



Global
Green Growth
Institute

ANNUAL REPORT

2015





Table of Contents

04

Letter from the President of the Assembly and Chair of Council

05

Letter from the Director-General: Moving Forward as One

07

About GGGI

09

2015 Resource Partners

10

2015 GGGI Milestones

11

Toward a Greener GGGI

14

Strategic Plan 2015-2020: Accelerating the Transition to a New Model of Growth

15

Strategic Outcome 1: Strengthened National, Sub-national, and Local Green Growth Planning, Financing, and Institutional frameworks

18

Strategic Outcome 2: Increased Green Investment Flows

21

Strategic Outcome 3: Improved Multi-Directional Knowledge Sharing and Learning and South-South and South-North-South Cooperation among Countries

26

Maximizing Organizational Effectiveness and Efficiency

29

Financial Statements

Letter from the President of the Assembly and Chair of the Council

Dear Friends and Members of the Global Green Growth Institute,

Two-thousand fifteen was a momentous year for sustainable development and green growth, notably with the adoption of the 2030 Agenda for Sustainable Development, the Paris Agreement of the 21st Conference of the Parties to the UNFCCC, and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. These milestones spurred momentum toward a model of green growth that is inclusive, reduces poverty, and achieves economic development and environmental sustainability.

These milestones also serve to reiterate that without climate action, there can be no sustainable development. Now, the global community has a clear opening to move toward a sustainable and resilient future, and the Global Green Growth Institute (GGGI) has a pivotal role to play in leveraging this opportunity. GGGI is well placed to support its Members transition to green growth, and to make measureable progress in achieving the Sustainable Development Goals and implementing their Nationally Determined Contributions (NDCs) to the Paris Agreement.

GGGI's strong positioning is demonstrated by its 2015 achievements. Over the past year, GGGI leveraged USD 131 million in Colombia, Ethiopia, India, and Indonesia to support green growth investment projects. Moreover, GGGI work resulted in the adoption of 14 green growth policies in countries of operation, with strong signs of intended implementation.

GGGI made great strides in 2015 to strengthen South-South, South-North-South cooperation through initiatives to build green growth capacity, and share knowledge and experience on implementing inclusive and sustainable growth.

GGGI also took strong steps to enhance its presence in Least Developed Countries through program

expansion into Nepal, Senegal, and Uganda, and made considerable progress toward implementing poverty reduction, social and environmental safeguards, and gender mainstreaming into in-country programs.

The year 2015 also saw GGGI launch the Inclusive Green Growth Partnership on the sidelines of the COP21 in Paris. This Partnership brings together the multilateral development banks, the United Nations regional commissions, and GGGI, to support developing countries to identify green growth opportunities and investments that promote inclusive, shared prosperity, and equitable growth.

This 2015 Annual Report provides more information on the diverse range of work GGGI carried out and the achievements that were made during the past year. GGGI will continue to make ambitious strides toward the right side of its value chain – to provide hands-on, practical support to Members in the implementation of strategies to achieve their green growth objectives and influence the global green growth agenda. I look forward to continuing our work together toward green growth.



A handwritten signature in black ink, appearing to read 'Susilo Yudhoyono'.

Dr. Susilo Bambang Yudhoyono

President of the Assembly and Chair of the Council

Letter from the Director-General: Moving Forward as One

Dear Green Growth Stakeholders,

The global community and the Global Green Growth Institute (GGGI) achieved much in 2015. While concrete steps were taken in Paris, New York, and Addis Ababa, to tackle climate action and usher in a new sustainable development agenda. GGGI implemented year one of its 5-year strategic plan. GGGI actions complement these global initiatives and are supportive of efforts to build a resilient world founded on strong, inclusive, and sustainable green growth.

GGGI's 2015 achievements outlined by the President of the Assembly and Chair of the Council, Dr. Yudhoyono, and detailed in this Report, were only possible by the tangible actions taken to operationalize the GGGI Strategic Plan, and enhance organizational efficiency and cohesiveness. Indeed, in 2015, GGGI took strategic steps to become a leaner, more effective organization, capable of responding quickly to the needs of Member and prospective Member countries.

In particular, GGGI strengthened its efforts to support Least Developed Countries (LDCs) and Middle Income Countries (MICs), by continuing the process to expand programmatic work and reallocate resources that will address challenges and leverage opportunities in LDCs and MICs.

To adequately support this work and other objectives in the Strategic Plan 2015-2020, GGGI began efforts to increase internal efficiencies and strengthen its resource base. To further support funding stability, a resource mobilization strategy was developed in 2015.

Tools were also developed and implemented in 2015 to help GGGI better manage for results, including the approval of a Corporate Results Framework by the Council that will serve as a basis to track and report progress against the Strategic Plan 2015-2020.

GGGI also made improvements to institutional processes, including through the launch of an Enterprise Resource Planning system, and made a concerted effort to engage

the organization's most valuable resource: its staff. Throughout 2015, GGGI initiated programs to develop professional capacities, build management and leadership skills, and strengthen staff engagement across the organization.

The efforts to strengthen GGGI as an organization in 2015 were validated by the Third Joint Donor Review. GGGI is creating value for its stakeholders on the back of a valid Strategic Plan that shows strong potential to achieve economic and human development results, and through an organizational restructuring and strengthening of its organizational systems.

Indeed, in 2015 GGGI became an organization that is much more than the sum of its parts. GGGI is now a much more responsive and agile organization that is clearly capable and committed to delivering as "one". The results that we have achieved over the past year, as outlined in this Report, are testament that GGGI is moving in the right direction and is helping stakeholders succeed in their transitions toward green growth.



A handwritten signature in black ink, which appears to be 'Yvo de Boer'.

Yvo de Boer
GGGI Director-General

About GGGI

The Global Green Growth Institute (GGGI) is an international organization established in 2012, at the Rio+20 United Nations Conference on Sustainable Development.

Founded to support green economic growth that simultaneously addresses poverty reduction, job creation, social inclusion, and environmental sustainability, GGGI works across four priority areas considered to be essential to transforming national economies, including energy, water, land-use, and green cities.

GGGI envisions a resilient world achieved through strong, inclusive, and sustainable green growth, and is dedicated to supporting the transition of GGGI Member countries toward a green growth model. In pursuit of these goals, GGGI works with developing and emerging countries to design and deliver programs to demonstrate new pathways for pro-poor, sustainable economic growth.

GGGI supports stakeholders through the delivery of comprehensive products and services designed to assist in developing, financing, and mainstreaming green growth to support the implementation of national economic development priorities and international commitments.



Headquartered in Seoul, Republic of Korea, GGGI has 26 Members with operations in 24 countries

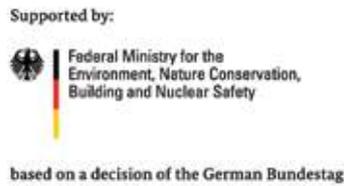


Member Countries Operations

Australia, Cambodia, Costa Rica, Denmark, Ethiopia, Fiji, Guyana, Hungary, Indonesia, Jordan, Kiribati, Republic of Korea, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Nepal, Peru, Philippines, Rwanda, Senegal, Thailand, United Arab Emirates, United Kingdom, Vanuatu, and Vietnam

Cambodia, China, Colombia, Ethiopia, Fiji, India, Indonesia, Jordan, Lao PDR, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Nepal, Peru, Philippines, Rwanda, Senegal, Thailand, Uganda, United Arab Emirates, Vanuatu, and Vietnam

2015 Resource Partners



2015 GGGI Milestones

Jan

GGGI and Jordan sign Memorandum of Understanding for the development of a national green growth action plan

Feb

GGGI-supported Green Growth Strategies for Indian Cities project publishes 3 volume report to help spur economic, sustainable transformation

Apr

GGGI launches “A Guide to Innovation Systems Analysis for Green Growth report”

Jun

Central Kalimantan, Indonesia launches strategic green growth reports developed as part of the Government of Indonesia-GGGI Green Growth Program

Jul

GGGI signs Memorandum of Understanding with United Nations Framework Convention for Climate Change

Aug

Ethiopia launches GGGI-supported climate resilience strategies for its agriculture, forestry, water, irrigation, and energy sectors

Oct

GGGI Celebrates its 3rd Anniversary as an International Organization

Nov

Philippines adopts GGGI's Climate Resilient Green Growth Planning Framework to scale-up green growth activities

Least Developed Countries Expansion Program adopted

Dec

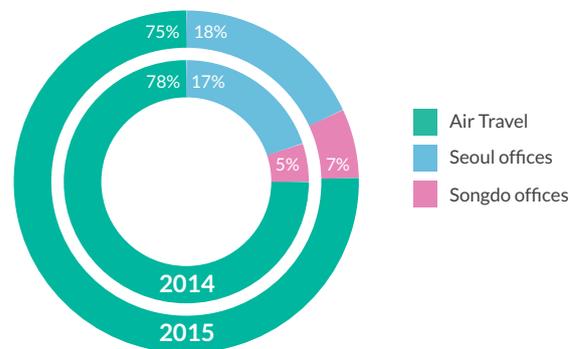
Launch of the Inclusive Green Growth Partnership together with the multilateral development banks and UN regional commissions at COP21

Toward a Greener GGGI

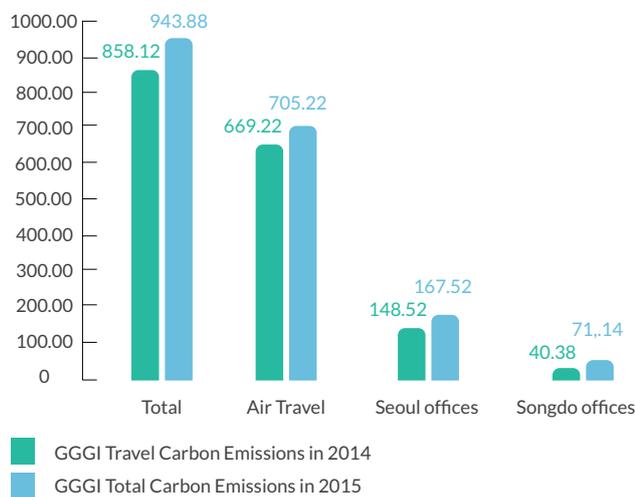
Travel and Facility

Since 2013, GGGI has made efforts to measure and manage its environmental footprint, especially its carbon emissions. Using the Greenhouse Gas Protocol methodology, GGGI assessed its environmental footprint in 2015 by measuring carbon emissions from Air Travel and Facility Operations.

2014 & 2015 Carbon Emissions (%SHARE)



2014 & 2015 Carbon Emissions (TONS)



A total of 944 tons of CO₂ (tCO₂) was emitted by GGGI in 2015, with Air Travel and Facility Operations emissions amounting to 705 and 239 tons respectively. The decentralization of GGGI's country programs helped to decrease the number of total flights from 1,595 in 2014, to 1,544 in 2015. However, as GGGI has focused on decreasing air travel costs, the number of cost-efficient transit flights increased relative to direct flights, thereby increasing total air travel emissions in 2015.

Moreover, 2015 also marked the first complete year where GGGI utilized 4 floors of office space; 3 in its Seoul offices and 1 in its Songdo offices. In 2014, GGGI utilized only 3 floors of office space.

Staff

When comparing results from the United Nations Environment Programme's February 2015 report, *Moving Towards a Climate Neutral UN: The UN System's Footprint and Efforts to Reduce It*, GGGI has maintained a tCO₂/per personnel emission average that lies well below the average emitted by other United Nations organizations in 2015. Although GGGI's 2015 emissions demonstrate progress, GGGI continues to seek a more progressive approach toward lowering its overall carbon emissions.

Paper Consumption

In 2014, GGGI made the decision to begin measuring paper consumption. Based on available purchase and consumption data, GGGI's paper consumption in 2015 increased by 25% from its 2014 average.

Looking Ahead

GGGI plans to continuously measure its carbon emissions and paper usage, and seek ways to reduce its environmental footprint. Efforts to reduce carbon emissions include better travel planning and bundling missions, making more use of teleconferences and online communication tools such as Skype and WebEx, and selecting itineraries with minimal layovers where appropriate. Further, simple awareness raising campaigns to conserve energy, and reduce paper consumption are planned.



Strategic Plan 2015-2020: Accelerating the Transition to a New Model of Growth

The GGGI Strategic Plan 2015-2020 was approved by the Council at its Sixth session in November 2014 with the purpose of clearly defining the mission, approach, and scope of GGGI's work over the medium-term.

The Strategic Plan provides clear direction for GGGI to support countries transition toward models of green growth that simultaneously achieve poverty reduction, social inclusion, environmental sustainability, and economic growth.

The Strategic Plan outlines a comprehensive set of priorities, including strengthening GGGI's focus on least developed and middle income countries, supporting Members to adopt a green growth value chain approach, delivering as 'one GGGI', and focusing on the four thematic areas of green city development, energy, land-use, and water.

Through the Strategic Plan, GGGI seeks to deliver three strategic outcomes for current and potential Member countries:

1. Strengthened national, sub-national, local green growth planning, financing, and institutional frameworks;
2. Increased green investment flows; and
3. Improved multi-directional knowledge sharing and learning and South-South and South-North-South cooperation among countries.

Recognizing that these strategic outcomes depend significantly on the organizational effectiveness and efficiency of GGGI, the Strategic Plan includes a number of commitments to maximize the organization's operational performance over the period 2015-2020.

To track progress in delivering on these outcomes, a Corporate Results Framework was developed and approved by the GGGI Council in November 2015 to provide a measurable basis for tracking and reporting on progress in delivering on the Strategic Plan.

Strategic Plan Implementation: GGGI's Work Program & Budget in 2015

GGGI's Strategic Plan is delivered through biennial Work Program and Budgets (WPB). The first WPB, covering the period 2015-16, was approved in 2014¹ and included resource allocations and target results for all projects.

Overall in 2015, GGGI delivered a portfolio of 44 projects across 19 countries. The total programmatic expenditure, which includes core and earmarked funds, was approximately USD 20 million. GGGI made strong progress in delivering on its WPB 2015-2016, and achieved 73% of all outputs and outcomes planned for 2015.

These achievements have in turn contributed to a range of programmatic results that demonstrate the progress GGGI is making toward delivery of its strategic outcomes. These results show that GGGI's work is leading to adoption of green growth policies, mobilizing finance for green growth priorities, and enhancing green growth knowledge and capacity.

¹ In addition, the GGGI Council approved 2 additional supplementary budgets to augment the WPB 2015-2016 in February and July 2015 respectively.

Strategic Outcome 1

Strengthened national, sub-national, local green growth planning, financing, and institutional frameworks

The successful transition to green growth depends critically on countries having the right policies in place. As GGGI's value chain makes clear, this is often an essential pre-cursor for implementation and financing of green growth projects to occur. Helping countries to develop and implement policies that prioritize and support green growth is a key focus of GGGI's work.

Results

In 2015, GGGI delivered 28 outputs that supported governments in 15 countries to develop or improve their policies to achieve green growth. The outputs delivered represented 85% of what had been planned for the year under GGGI's WPB 2015-2016.

Delivery of these outputs led to 14 green growth policies being adopted or strengthened by national and sub-national governments in 9 countries. The outcome represented 82% of the 2015 target. The adopted policies were diverse, reflecting GGGI's effort to customize its support to the context at hand.

In Ethiopia and Colombia, green growth objectives were successfully incorporated into national development plans. GGGI's support in East and Central Kalimantan, Indonesia and Karnataka, India led to green growth investment priorities being integrated into respective sub-national plans and budgets. With GGGI support, the UAE adopted a national green growth strategy and complementary green investment plan, while Mongolia adopted formal action plans to implement green growth policies at both the national level and for the city of Ulaanbaatar. In Mexico, GGGI-supported policies introduced stronger measures to address air pollution and special low-emission zones in several cities in the central region of Mexico.

In the majority of these cases, there were positive signs that green growth objectives were being deeply integrated into policies, with clear signs of intended

implementation. There were also encouraging indications that the policies adopted had the potential for transformational change.

Most of the policies adopted showed a clear contribution to 3 of the 4 dimensions of green growth as defined by GGGI, namely economic growth, environmental sustainability, and social inclusion. However, there still exists scope to improve how well green growth policies complement the poverty reduction strategies of partner governments.

Nevertheless, these results demonstrate that overall GGGI is effectively helping countries to adopt high quality policies, is well positioned to continue supporting countries transition towards a model of green growth in 2016, and is making sound progress toward achieving strategic Objective 1.

Outcomes

Green Growth Policies Adopted

POLICY OUTPUTS

- 28 Policy Outputs Delivered
- 33 Policy Outputs Planned



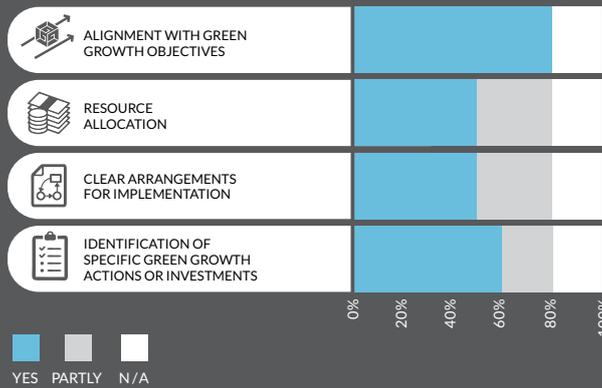
POLICY OUTCOMES

- 14 Policy Outcomes Delivered
- 17 Policy Outcomes Planned



Clear Intent to Implement

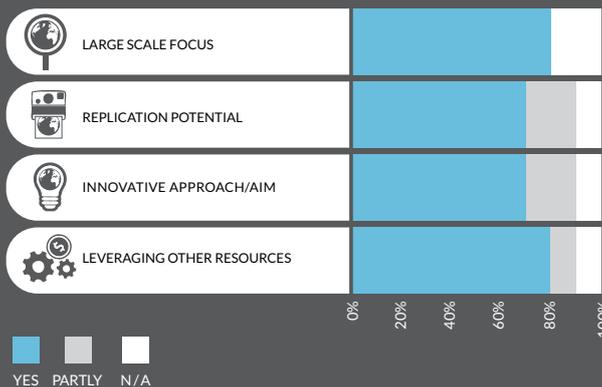
Green growth policy integration



Making Progress Toward Achieving Strategic Outcome 1

Policies' transformational change potential

Strong Potential for Transformational Change





Highlight

Supporting Indonesia to develop green growth policies

Since 2013, GGGI has been working in close partnership with the Government of Indonesia (GoI) to develop policies and planning approaches to achieve green growth. The GoI-GGGI Green Growth Program is guided by a multi-stakeholder steering committee chaired by the National Development Planning Agency (BAPPENAS), and is closely aligned to the country's national medium-term development plan.

Within a relatively short period, the GoI, with the support of GGGI, has already taken important policy steps to support the country's transition toward green growth:

- A national green growth roadmap was developed through a consultative process and endorsed by the Minister for National Development Planning as a key tool to guide planning and investment decisions. This experience was shared with other GGGI Members at the November Sessions of the GGGI Assembly and Council.
- Green growth objectives and practices, including key elements of REDD+, have been integrated into provincial and district plans in East and Central Kalimantan. In the Central Kalimantan, USD 5 million has been allocated in district budgets to identified green growth priorities.

Importantly, these achievements have begun to stimulate growing interest in green growth. For example, the Governors of both East and Central Kalimantan have sought GGGI's assistance to further promote and scale up green growth policies and approaches.

The first phase of the program was supported by the Government of Norway and ran from 2013 to 2015. GGGI will continue to support these and other efforts under a second phase of the program, which will run from 2016 to 2019

Strategic Outcome 2

Increased investment flows

In addition to establishing an enabling policy environment for green growth, GGGI also focuses on helping countries to mobilize the resources needed to implement policies and deliver results. To achieve this outcome, GGGI provides a range of services that include designing bankable projects and national financing mechanisms, and de-risking policy to make investment more attractive.

Results

Although GGGI's main focus in 2015 was to establish the in-house capabilities and programming needed to ramp up GGGI's green investment-related work in the coming years, some strong results have nevertheless been achieved.

In 2015, GGGI delivered 7 outputs to inform decisions on green growth investment. In Peru and Mexico, GGGI prepared assessments on priority areas for green growth investment. In Colombia and Ethiopia, GGGI supported the design and implementation of national financing mechanisms. In India, GGGI assisted partners to prepare customized financing proposals. GGGI also delivered 3 outputs to improve the enabling environment for investment, including the development of tools for de-risking and extended cost-benefit analysis to support green investment decisions.

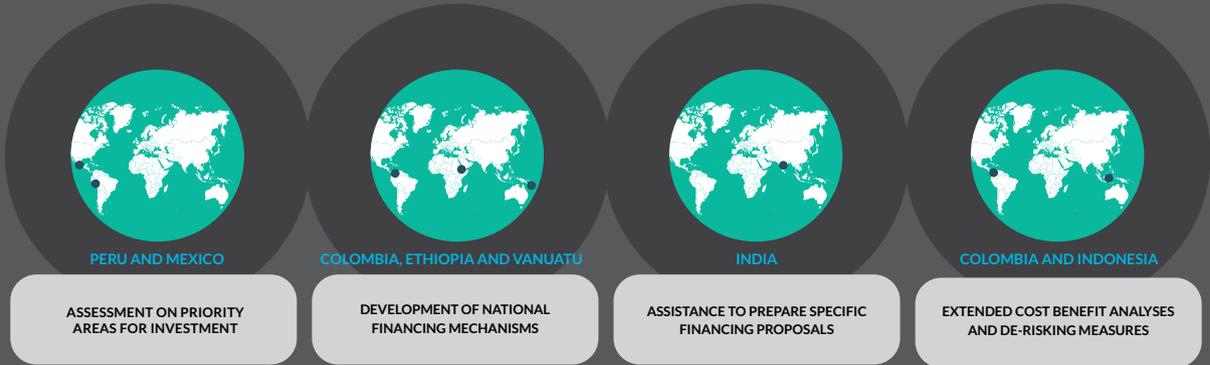
This work, as well as policy-related work under Strategic Outcome 1, resulted in USD 131 million of new investment being mobilized toward green growth in 2015, far exceeding the planned 2015 target of USD 18 million. This flow on green finance was directed to:

- **Colombia:** USD 100 million for the Amazon Vision Program to finance REDD+ measures to reduce carbon emissions and deforestation. These resources were committed by the governments of Colombia, Germany, Norway, and the United Kingdom.
- **Ethiopia:** USD 21 million for 27 'Fast Track Investments' across 7 sectors under the Climate Resilient Green Economy (CRGE) Facility, a national financing mechanism supporting the government's goals of economic growth, zero net emissions, and climate resilience. With the support of GGGI, the CRGE Facility was also accredited in early 2016 to receive funding from the Green Climate Fund, providing Ethiopia with greater access to green growth financing sources in the future.
- **India, Indonesia:** USD 5 million allocated in India and Indonesia respectively at sub-national levels to green growth priorities identified with GGGI support.

Of the projects where green growth investments were made in 2015, all showed a clear intended contribution to at least three of the four elements of green growth, namely poverty reduction, social inclusion, environmental sustainability, and economic growth.

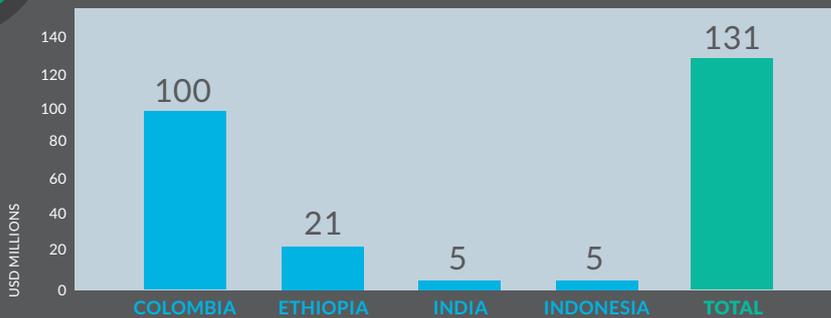
GGGI Delivered 10 Outputs to Inform Decisions and Create an Enabling Environment for Green Growth Investments in 7 Countries

Outputs to inform decisions and enable an environment for green growth investments



Making Finance Flow for Green Growth

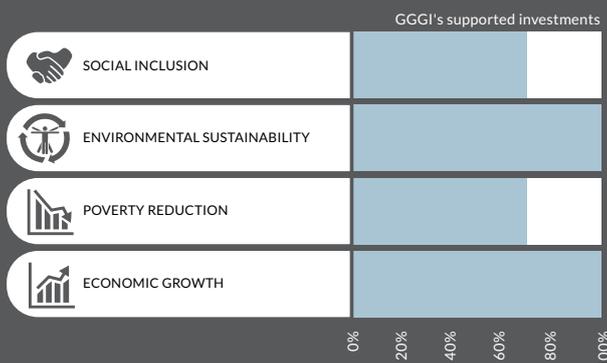
Investment mobilized toward green growth



COLOMBIA
Amazon Vision Program
Finance REDD+ measures to reduce carbon emissions within the country's program to achieve zero net deforestation in its Amazon forests by 2020

ETHIOPIA
Climate Resilient Green Economy (CRGE) Facility
Fast track investments to support the government's goals of economic growth, zero net emissions and climate resilience

Addressing the four elements of green growth



All of the Green Growth Investment Projects Made in 2015 Showed a Clear Intended Contribution to at Least Three of the Four Elements of Green Growth



Highlight

Amazon Vision Program

In December 2015, Germany, Norway, and the United Kingdom pledged over USD 100 million to support Colombia's deforestation efforts in the country's Amazon forests. The financing paves the way for the implementation of Colombia's Amazon Vision Program, which is a comprehensive policy package that supports the country's goal to achieve zero net deforestation in its Amazon forests by 2020.

The Amazon Vision Program has been supported since its inception by GGGI, which has provided technical assistance to conceptualize and develop the project, and to support the Colombian government in preparing all the elements that enabled the agreement with the donors.

Strategic Outcome 3

Improved multi-directional knowledge sharing and learning and South-South and South-North-South cooperation among countries

A key part of GGGI's mission is to shift green growth from an alternate to a mainstream paradigm of economic growth. This challenge is compounded by the fact that green growth remains a relatively new approach, with a limited evidence base to draw on in terms of understanding what works and what does not, particularly in developing countries. For this reason, GGGI sees the harnessing and sharing of knowledge as critical to its mission.

As a multilateral, member-based organization, GGGI is strategically positioned to broker green growth knowledge and learning between countries. In 2015, GGGI's work as a knowledge broker included producing a number of flagship publications on green growth, as well as managing the Green Growth Best Practice and Green Growth Knowledge Platform initiatives in collaboration with our partners.



Highlight

Inclusive Green Growth Partnership

The Inclusive Green Growth Partnership aims to bring together multilateral development banks and United Nations regional commissions to support developing countries to identify green growth opportunities and investments that promote inclusive, shared prosperity, and equitable growth that creates employment and raises the incomes of the poorest. The founding members of the Partnership are GGGI, the Asian Development Bank, the African Development Bank Group, the Inter-American Development Bank, the UN Economic Commission for Africa, UN Economic Commission for Latin America and the Caribbean, UN Economic and Social Commission for Asia and the Pacific, and UN Economic and Social Commission for Western Asia. The Partnership was launched on December 7, 2015, in Paris, France at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change.

Results

GGGI efforts as a knowledge broker contribute to the organization's corporate results relating to building capacity, partnership development, technical assistance on green growth policy and investment, and strengthening political commitment to green growth.

In 2015, GGGI delivered 89 capacity building activities, involving over 3,360 participants. Of these participants, 63% were male, while 37% were female. Forty-four percent of the activities included the sharing of lessons and experiences from other countries, which exceeded the planned target of 31%. Over 90% of the participants surveyed following GGGI's capacity building activities expressed that they had gained or improved their knowledge and skills, which exceeded the planned target of 75%.

GGGI knowledge sharing initiatives also contributed to policy formation and investment considerations. Of the 18 policy and investment decisions that countries made with GGGI support, 6 incorporated shared lessons from other countries.

Strengthening green growth transitions and knowledge sharing hinges on engaging and collaborating with a wide variety of partners. In 2015, GGGI projects were active in brokering partnerships to meet country needs, with partnerships established in 22 projects against an anticipated target of 8. In-country collaboration included partnerships across ministries, with bilateral agencies and research institutions. In addition, GGGI also made positive progress toward enhancing green growth partnerships with multilateral agencies and development banks, with the launch of the Inclusive Green Growth Partnership being a notable example.

To mainstream green growth as an economic model requires political buy-in. GGGI efforts in 2015 to build political support and increase advocacy for green growth amongst influential leaders yielded positive results. In 15 of the 18 countries where GGGI operated throughout 2015, GGGI's projects helped senior leaders to better advocate for green growth by providing concrete examples of success. In half of the countries where GGGI operated, the advocates were of ministerial level or higher.

To further drive the green growth agenda, strengthen cooperation and knowledge sharing, GGGI made considerable progress in expanding its membership. As 2015 drew to a close, Hungary and Thailand were in the final stages of becoming GGGI Member countries.

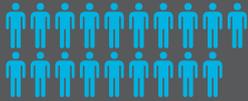
Knowledge brokering & sharing

Shift Green Growth from an Alternate to a Mainstream Paradigm

Capacity building

89 capacity development activities involving over 3,360 participants
44% shared green growth lessons and experiences from other countries

63% MEN



37% WOMEN



91%
Noted gained or improved knowledge and skills

Informing policy

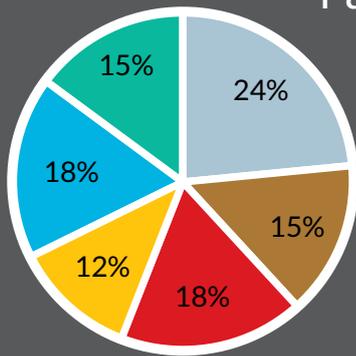
18 Policy and Investment Decisions made by partner governments with GGGI's support

6 Decisions informed by lessons learned from other countries during GGGI knowledge sharing activities

Partnerships

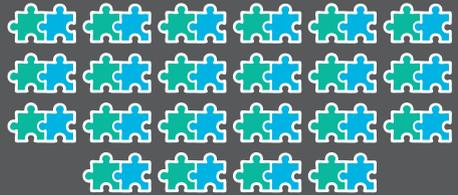
Collaborating With a Wide Variety of Partners

Brokering Partnerships to Meet Country Needs

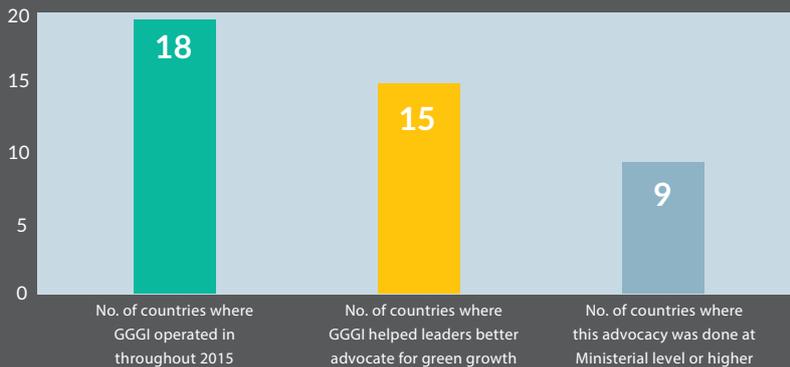


- MULTILATERAL DEVELOPMENT BANKS
- MULTILATERAL AGENCIES
- BILATERAL AGENCIES
- CROSS MINISTRY PARTNERSHIPS
- RESEARCH INSTITUTIONS
- MULTI-STAKEHOLDER

22 PROJECTS with established PARTNERSHIPS



Building political support for Green Growth



In Half of the Countries where GGGI Operated, the Advocates were of Ministerial Level or Higher



Highlight

GGGI Knowledge Products in 2015

GGGI produced, or co-produced over 50 knowledge products in 2015, including analytical reports, assessment frameworks and tools, training modules, plans to implement policies such as roadmaps, strategies, action plans, and pre-feasibility and feasibility studies. A few of these valuable resources include:

- [Korea's Green Growth Experience: Process, Outcomes and Lessons Learned](#)
- [Climate Resilient Green Growth Planning Framework](#)
- [Climate Change Adaptation in Dynamic Economics: The Cases of Colombia and West Bengal](#)
- [Global Green Growth: Clean Energy Industrial Investments and Expanding Job Opportunities](#)
- [A Guide to Innovation System Analysis for Green Growth](#)
- [Looking for green jobs: The Impact of Green Growth on Employment](#)
- [Green Growth Strategies for Indian Cities](#)
- [Unlocking the Power of Ethiopia's Cities](#)

Maximizing organizational effectiveness and efficiency

GGGI continued efforts in 2015 to refine its policies and systems in order to maximize organizational effectiveness and efficiency. These reforms played a crucial role in enabling GGGI to deliver many of the organization's 2015 results.

Results

The following summary of results draws on targets within the Strategic Plan 2015-2020 and Corporate Results Framework, under the strategic output, "Professionalism of the organization ensured". Overall, these results show that corporate reforms in 2015 have substantially strengthened GGGI's effectiveness and efficiency.

An independent Joint Donor Review conducted in 2015 by Australia, Denmark, Norway and the Republic of Korea, concluded that GGGI is creating value for its Members. The assessment noted that GGGI has started implementing a valid Strategic Plan that shows strong potential for the systemic achievement of green growth in the coming years, and has undertaken an organizational restructuring and strengthening of its organizational systems.

Focusing on Member LDCs and MICs:

Least Developed Countries (LDCs) and Middle Income Countries (MICs) are the primary focus of GGGI's work. LDCs are amongst the most vulnerable nations in the world to climate change, and where most of the world's poor live, while MICs are increasingly significant sources of carbon emissions growth under business as usual models. To ensure resources are focused on countries where there is greatest potential for GGGI to make a difference, the Strategic Plan 2015-2020 includes targets to allocate 42% of core country budget to Member LDCs and 87% of core country budget to Member LDCs and MICs combined by 2020.

Improving efficiency: Similarly, to drive internal efficiencies and maximize the benefits of our programming to countries, the Strategic Plan 2015-2020 also sets targets to cap the percentage of the core budget allocated on Management and Administration (M&A) and non-programmatic activities to 17% and 30% respectively by 2020.

GGGI has advanced toward achieving all of these targets

Strategic Plan Targets	2014	2015	2016	2020 (target)
% of core country budget allocated to Member LDCs	14%	28%	30%	42%
% of core country budget allocated to Member LDCs and MICs	57%	63%	64%	87%
% of core budget allocated to M&A	22%	20%	19%	17%
% of core budget allocated to non-programmatic areas	44%	41%	37%	30%

Strengthening our funding base: To drive the growth of GGGI's operations between 2015 and 2020, a target is in place to secure USD 40 million in core and earmarked funding respectively by 2020. To support this effort, GGGI finalized and began implementing its Partnership and Resource Mobilization Strategy in 2015. In 2015 GGGI had core and earmarked funding exceeding USD 45 million. GGGI's resource mobilization efforts have been hampered by the relatively weak growth prospects of the developed economies. For 2016, the prospects for core and earmarked is estimated at close to USD 45 million.

Managing for results: Under WPB 2015-2016, logical frameworks with measurable indicators and targets were established for GGGI's entire project portfolio. This, together with the ERP system, strengthens GGGI's ability to track and report on results at a project level. In addition, a Corporate Results Framework was approved by the GGGI Council at its Seventh Session in November 2015, enabling corporate progress against the Strategic Plan to be tracked and reported.

Effective corporate systems: As a growing organization, the development of corporate systems that are transparent, accountable, and able to safeguard GGGI's financial and legal integrity remains a key focus. A major achievement in 2015 was the rollout of an Enterprise Resource Planning (ERP) system to provide a single integrated platform for managing finances, procurement, project management, travel, and expenses. As a proxy for the integrity of GGGI's systems, a target of achieving an unqualified audit opinion was included in the Corporate Results Framework. This target was achieved for the 2015 financial statements.

Financial Statements



Global Green Growth Institute
The Council
Written Procedure
May 25, 2016

Decision on the FY2015 audited financial statements

The Council,

Recalling Articles 2 and 4 of the Agreement on the Establishment of the Global Green Growth Institute, regarding the objectives and activities of the organization;

Acting pursuant to Article 8(5)(d) of the Agreement on the Establishment of the Global Green Growth Institute, regarding the approval by the Council of audited financial statements; and,

Taking note of the recommendation of the Management and Program Sub-Committee that the Council approve the FY2015 audited financial statements;

1. *Approves* the FY2015 audited financial statements, as attached in annex 1; and,
2. *Takes note* of the presentation of audit results and management letter submitted by the external auditing firm, as attached in annex 2 and annex 3, respectively.

GLOBAL GREEN GROWTH INSTITUTE

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors
Global Green Growth Institute:

Report on the Financial Statements

We have audited the accompanying statements of financial position of Global Green Growth Institute ("GGGI") as of December 31, 2015 and 2014, the statements of comprehensive income (loss), changes in reserves and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GGGI as of December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 31, 2016

This report is effective as of March 31, 2016, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Global Green Growth Institute Statements of Financial Position

As of December 31, 2015 and 2014

(In USD)

	<i>Note</i>	2015	2014
Assets			
Cash and cash equivalents	4,5	\$ 28,898,195	21,801,922
Short-term financial assets	5	17,000,000	-
Other receivables	5	-	9,497
Accrued income	5	13,620	-
Other current assets	9	2,377,582	641,571
Total current assets		<u>48,289,397</u>	<u>22,452,990</u>
Property and equipment, net	6	903,176	1,152,722
Intangible assets	7	1,372,992	793,683
Long-term financial assets	5	685,488	693,607
Total non-current assets		<u>2,961,656</u>	<u>2,640,012</u>
Total assets		<u>51,251,053</u>	<u>25,093,002</u>
Liabilities			
Other payables	5	4,702,338	2,948,131
Deferred income		7,996,473	5,696,599
Other current liabilities	9	4,760,096	-
Total current liabilities		<u>17,458,907</u>	<u>8,644,730</u>
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>17,458,907</u>	<u>8,644,730</u>
Reserves			
Retained surplus		33,792,146	16,448,272
Total reserves		<u>33,792,146</u>	<u>16,448,272</u>
Total liabilities and reserves		<u>\$ 51,251,053</u>	<u>25,093,002</u>

See accompanying notes to the financial statements.

Global Green Growth Institute
Statements of Comprehensive Income (Loss)

For the years ended December 31, 2015 and 2014

<i>(In USD)</i>	<u>Note</u>	<u>2015</u>	<u>2014</u>
Operating income			
Core funds	10	\$ 39,538,303	30,305,919
Earmarked funds	10	9,206,095	10,395,748
Others	10	-	29,340
Total operating income		<u>48,744,398</u>	<u>40,731,007</u>
Operating expenditures	11	<u>31,075,737</u>	<u>32,254,898</u>
Net surplus from operating activities		<u>17,668,661</u>	<u>8,476,109</u>
Finance income	5,12	370,301	199,139
Finance costs	5,12	(582,285)	(256,387)
Other gain (loss)	13	(112,803)	182,018
Net surplus for the year		<u>17,343,874</u>	<u>8,600,879</u>
Other income		<u>-</u>	<u>-</u>
Total net surplus for the year		<u>\$ 17,343,874</u>	<u>8,600,879</u>

See accompanying notes to the financial statements.

Global Green Growth Institute
Statements of Changes in Reserves

For the years ended December 31, 2015 and 2014

<i>(In USD)</i>	Retained surplus	Total reserves
Balance at January 1, 2014	\$ 7,847,393	7,847,393
Net surplus for the year	8,600,879	8,600,879
Total surplus	8,600,879	8,600,879
Balance at December 31, 2014	\$ <u>16,448,272</u>	<u>16,448,272</u>
Balance at January 1, 2015	\$ 16,448,272	16,448,272
Net surplus for the year	17,343,874	17,343,874
Total surplus	17,343,874	17,343,874
Balance at December 31, 2015	\$ <u>33,792,146</u>	<u>33,792,146</u>

See accompanying notes to the financial statements.

Global Green Growth Institute
Statements of Cash Flows

For the years ended December 31, 2015 and 2014

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Net surplus for the year	\$ 17,343,874	8,600,879
Adjustments for:		
Rental expenses	37,552	35,098
Depreciation	523,291	307,764
Amortization	411,984	174,664
Bad debt expense	1,890	-
Impairment of PPE	-	2,093
Finance expenses	534,247	141,328
Finance income	(310,967)	(111,585)
Other	-	1,100
Changes in assets and liabilities:		
Other receivables	7,607	57,503
Accrued income	-	85,600
Other current assets	(1,773,563)	(360,504)
Others payables	(2,968,473)	(966,860)
Deferred income	7,058,981	1,137,513
Other current liabilities	4,760,096	(114,408)
Interest received	20,840	3,588
Net cash provided by operating activities	<u>25,647,359</u>	<u>8,993,773</u>
Cash flows from investing activities		
Increase in short-term financial instruments	(17,000,000)	-
Decrease in leasehold deposits	11,861	150,748
Acquisition of property and equipment	(273,745)	(1,012,364)
Acquisition of intangible assets	(991,293)	(832,726)
Increase in leasehold deposits	(15,342)	(287,031)
Net cash used in investing activities	<u>(18,268,519)</u>	<u>(1,981,373)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Effects of exchange rate changes on cash and cash equivalents	(282,567)	(33,331)
Net increase in cash and cash equivalents	<u>7,096,273</u>	<u>6,979,069</u>
Cash and cash equivalents at beginning	<u>21,801,922</u>	<u>14,822,853</u>
Cash and cash equivalents at end of year	<u>\$ 28,898,195</u>	<u>21,801,922</u>

See accompanying notes to the financial statements.

Global Green Growth Institute

Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity

Established as an international organization in 2012 at the Rio+20 United Nations Conference on Sustainable Development, the Global Green Growth Institute (GGGI) is dedicated to supporting and promoting strong, inclusive and sustainable economic growth in developing countries and emerging economies. GGGI member countries currently include Cambodia, Costa Rica, Ethiopia, Fiji, Guyana, Indonesia, Jordan, Kiribati, Mexico, Mongolia, Papua New Guinea, Philippines, Rwanda, Senegal, Vanuatu, Vietnam, Australia, Denmark, Norway, Qatar, Republic of Korea, United Arab Emirates and the United Kingdom, and it is in the process of expanding its membership. GGGI works with partners in the public and private sector in developing and emerging countries around the world to put green growth at the heart of economic planning. GGGI has its headquarters in Seoul, Republic of Korea, and conducts operations in several countries in Asia, Latin America and Sub-Saharan Africa.

2. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis

(c) Functional and presentation currencies

These financial statements are presented in US dollar, which is GGGI's functional currency of the primary economic environment in which GGGI operates.

(d) Use of estimates and judgments

The preparation of the financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note.

Note 6 – Property and Equipment

GGGI reviews the estimated useful lives of property and equipment at the end of each annual reporting period. Management's assumptions could affect the determination of estimated useful lives.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies

The significant accounting policies applied by GGGI in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are used by GGGI in management of its short-term commitments.

(b) Non-derivative financial assets

GGGI classifies the non-derivative financial assets which are fixed or determinable payments that are not quoted in an active market as loans and receivables. GGGI recognizes financial assets in the statement of financial position when GGGI becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, transaction costs that are directly attributable to the asset's acquisition or issuance.

GGGI derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by GGGI is recognized as a separate asset or liability.

If GGGI retains substantially all the risks and rewards of ownership of the transferred financial assets, GGGI continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position only when GGGI currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

In addition, for an investment in a security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If financial assets have objective evidence that they are impaired, impairment losses should be measured and recognized.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(d) Impairment of financial assets, continued

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. If it is not practicable to obtain the instrument's estimated future cash flows, impairment losses would be measured by using prices from any observable current market transactions. GGGI can recognize impairment losses directly or establish a provision to cover impairment losses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account.

(e) Property and equipment

Property and equipment are measured initially at cost and after initial recognition. The cost of property and equipment includes expenditure arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which they are located.

Subsequent to initial recognition, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to GGGI and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current period are as follows:

	<u>Useful lives (in months)</u>
Office equipment	36 ~ 60
Leasehold improvement	24
Vehicle	60

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(f) Intangible assets

Intangible assets consist of purchased software licenses, software and any development cost for the software. Intangible assets are amortized on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is assumed to be zero.

The estimated useful lives for the current period are same as the useful lives of IT equipment.

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. Changes are accounted for as changes in accounting estimates.

(g) Impairment of non-financial assets

GGGI reviews at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

GGGI estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then GGGI estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Non-derivative financial liabilities

GGGI recognizes financial liabilities in the statement of financial position when GGGI becomes a party to the contractual provisions of the financial liability.

At the date of initial recognition, financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

GGGI derecognizes a financial liability from the statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(h) Employee benefits

For defined contribution plans, when an employee has rendered service to GGGI during a period, GGGI recognizes the contribution payable to a defined contribution plan in exchange for that service as an accrued expense, after deducting any contributions already paid. If the contributions already paid exceed the contribution due for service before the end of the reporting period, GGGI recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

(i) Foreign currency translation

Foreign currency transactions are initially recorded using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period are recognized in profit or loss in the period in which they arise.

(j) Operating income recognition

(i) Core funds (Un-earmarked funds)

Core funds are funds available for general use by GGGI, and include all core contributions and all other funds provided that are not earmarked funds. All core funds are credited to the General Fund. With regards to core funds, GGGI recognizes an asset (cash) and operating income when GGGI receive the contribution to be provided.

(ii) Earmarked funds

Earmarked funds are funds contributed to GGGI to finance specific activities that are identified in the agreement between GGGI and the donor. Earmarked funds can only be used for the purposes for which they are intended as set out in the respective donor agreement or as otherwise specifically agreed to by the donor.

For earmarked funds, GGGI recognizes an asset (cash or receivables) and liability (deferred income) on receipt of the firm commitment of the contribution to be provided (unless the agreement specifies a later contribution start date). The liability is reduced and operating income is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the surveys of work performed. However, when the outcome of the transaction involving the rendering of services cannot be estimated reliably, operating income shall be recognized only to the extent of the expenses recognized that are recoverable.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

3. Significant Accounting Policies, Continued

(k) Finance income and finance costs

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(l) Financial risk management

Financial risk factors

GGGI is exposed to a variety of financial risks derived from events in the external financial markets: market risk (including changes in currency exchange rates); liquidity risk; and interest rate risk. GGGI seeks to actively minimize potential adverse effects arising from these exposures.

The Director General has overall responsibility to maintain a risk-management system to manage and control financial and other types of risks including the identification, evaluation, and measurement of possible impact on GGGI, and the selection and maintenance of various solutions to mitigate risks.

(i) Market risk

- **Currency risk**

Currency risk primarily arises on voluntary contributions receivable in currencies other than United States Dollar. The main currencies giving rise to foreign currency risk are the Euro, Pound Sterling, Norwegian Kroner and Danish Kroner. At present, to minimize the foreign exchange exposure, GGGI converts its contributions receivable in other currencies immediately to USD upon the receipt of contribution.

- **Interest rate risk**

There is no significant short-term exposure to changes in interest rates, as cash and cash equivalents are held as cash in hand and there are no interest-bearing liabilities.

(ii) Liquidity risk

Liquidity risk is minimized by maintaining sufficient funds as cash in hand to meet short-term liabilities.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

4. Cash and Cash Equivalents

(a) Cash and cash equivalents as of December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Cash in banks	\$ 28,895,471	21,801,922
Cash on hand	<u>2,724</u>	<u>-</u>
	<u>\$ 28,898,195</u>	<u>21,801,922</u>

(b) Cash and cash equivalents denominated in foreign currencies as of December 31, 2015 and 2014 are as follows:

<i>(In USD, except for other foreign currency)</i>	<u>2015</u>		<u>2014</u>	
	<u>Foreign currency amount</u>	<u>Translation into USD</u>	<u>Foreign currency amount</u>	<u>Translation into USD</u>
AED	172,920	\$ 47,069	308,043	\$ 83,848
DKK	-	-	350	57
EUR	162,936	178,023	50,000	60,795
KRW	17,100,219	14,699	195,577,846	177,928
IDR	6,457,700	467	5,620,300	451
ETB	201,049	9,372	115,694	5,660
GBP	3,260	4,923	-	-
AUD	6,220,121	<u>4,527,626</u>	-	<u>-</u>
		<u>\$ 4,782,179</u>		<u>\$ 328,739</u>

(c) Currency exchange rates as of December 31, 2015 and 2014 are as follows:

<i>(In USD)</i>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Currency</u>	<u>Ending exchange rate</u>	<u>Ending exchange rate</u>
AED	\$ 0.272	0.272
DKK	0.147	0.163
EUR	1.093	1.216
KRW	0.001	0.001
IDR	0.0000723	0.0000806
ETB	0.047	0.049
GBP	1.510	1.553
AUD	0.728	0.818

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

5. Financial Instruments

(a) Categories of financial assets as of December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	2015		2014	
	Cash and cash equivalents	Loans and receivables	Cash and cash equivalents	Loans and receivables
Current financial assets				
Cash and cash equivalents	\$ 28,898,195	-	21,801,922	-
Short-term financial assets	-	17,000,000	-	-
Other receivables	-	-	-	9,497
Accrued income	-	13,620	-	-
Sub-total	\$ 28,898,195	17,013,620	21,801,922	9,497
Non-current financial assets				
Leasehold deposits	\$ -	685,488	-	693,607
	\$ 28,898,195	17,699,108	21,801,922	703,104

(b) Categories of financial liabilities as of December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	2015		2014	
	Financial liabilities measured at amortized cost		Financial liabilities measured at amortized cost	
Current financial liabilities				
Other payables (*)	\$	4,702,338		2,948,131

(*) Other payables represent amounts due to donors, vendors, employees and others for support and/or services received prior to year-end, but not paid for as at the reporting date.

The Korea Energy Agency (KEA) used to be KEMCO returned USD 270,756 (KRW 319,416,992), the unspent funds of "Dissemination of Voluntary Emission Reduction Program in Asia (2010 – 2012)" to GGGI in November 2014. The unspent funds of KRW 319,416,992 will be transferred to the Ministry of Foreign Affairs, Republic of Korea in 2016.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

5. Financial Instruments, Continued

(c) Finance income by categories

(i) Details of finance income by categories for the year ended December 31, 2015 are summarized as follows:

<i>(In USD)</i>	Cash and cash equivalents	Loans and receivables	Financial liabilities measured at amortized cost	Total
Interest income	\$ 20,840	51,172	-	72,012
Gain on foreign currency transactions	682	-	58,652	59,334
Gain on foreign currency translations	198,359	-	40,596	238,955
	<u>\$ 219,881</u>	<u>51,172</u>	<u>99,248</u>	<u>370,301</u>

(ii) Details of finance income by categories for the year ended December 31, 2014 are summarized as follows:

<i>(In USD)</i>	Cash and cash equivalents	Loans and receivables	Financial liabilities measured at amortized cost	Total
Interest income	\$ 3,588	35,098	-	38,686
Gain on foreign currency transactions	-	15,135	72,419	87,554
Gain on foreign currency translations	67,889	2	5,008	72,899
	<u>\$ 71,477</u>	<u>50,235</u>	<u>77,427</u>	<u>199,139</u>

(iii) Details of finance costs by categories for the year ended December 31, 2015 are summarized as follows:

<i>(In USD)</i>	Cash and cash equivalents	Loans and receivables	Financial liabilities measured at amortized cost	Total
Loss on foreign currency transactions	\$ -	-	48,038	48,038
Loss on foreign currency translations	480,926	49,152	4,169	534,247
	<u>\$ 480,926</u>	<u>49,152</u>	<u>52,207</u>	<u>582,285</u>

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

5. Financial Instruments, Continued

(c) Finance income by categories, continued

(iv) Details of finance costs by categories for the year ended December 31, 2014 are summarized as follows:

<i>(In USD)</i>	Cash and cash equivalents	Loans and receivables	Financial liabilities measured at amortized cost	Total
Loss on foreign currency transactions	\$ -	2,022	113,037	115,059
Loss on foreign currency translations	102,729	33,383	5,216	141,328
	<u>\$ 102,729</u>	<u>35,405</u>	<u>118,253</u>	<u>256,387</u>

(d) The carrying amount and the fair value of financial instruments as of December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	\$ 28,898,195	28,898,195	21,801,922	21,801,922
Short-term financial instruments	17,000,000	17,000,000	-	-
Leasehold deposits	685,488	685,488	693,607	693,607
Other receivables	-	-	9,497	9,497
Accrued income	13,620	13,620	-	-
Total financial assets	<u>\$ 46,597,303</u>	<u>46,597,303</u>	<u>22,505,026</u>	<u>22,505,026</u>
Financial liabilities				
Other payables	\$ 4,702,338	4,702,338	2,948,131	2,948,131

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

6. Property and Equipment

(a) Details of property and equipment as of December 31, 2015 and 2014 are as follows:

(i) December 31, 2015

<i>(In USD)</i>		<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
Office equipment (*)	\$	2,147,367	(1,279,125)	868,242
Leasehold improvements		1,740,751	(1,740,751)	-
Vehicle		84,846	(49,912)	34,934
	\$	<u>3,972,964</u>	<u>(3,069,788)</u>	<u>903,176</u>

(ii) December 31, 2014

<i>(In USD)</i>		<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
Office equipment (*)	\$	1,982,333	(881,515)	1,100,818
Leasehold improvements		1,740,751	(1,740,751)	-
Vehicle		84,846	(32,942)	51,904
	\$	<u>3,807,930</u>	<u>(2,655,208)</u>	<u>1,152,722</u>

(*) Office equipment includes IT equipment and office furniture

(b) Changes in property and equipment for the years ended December 31, 2015 and 2014 are summarized as follows:

(i) December 31, 2015

<i>(In USD)</i>		<u>January 1, 2015</u>	<u>Acquisition</u>	<u>Depreciation</u>	<u>December 31, 2015</u>
Office equipment	\$	1,100,818	273,745	(506,321)	868,242
Leasehold improvements		-	-	-	-
Vehicle		51,904	-	(16,970)	34,934
	\$	<u>1,152,722</u>	<u>273,745</u>	<u>(523,291)</u>	<u>903,176</u>

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

6. Property and Equipment, Continued

(ii) December 31, 2014

<i>(In USD)</i>	January 1, 2014	Acquisition	Depreciation	Impairment	Other	December 31, 2014
Office equipment	\$ 382,346	1,012,364	(290,699)	(2,093)	(1,100)	1,100,818
Leasehold improvements	96	-	(96)	-	-	-
Vehicle	68,873	-	(16,969)	-	-	51,904
	\$ 451,315	1,012,364	(307,764)	(2,093)	(1,100)	1,152,722

7. Intangible Assets

(a) Details of intangible assets as of December 31, 2015 and 2014 are as follows:

(i) December 31, 2015

<i>(In USD)</i>	Acquisition cost	Accumulated amortization	Carrying amount
Software	\$ 2,056,189	(683,197)	1,372,992

(ii) December 31, 2014

<i>(In USD)</i>	Acquisition cost	Accumulated amortization	Carrying amount
Software	\$ 1,064,895	(271,212)	793,683

(b) Changes in intangible assets for the years ended December 31, 2015 and 2014 are summarized as follows:

(i) December 31, 2015

<i>(In USD)</i>	January 1, 2015	Acquisition	Disposals	Amortization	December 31, 2015
Software	\$ 793,683	991,293	-	(411,984)	1,372,992

(ii) December 31, 2014

<i>(In USD)</i>	January 1, 2014	Acquisition	Disposals	Amortization	December 31, 2014
Software	\$ 135,621	832,726	-	(174,664)	793,683

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

8. Employee Benefits

GGGI provides defined contribution plans for certain eligible employees and pension funds that amount to 12 percent of each eligible employee's monthly base salary. The post-employment benefits are paid to employees from the pension deposit.

GGGI's contribution related to defined contribution plans in 2015 and 2014 are as follows.

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Expense related to post-employment benefit under defined contribution plan	\$ 1,058,107	1,112,337

9. Other Current Assets and Other Current Liabilities

(a) Other current assets as of December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Advance payments	\$ 63,863	24,276
Prepaid expenses (*1)	2,313,719	617,295
	<u>\$ 2,377,582</u>	<u>641,571</u>

(b) Other current liabilities as of December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Withholdings	\$ 989	-
Advanced receipt (*2)	4,759,107	-
	<u>\$ 4,760,096</u>	<u>-</u>

(*1) The amount includes the pre-payment for UNOPS contract of USD 1,687,500 in 2015 for personnel related expenses for 2016.

(*2) As described in Note 10 (1) (i), advanced receipt is for 2016 core contribution received from the Australia Department of Foreign Affairs and Trade.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

10. Operating Income

(a) Operating income for the years ended December 31, 2015 and 2014 are as follows:

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Core funds	\$ 39,538,303	30,305,919
Earmarked funds	9,206,095	10,395,748
Others	-	29,340
	<u>\$ 48,744,398</u>	<u>40,731,007</u>

(b) Details of operating income for the years ended December 31, 2015 and 2014 are as follows:

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Core funds (*1)		
The Government of Australia	\$ 4,715,734	5,000,000
The Government of Denmark	4,761,633	5,075,682
The Ministry of Foreign Affairs of The Republic of Korea	10,000,000	10,000,000
The Norwegian Agency for Development Cooperation (Norad) for 2013	-	5,000,000
The Norwegian Agency for Development Cooperation (Norad) for 2014	-	5,032,747
The Norwegian Agency for Development Cooperation (Norad) for 2015	4,943,733	-
The Government of the United Kingdom	15,117,203	-
Incheon Metropolitan City (Korea)	-	197,490
Sub-total	<u>\$ 39,538,303</u>	<u>30,305,919</u>

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

10. Operating Income, Continued

(b) Details of operating income for the years ended December 31, 2015 and 2014 are as follows, continued:

Sub-total	\$ <u>39,538,303</u>	<u>30,305,919</u>
Earmarked funds (*2)		
Swiss Agency for Development and Cooperation (SDC)	281,114	307,706
The United Arab Emirates Ministry of Foreign Affairs	1,928,831	2,724,732
The Norwegian Ministry of Foreign Affairs - 'Country Program for Ethiopia 2013-2015'	2,229,638	1,556,245
The Norwegian Ministry of Foreign Affairs - 'Indonesia Country Program 2012-2014'	3,039,220	3,133,708
European Bank for Reconstruction and Development	-	138,665
The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)	1,310,430	873,572
World Resources Institute - 'New Climate Economy Project'	-	1,121,666
Climate and Development Knowledge Network (CDKN)	-	111,576
European Climate Fund (ECF)	573	254,611
International Conference 2014 - ROK	-	36,177
International Conference 2014 - KOICA	-	45,500
International Conference 2014 - GTC-K	-	90,945
Government of the Federal Republic of Germany	115,435	645
Capacity Development for S-S Collaboration (KOICA)	297,896	-
Global Climate Forum	<u>2,958</u>	<u>-</u>
Sub-total	\$ <u>9,206,095</u>	<u>10,395,748</u>
Others		
Residual asset from K-GGGI	\$ -	466,810
Swiss Agency for Development and Cooperation (SDC)	<u>-</u>	<u>(437,470)</u>
Sub-total	\$ <u>-</u>	<u>29,340</u>
	\$ <u>48,744,398</u>	<u>40,731,007</u>

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

10. Operating income, Continued

(*1) Core funds

(i) The Australia Department of Foreign Affairs and Trade (DFAT) signed an addendum in 2015 to extend the original funding agreement and the core contribution for two (2) additional years from January 2015 through to December 2016. In May 2015, GGGI received AUD 12,400,000 for the two (2) years and recognized AUD 6,200,000 (USD 4,715,734) as revenue in 2015. The 2016 contribution of AUD 6,200,000 has been recorded as an advance receipt in 2015.

(ii) In 2014, the Government of Denmark approved a Danish grant for the amount of DKK 90,000,000 to GGGI for the period from 2014 to 2016. This includes DKK 28,000,000 for 2014, DKK 29,000,000 for 2015, DKK 29,000,000 for 2016, DKK 1,500,000 for the Strategic Advisor and DKK 2,500,000 for reviews and studies. In 2015, GGGI received two (2) cash contributions, DKK 29,000,000 (USD 4,349,783) as core contribution for the year and USD 187,000 for the Value for Money Audit. GGGI received DKK 1,500,000 (USD 224,850) for the twelve (12) months secondment agreement of the strategic advisor as an in-kind contribution.

(iii) In 2015, the Ministry of Foreign Affairs of the Republic of Korea signed a Memorandum of Understanding with GGGI to provide annual financial contribution of USD 10,000,000 core funding for two (2) years from January 2015 through to December 2016. In February and August 2015, GGGI received USD 5,000,000 respectively and recognized the total USD 10,000,000 as revenue in 2015.

(iv) In 2015, Norwegian Agency for Development Cooperation signed addendum No.2 to extend the multi-year core funding agreement 2013-2014 signed in September 2013 for one (1) additional year through (and including) December 2015. In April 2015, GGGI received NOK 38,000,000 (USD 4,943,733) and recognized the total receipt as revenue in 2015.

(v) In 2014, the Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department of International Development ("DFID") has signed the MOU on core funding for GBP 14,762,000 over the three (3) years, 2014-2017. In 2015, GGGI received the core contributions of GBP 3,300,000 (USD 4,953,300) for 2014/15, GBP 3,730,000 (USD 5,674,105) for 2015/16 and the performance payment of GBP 3,000,000 (USD 4,489,800) and recognized the total receipt as revenue in 2015.

(vi) Based on the Framework of Cooperation signed on December 4, 2013 between GGGI, the Incheon Metropolitan City and Incheon Free Economic Zone Authority, the Incheon City and Incheon Free Economic Zone provided GGGI an office space on the 23rd floor of the G-tower.

(*2) Earmarked funds

(i) In 2014, GGGI and Swiss Agency for Development and Cooperation ('SDC') signed a grant agreement for USD 1,000,000 for the period 1 July 2014 to June 30, 2016 to formalize a framework of cooperation to promote programs, research and joint activities in support of capacity building and development of green economic growth options for developing countries. In November 2015, GGGI received the second instalment of USD 333,884 and recognized USD 281,114 as operating income from the 2015 deferred income.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

10. Operating Income, Continued

(*2) Earmarked funds, continued

(ii) The United Arab Emirates Ministry of Foreign Affairs ("UAE") and GGGI signed MOU in 2011. The objective of the MOU is to facilitate collaboration between UAE and GGGI to promote programs and joint activities in promoting green growth in UAE for the years 2011 - 2013. The MOU was automatically renewed for the additional three years through 2016. In July 2015, GGGI received USD 2,529,780 and recognized USD 1,928,831 as operating income from the 2015 deferred income.

(iii) In 2013, GGGI signed a grant agreement with the Royal Norwegian Embassy, Ethiopia to implement Ethiopia country program for the years 2013-2015. In May 2015, GGGI received USD 1,993,638 against the total grant of NOK 45,828,000 (equivalent to USD 8,073,906) and recognized USD 2,229,638 as operating income from the 2015 deferred income. In July 2015, GGGI returned USD 300,000 from the deferred income of this funding agreement to Royal Norwegian Embassy in Ethiopia for their initiative to support the establishment of Environment and Climate Research Centre at the Ethiopian Development Research Institute.

(iv) In 2012, GGGI signed a grant agreement with Norwegian Ministry of Foreign Affairs to implement Indonesia country program for the years 2012-2014. This agreement was extended by three (3) months to March 2015 through Amendment 1 signed on December 10, 2014 and a further nine (9) months through Amendment 2 signed on March 26, 2015. In 2015, GGGI recognized a final revenue of USD 3,039,220 against the total grant of USD 8,177,976 (NOK 56,597,500). In November 2015, GGGI signed a new grant agreement (INS-14/21) with Norwegian Ministry of Foreign Affairs to implement Indonesia country program for the years 2016-2019. In 2015, GGGI received the first installment of NOK 20,000,000 (USD 2,354,465) against the total contract amount of NOK 170,000,000.

(v) The Federal Minister for the Environment and Nature Conservation and Nuclear Safety ("BMU") and GGGI signed a Grant Agreement to implement "A Low Carbon Development Plans" for the years 2011-2016 for a total grant of EUR 4,987,287. In 2015, GGGI received EUR 1,313,121 (USD 1,445,310) and recognized USD 1,310,430 as operating income from the 2015 deferred income.

(vi) The Government of the Federal Republic of Germany and GGGI have agreed to cooperate for the purpose of supporting the Green Invest (BMZ-No.2014.7932.8) project for which the donor is to grant EUR 450,000 earmarked fund for the years 2014 to 2016. In August 2015, GGGI received EUR 200,000 (USD 220,960) and recognized USD 115,435 as operating income from the 2015 deferred income.

(vii) GGGI and Korea International Cooperation Agency ("KOICA") signed the Grant Agreement on knowledge sharing and capacity development for global green partnership through south-south cooperation project for the years 2015 to 2017. In June 2015, KOICA disbursed an initial instalment of USD 700,000 and GGGI recognized USD 297,896 as operating income from the 2015 deferred income.

(viii) GGGI joined a consortium of 16 organizations led by Global Climate Forum for a grant under the European Commission (EC) Horizon 2020 program to implement the "Green Growth and Win-Win Strategies for Sustainable Climate Action (GREEN-WIN)" project. The project has been approved by the EC in 2015 with the duration of 36 months and the fund allocated to GGGI is EUR 98,875. GGGI received an up-front payment of EUR 44,494 (equivalent to USD 48,950) in September and recognized USD 2,958 as operating income from the 2015 deferred income.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

11. Operating Expenditures

Details of operating expenditures for the years ended December 31, 2015 and 2014 are as follows:

<i>(In USD)</i>	2015	2014
Salaries and wages	\$ 10,062,238	10,242,448
Allowances (home, education, relocation and others)	3,933,425	2,888,028
Employee benefits	1,058,107	1,112,337
Welfares	758,943	915,515
Outsourcing cost	8,398,400	10,461,032
Travel expense	1,717,285	1,687,789
Rental expenses	2,017,733	1,891,481
Transportation	16,166	16,573
Commissions	53,636	197,111
Professional fees	382,129	344,711
Depreciation	523,291	307,764
Amortization	411,984	174,664
Training expenses	172,529	49,672
Communication expenses	235,386	300,178
Repairs and maintenance expenses	140,851	166,087
Publication expenses	137,891	150,743
Conference expenses	636,947	542,149
Supply expenses	286,290	349,662
Others	132,506	456,954
	\$ 31,075,737	32,254,898

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2015 and 2014

12. Finance Income and Finance Costs

(a) Details of finance income for the years ended December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Interest income	\$ 72,012	38,686
Gain on foreign currency transactions	59,334	87,554
Gain on foreign currency translations	238,955	72,899
	<u>\$ 370,301</u>	<u>199,139</u>

(b) Details of finance costs for the years ended December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Loss on foreign currency transactions	\$ 48,038	115,059
Loss on foreign currency translations	534,247	141,328
	<u>\$ 582,285</u>	<u>256,387</u>

13. Other Gain (Loss)

Details of other gain (loss) for the years ended December 31, 2015 and 2014 are summarized as follows:

<i>(In USD)</i>	<u>2015</u>	<u>2014</u>
Other gain		
Miscellaneous income	\$ 43,197	204,115
Other loss		
Impairment loss on PPE	-	(2,093)
EACP refund to KOICA(*)	(156,000)	-
Miscellaneous expenses	-	(20,004)
	<u>(156,000)</u>	<u>(22,097)</u>
	<u>\$ (112,803)</u>	<u>182,018</u>

(*) The amount is a refund to the Ministry of Foreign Affairs, Republic of Korea based on the final reporting on the East Asia Climate Partnership Program (2010-2012) from Korea International Cooperation Agency (KOICA).

KPMG SAMJONG

Global Green Growth Institute 2015 Audit Results

April 2016

KPMG Samjong Accounting Corp.



2015 Audit Results

1. Audit team
2. Audit scope overview
3. Audit timeline and deliverables
4. Significant findings from the audit
5. Other matters
6. Fraud risks
7. Material written communications between KPMG and management
8. Independence
9. Regulatory and Accounting update

1. Audit team



2. Audit scope overview

Scope of work	<i>Audit of the financial statements for the year end December 31, 2015</i>
Applicable financial reporting framework	<i>International Financial Reporting Standards</i>
Applicable auditing standards	<i>International Standards on Auditing</i>
Other terms of engagement	<p><i>Issuance of Management Letter covering the following items:</i></p> <ul style="list-style-type: none"> • <i>Assessment of the internal control systems and their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained</i> • <i>Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to</i> • <i>Assessment of the adequacy of the systems of control over procurement of supplies, equipment and services, hereunder verify whether guidelines regarding procurement are followed under the condition that GGGI shall provide proper procurement documents to KPMG. This assessment will be performed by testing related documents based on sample basis.</i> • <i>Follow-up on previous audit and review recommendations</i> • <i>Management comments/response to audit findings and recommendations</i>



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2. Audit scope overview, continued

Scope	GGGI Policies	Procedures
<ul style="list-style-type: none"> Assessment of the internal control systems and their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained 	<p><i>Finance Regulations Finance Policies and Procedures Manual</i></p>	<ul style="list-style-type: none"> As part of our audit of the financial statements, we will evaluate the design and implementation of controls over journal entries as well as obtain an understanding of the activities for the preparation of financial statements.
<ul style="list-style-type: none"> Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to 	<p><i>Individual Consultants Policies and Procedures Disbursements – Travel and Outsourcing expenses Interim Delegation of Authority Manual</i></p>	<ul style="list-style-type: none"> This assessment will be performed by testing related documents based on sample basis.
<ul style="list-style-type: none"> Assessment of the adequacy of the systems of control over procurement of supplies, equipment and services, hereunder verify whether guidelines regarding procurement are followed under the condition that GGGI shall provide proper procurement documents to KPMG. 	<p><i>Procurement</i></p>	<ul style="list-style-type: none"> This assessment will be performed by testing related documents based on sample basis.
<ul style="list-style-type: none"> Follow-up on previous audit and review recommendations 		<ul style="list-style-type: none"> During our assessment for FY2014, we will observe and verify whether the recommendations provided in the previous year has been reflected.



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3. Audit timeline and deliverables

<p>Audit Report</p>	<ul style="list-style-type: none"> • Audit fieldwork: <ul style="list-style-type: none"> - Interim audit: November 16 to 20, 2015 - Year-end audit: February 15 to 19, 2016 • Draft audit report <ul style="list-style-type: none"> - Deliver draft by March 18, 2016 • Final audit report <ul style="list-style-type: none"> - Deliver final hard copies by April 1, 2016
<p>Management Letter</p>	<ul style="list-style-type: none"> • Conduct testing in conjunction with the financial statement audit • Draft management letter <ul style="list-style-type: none"> - Deliver draft by March 21, 2016 • Receive management comment/response thru March 31, 2016 • Final management letter <ul style="list-style-type: none"> - Deliver final letter by March 31, 2016



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4. Significant findings from the audit - significant audit areas

Significant audit areas	Description	Results
Operating income recognition	Compared with profit organizations, transactions may not be complex but call for significant management judgment in analyzing the donation and service agreements.	Based on our review of the related documents and interviews conducted with relevant personnel, we did not note any significant exceptions.
Financial statement preparation	The new ERP system may not appropriately implemented and the financial information may not be produced correctly and timely.	KPMG obtained the general ledger from Agresso and eMax for the period from January 1 to May 31 and made comparison of the two records to verify that data conversion is accurate and complete. As the result of procedures we performed, there were no exceptions noted.
Significant unusual transaction		None identified



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4. Significant findings from the audit - other

Communication matters	Description
Related Party Transactions	None
Litigations, Claims, and Assessments	None
Illegal Acts or Fraud	None
Non-compliance with Laws and Regulations	None
Significant Difficulties Encountered During the Audit	None
Disagreements with Management	None
Other Findings or Issues Relevant Regarding Oversight of the Financial Reporting Process	None
Significant control deficiencies	None
Uncorrected audit misstatements	None



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5. Other matters - Management letter

Scope	GGGI Policies
<ul style="list-style-type: none"> Assessment of the internal control systems and their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained 	Finance Regulations Finance Policies and Procedures Manual
<ul style="list-style-type: none"> Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to 	Individual Consultants Policies and Procedures Disbursements – Travel and Outsourcing expenses Interim Delegation of Authority Manual
<ul style="list-style-type: none"> Assessment of the adequacy of the systems of control over procurement of supplies, equipment and services, hereunder verify whether guidelines regarding procurement are followed under the condition that GGGI shall provide proper procurement documents to KPMG. 	Procurement
<ul style="list-style-type: none"> Follow-up on previous audit and review recommendations 	

We have issued a management letter date as of March 31, 2016 which describes our observations and findings of our work performed in relation to the above.



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6. Fraud risks

Fraud Risks	Impact on Financial Statements	Planned Audit Approach	Findings
Presumed fraud risk in revenue recognition	<i>Completeness and existence of Revenue and related expenses</i> <i>Accuracy of Deferred income</i>	<ul style="list-style-type: none"> Review of revenue recognition Vouch supporting documentation over receipts of funds and disbursement of expense (sample base) Journal entry test work 	No matters to report.
Risk of management override of controls	All	<ul style="list-style-type: none"> Audit of significant accounting estimates Testing of journal entries and adjustments at period-end and throughout the fiscal year 	No matters to report



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6. Fraud risks

Fraud Risks	Impact on Financial Statements	Planned Audit Approach	Findings
Presumed fraud risk in revenue recognition	<i>Completeness and existence of Revenue and related expenses</i> <i>Accuracy of Deferred income</i>	<ul style="list-style-type: none"> Review of revenue recognition Vouch supporting documentation over receipts of funds and disbursement of expense (sample base) Journal entry test work 	No matters to report
Risk of management override of controls	All	<ul style="list-style-type: none"> Audit of significant accounting estimates Testing of journal entries and adjustments at period-end and throughout the fiscal year 	No matters to report



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7. Material communications between KPMG and management

- There were no material communications between KPMG and management other than the written representations provided by management.
- Management representation letter(s) including representations required by the International Standards on Auditing.



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8. Independence

KPMG did not perform any non-audit services or other relationships that may reasonably be brought to bear on independence.

In our professional judgment, we are independent with respect to Global Green Growth Institute., as that term is defined by *Act on External Audits of Corporations* and in the *IESBA Code of Ethics for Professional Accountants*.



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9. Regulatory and Accounting update

No updates in IFRS standards as of the communication date are applicable to GGGI.



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.



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March 31, 2016

Management and Program Sub-Committee
Global Green Growth Institute
19F Jeongdong Bldg, 15-5 Jeongdong-gu, Seoul

Ladies and Gentlemen:

We have completed our audit of the financial statements of Global Green Growth Institute (“GGGI”), as of and for the year ended December 31, 2015, in accordance with International Standards of Auditing (ISAs). As part of our audit, we considered GGGI’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of GGGI’s internal control. Our assessment was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Accordingly, we do not express an opinion on the effectiveness of GGGI’s internal control.

We are presenting you with our management letter providing our observations and findings on the following items as indicated in the audit engagement letter dated September 30, 2015 and identified the following areas as to test GGGI’s compliance with internal regulations and policies:

- As part of our audit of the financial statements, we evaluate the design and implementation of controls over journal entries as well as obtain an understanding of the activities for the preparation of financial statements.
- For the purpose of providing this management letter regarding the assessment of the internal control systems and their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained, we have included the following areas to provide our observations and findings:
 - Finance Regulations
 - Finance Policies and Procedures Manual
- Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to:
 - Finance Policies and Procedures Manual
 - Individual Consultants Policies and Procedures
 - Disbursements – Travel and Outsourcing expenses

- Assessment of the adequacy of the systems of control over procurement of supplies, equipment and services, hereunder verify whether guidelines regarding procurement are followed under the condition that GGGI shall provide proper procurement documents to KPMG. This assessment will be performed by testing related documents based on sample basis.
 - Procurement
- Follow-up on previous audit and review recommendations
- Management comments/response to audit findings and recommendations

Our observation and findings of the above areas are as follows:

Fixed Assets and Intangible Assets

To test the procedures and policies related to Fixed Asset and Intangible Assets, we conducted interviews with the IT and Finance department and reviewed the related documentation. According to the policy, IT Department/Facilities Manager and the Finance Department are to conduct physical count of the assets on a semi-annual basis to ensure completeness and existence of the assets listed in the system. We re-performed the asset count on December 31, 2015 by selecting 25 samples from the asset list to verify the existence of the asset.

Observation

Based on interviews, GGGI, including the 17 country offices, performed the physical counts of all assets in September and December 2015. However, we noted that for the count conducted in September, there are 360 assets that we could not confirm their existence through physical count. In accordance with GGGI's Finance Policies and Procedural Manual, all differences should be investigated. Also, the September report was not validated and signed off by Finance Department.

We also noted that for the December asset count, although the country offices had sent over the results of the asset count conducted at the respective offices, the final results were not reflected in the overall asset count report prepared by IT Department. This resulted in differences between the asset register managed by the country offices and the headquarter office.

Recommendation

We recommend for GGGI to perform physical count of all assets on a semi-annual basis, perhaps June and December every year as stipulated in the Finance Policies and Procedural Manual, 4.5 Physical Count with the supervision of IT and Admin Office including all country offices. The asset reports from country offices should be reviewed and updated by IT department and reflected in the final asset report and delivered to the Finance Department for final imputation in the ERP.

Management and Program Sub-Committee
Global Green Growth Institute
March 31, 2016
Page 3

Revenue and Receivables

To test the policies and procedures related to Contributions, we interviewed the Finance department and obtained the list of contributions received during the year to select samples for testing. We reviewed the March and October report on Contributions in Arrears which is prepared by the Finance department on a monthly basis.

Observation

Based on our sample test, we did not note any exceptions. We noted that the initial agreement is reviewed by the Legal department and reported to the Deputy Director-General for approval. The monthly report prepared by the Finance department is shared with the Division Heads for their review.

Financial Reporting and Closing Activities

We have reviewed the closing activities during the course of our audit of the financial statements and conducted interviews with the relevant officers and staffs in-charge of each significant accounts. We also referred to the Finance Policies as a basis for the closing guidelines of GGGI.

Observation

Based on the procedures performed, we found no material exceptions. We found the sufficient explanations and evidences on the documentation given to us regarding the each subsection of the closing activities.

Bank Transactions

To test the procedures and policies related to bank transactions including Bank opening, Bank reconciliation, Petty cash and Credit card usage, we interviewed with Finance and Treasury department and reviewed the related documentation. We selected 10 Bank reconciliation reports in August and December to test compliance with the GGGI's finance policy, and obtained the related documentation.

Observation

Based on the procedures performed, we found no material exceptions. We found the sufficient explanations and evidences on the documentation given to us regarding the each subsection of the bank transaction.

Individual consultants

To test the policies and procedures related to individual consultants, we interviewed the Procurement department and obtained the list of currently active consultants to select samples for testing.

Observation

Based on our interview with Procurement department, we found that the hiring process is in compliance with the internal policy and the contracted individual consultants are compensated based on the guideline presented in the regulation. To corroborate the information obtained from the interview, we selected 5 individual consultants to vouch the supporting documentations and found no exceptions.

Disbursements – Travel and Outsourcing expenses

To review the disbursement policies and procedures we selected the Travel and Outsourcing accounts as the population to select samples for testing. Travel includes the transportation, accommodation and per diem costs incurred by the employees and Outsourcing includes costs incurred for consulting projects and individual consultants. Samples were selected using specific item test method. We selected 25 journal entries from the general ledger and vouched supporting documentations to test compliance with the disbursement regulations.

Observation

We did not note any exceptions as a result from our testing procedures.

Procurement

To test the procurement procedures and policies, we interviewed the Procurement department and also obtained the procurement list during 2015 to select samples as part of our testing. We selected 24 samples (5 samples per criteria, total 4 transactions from contract value of more than USD 200,000) and inspected written procurement request to check whether the procurements are related to the GGGI's projects, and also vouched supporting documents such as contracts signed as per DoA, evaluations conducted by procurement committee and other documents related to procurements.

KPMG reviewed procurements that had been designated as samples and carried out in accordance with the rule of GGGI.

Observation

Based on our interview and sample tests, we found that the procurement process is in compliance with the Procurement rules. The contracted procurements are compensated based on the guideline presented in the rule. We did not note any exceptions as a result from our testing procedures.

Management and Program Sub-Committee
Global Green Growth Institute
March 31, 2016
Page 5

Follow-up on previous audit and review recommendations are as follows:

Fixed assets and Intangible assets

In our management letter dated April 9, 2015, we had provided our observations in the fixed assets management of GGGI that while the IT department separately tags each asset when the purchased assets arrive at the offices, the exact location of the asset is not documented in the asset list or in another document. Therefore, only the IT Department/Facilities Manager is able to identify the location of the asset. We also noted that asset physical count reports are not received from the country offices.

As mentioned above in the Fixed Assets and Intangible Assets section of this letter, we have noted that the final results from such asset count were not properly recorded in the fixed asset register maintained by the IT department, while the physical asset counts were conducted at the country office level. As a result, the prior year findings are not yet been resolved.

Financial Reporting and Closing Activities

In our management letter dated April 9, 2015, we had provided our observations that the roles and responsibilities of each finance team member were not fully documented however the overarching process for closing activities are described in the finance policies.

We noted that the new ERP system, Agresso, has been implemented as of June 1, 2015. KPMG obtained the ERP manual which includes detailed user instruction and guidelines for the Finance Module. As a result, the prior year findings were resolved.

This communication is intended solely for the information and use of management and the Management and Program Sub-Committee, and is not intended to be and should not be used by anyone other than these specified parties.

We express our appreciation to the officers and employees of the Company for the courtesy and assistance given to us during our audit. Should you have any question regarding the matters presented herein, we shall be pleased to discuss them with you.

Very truly yours,



KPMG Samjong Accounting Corp.

The GGGI's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Management Response to Fixed Assets and Intangible Assets

ICT & Facilities started in 2015 a significant reconciliation and cleanup of asset data from difference data sources. Asset data and the missing information were investigated and updated with correct custodian and location information. Further physical count was conducted in December including country offices that was reviewed by ICT & Facilities and asset data was validated and signed off by Finance. Although some assets were not included in the overall asset count report, follow up actions are to be conducted as part of the cleanup process.

The KPMG recommendation is being implemented and ICT & Facilities is further deploying guidelines to streamline the asset management and physical count verification







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