGI’s current point of exit is appropriate but needs to be differentiated from when GGGI secures initial investment commitments, particularly for NFVs. The main area for improvement is in the communication of GGGI’s value proposition and results.

- GGGI aims to achieve results at scale but there is lack of a clear definition and operational approach to scaling up investment projects. The 26 projects that secured initial investment commitments demonstrated evidence of having adopted at least one of 4 scaling up strategies. But the evaluation could not assess actual results on the ground. GGGI is building on past experiences in priority areas and replicating projects in new countries through informal knowledge sharing. However, an up front, structured approach to scaling up needs to be operationalized and simple but formal methods of knowledge sharing need to be adopted.

- Recent reforms to GGGI’s management and processes are evolving in the right direction to support the scale up of activities going forward. There has also been an increased diversification of the portfolio across thematic areas. As the GIS service line matures, it is important to plug specific gaps related to management of staff and processes to support scoping activities.

The evaluation has identified specific lessons and opportunities to improve the delivery and impact of GGGI’s green investment services. These can be leveraged to help inform decisions on the future of GGGI’s green investment services, as part of the implementation of the new Strategy 2030. The lessons and opportunities are summarized in the table below in terms of the main recommendations from this evaluation and GGGI’s Management response to each are included.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>GGGI Management Response</th>
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<tbody>
<tr>
<td><strong>Recommendation 1</strong></td>
<td>Agree</td>
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<tr>
<td>GGGI should develop clear criteria to measure and report when initial investment commitment has been achieved. It should also strengthen quality assurance in its annual reporting process to avoid erroneous reporting.</td>
<td>GGGI’s aim to mobilize initial commitments from financiers or project developers to invest or take over the responsibility of finding investments has been explicitly and continuously communicated across the organization and project stakeholders. As stated in the evaluation, GGGI makes a deliberate “exit” at the point where proven initial investment commitment is secured and agrees that more clarity and further socializing effort could be made on this point.</td>
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<tr>
<td>Recommendation</td>
<td>GGGI Management Response</td>
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<tr>
<td><strong>Recommendation 2</strong>&lt;br&gt;GGGI’s annual reporting should begin to include reporting on progress of projects after the initial investment commitment stage, similar to Figure 1 in this evaluation report.</td>
<td><strong>Agree</strong>&lt;br&gt;GGGI will continue its effort on assessing what happened after the exit stage. Currently, “End of year report (EOYR) Part C: Committed Green Investments Mobilized Implementation Status” has been piloted for 2018 EOYR. For 2019, the Results Team is reaching out to focal points for investment projects that were reported during 2017 and 2018 for this Part C of EOYR, expected to serve as a good starting point. In addition to the above, a regular post-exit monitoring mechanism can take place by checking in with the local stakeholders on a quarterly basis. Country offices should take the lead in this monitoring process given their local presence and operations with local stakeholders. HQ investment team should support where necessary.</td>
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<tr>
<td><strong>Recommendation 3</strong>&lt;br&gt;GGGI should clarify the definition of which investors can be classified as private sector.</td>
<td><strong>Agree</strong>&lt;br&gt;GGGI will ensure consistency in classifying state-owned companies as private sector companies when they are operating as for-profit companies. The private sector providing 73% of investments indicates that a strong focus should be placed in the sector, alongside with proposal support to governments to mobilize climate finance from international organizations.</td>
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<tr>
<td><strong>Recommendation 4</strong>&lt;br&gt;GGGI should consistently identify all critical actors related to a project up front and examine ways to establish formal stakeholder engagement mechanisms. These could be in the form of project steering / management committees involving various stakeholders established with specific terms of references.</td>
<td><strong>Agree</strong>&lt;br&gt;As consistently emphasized by the GIS team, local experience and strong stakeholder engagement with all relevant project stakeholders is critical to the successful delivery of investment projects. The team will consider establishing steering committees with stakeholders to strengthen engagement from the relevant parties while planning and developing investment projects.</td>
</tr>
<tr>
<td><strong>Recommendation 5</strong>&lt;br&gt;GGGI should improve communication of its value proposition and results through simple</td>
<td><strong>Agree</strong>&lt;br&gt;Communication is key to highlighting GGGI’s niche and value proposition around its investment work. Investment teasers were continuously improved over time for this purpose</td>
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</table>
### Recommendation 6

GGGI should adopt a clear definition and operationalize a structured, up front approach to scaling up its investment projects. This should be a key priority for GIS moving forward to achieve the ambitious Strategy 2030 targets.

**Agree**

Scale-up and replication strategies for investment projects have been figuring prominently in internal GGGI discussions over the last 2-3 years. GIS selected focus thematic areas explicitly to operationalize the ongoing discussions and the importance of scaling has been communicated at internal occasions such as Annual Meetings and Divisional Monthly Meetings.

Project ideas will be reviewed and validated with emphasis on its scale-up strategies. Scale-up techniques will be verified during the project idea note (PIN) review processes considering the relevance to the type of project being reviewed. As mentioned in the report, these techniques will include, but will not be limited to, enabling investment environments with policy interventions, setting up specialized funds for streamlined transactions at scale, piloting, and bundling projects.

To raise this point even further and in a more explicit manner, GGGI will consider establishing a section in the PIN template for indicating scale-up options so that these are considered from the beginning as a means to strengthen its strategy for scaling up investment projects.

### Recommendation 7

There has been some knowledge sharing taking place already through informal mechanisms within and across countries but GGGI should adopt some simple methods and platforms for knowledge sharing going forward as the number of projects in the pipeline increases.

**Agree**

This is aligned with the Management Response for Recommendation 5 on improved communication.

In addition to the knowledge sharing through more active communication efforts, the GIS team can consider documenting lessons learned and disseminating internally for knowledge sharing purposes.

### Recommendation 8

GGGI should adopt a regional management approach for its GIS staff.

**Agree**
<table>
<thead>
<tr>
<th>Recommendation</th>
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<tbody>
<tr>
<td>Senior GIS staff can be designated responsibility to manage in-country staff in 4 regions that GGGI works in. These regional heads should, in turn, report to the Head of the GIS team.</td>
<td>GGGI is already moving towards a regional management reporting approach so that the Head of GIS can free up more time to engage with potential investors.</td>
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**Recommendation 9**

GGGI should appropriately recognize scoping activities as project costs and allocate budgets accordingly to allow adequate time for project design.

**Agree**

PINs can be used to obtain budget and time allocation for very early stage project ideas. There has been internal misconception on PINs that it should always be a well-prepared full-fledged project proposal with details that can only be obtained through scoping studies and mission trips. However, PINs do not have to be detailed out with specified activities when submitted. PINs are approved in different stages and scopes and many PINs in 2019 sought for approvals to conduct scoping activities. In many cases, PINs were prepared to leverage larger resource mobilization activities as well. A structure around different-staged (i.e. concept, design, implementation/financing) PINs will be communicated to all staff.

GGGI, noticing that lack of budget support for project origination could become an obstacle for project development, will seek possible earmarked funding opportunities to finance project origination considering the potential competition between country and investor needs.
ABOUT THE GLOBAL GREEN GROWTH INSTITUTE

The Global Green Growth Institute was founded to support and promote a model of economic growth known as “green growth”, which targets key aspects of economic performance such as poverty reduction, job creation, social inclusion and environmental sustainability.

Headquartered in Seoul, Republic of Korea, GGGI also has representation in a number of members and partner countries.

Members: Angola, Australia, Burkina Faso, Cambodia, Costa Rica, Denmark, Ecuador, Ethiopia, Fiji, Guyana, Hungary, Indonesia, Jordan, Kiribati, Republic of Korea, Mexico, Mongolia, Norway, Organisation of Eastern Caribbean States (OECS), Papua New Guinea, Paraguay, Philippines, Qatar, Rwanda, Senegal, Sri Lanka, Thailand, Tonga, United Arab Emirates, United Kingdom, Uzbekistan, Vanuatu, Viet Nam

Operations: Burkina Faso, Cambodia, China, Colombia, Ethiopia, Fiji, Guyana, Hungary, India, Indonesia, Jordan, Lao PDR, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Nepal, Organisation of Eastern Caribbean States (OECS), Peru, Philippines, Rwanda, Senegal, Sri Lanka, Thailand, Tonga, Uganda, United Arab Emirates, Vanuatu, Viet Nam