



Global  
Green Growth  
Institute

# Delivering Green Growth

Director General's Progress Report  
April 2018



## Delivering Green Growth

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For the 7<sup>th</sup> Session of the Management and Programming Sub-Committee of the GGGI Council, the Director General (DG) Progress Report reflects on the Institute's performance since the Council meeting of October 2017.

### Welcoming Mr. BAN Ki-moon as President of the Assembly and Chair of the Council

As we welcome Mr. Ban as GGGI's new President and Chair, we reflect on the opportunities his leadership and networks give GGGI to enhance our profile and standing as an international organization. Mr Ban's first action was to write personal letters to the leaders of our member and partner countries – encouraging continued and increased engagement for our members and expressing a wish to see new countries join as members. We can already see the positive impact of his engagement!

### Finance mobilized increases dramatically to over half a Billion US

I believe that in 2017 the Green Growth results achieved by our Member and partner countries with GGGI support clearly demonstrate the validity of GGGI's role and niche. The green and climate finance that was mobilized with GGGI's support increased dramatically **USD 524.6m**. This is challenging all of us to up our game and raise the bar! What was possible in 2017 should become the new normal and spur us on to help mobilize over USD2 Billion by the end of 2020. This is quite a big "ask" for a young and small organization, but I believe the groundwork has now been laid that we can build on. In 2017 GGGI "achieved" **10** investment projects. That is to say that with GGGI's support investor commitment was demonstrated for these projects, as evidenced by commitment letters from investors or government references acknowledging GGGI's role in mobilizing this green and climate finance. Three of these projects, 2 solar PV projects in Indonesia and one water project in Ethiopia, attracted private sector finance that accounted for over half of all finance mobilized - another first for GGGI.

### GGGI supported NFVs attracted multiple investments

Last year we also saw significant progress related to the development and operation of green National Finance Vehicles, or NFVs. Three new NFVs, in [Vanuatu](#), [Mongolia](#) and [Colombia](#), became operational through GGGI's technical assistance. One NFV in [Costa Rica](#) was successfully restructured. Two more mature NFVs supported by GGGI, attracted significant financial resources. The [Ethiopian](#) CRGE facility attracted multiple commitments in 2017, including a USD 50M Green Climate Fund (GCF) direct access grant. A second GGGI-supported GCF project, a direct access grant of USD35M for [Rwandan](#) FONERWA was approved in early 2018. A third GGGI-supported NFV, the [Mongolian](#) Green Credit Fund, also recently submitted a full proposal to GCF.

### Policy Work continues apace

Our Green Growth planning and policy work proceeded apace in 2017 – with **17** policies, roadmaps and strategies adopted by the relevant government authorities. We see a shift in this work from more generic "national green growth planning" to more specific sectoral policies to encourage private sector investment in renewable energy, for example, to stimulate electric mobility, or to decentralize waste water treatment approaches. Our policy and planning work has become well aligned with government priorities to achieve Paris Agreement NDCs or national Sustainable Development Goals. In 2017 we supported the Fijian government with its NDC roadmap, for example, followed in 2018 by support for Fiji's Low Emission Development Strategy.

### Thought Leadership coming on stream

In 2017 the new Thought Leadership (TL) team provided technical support for country programs, but also published technical guidelines on Green Energy Development, a policy brief on renewable energy mini-grids, and an analysis of the conditional renewable energy targets set by GGGI members in their NDCs. TL also conducted Green Growth Potential Assessments in 4 countries, developed the first version of the Green Growth Index, and provided climate diplomacy support for the LCD group in the UNFCCC negotiations. In 2018 analytical TL work continues on green jobs, air pollution and electric mobility.

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Cover Photo: Secondary School Students of Ulaanbaatar City Bayangol district watch a short film promoting Mongolia's inclusive, child-friendly green lifestyles as part of Ecology training that GGGI developed. In total, the Institute developed 12 short videos which will be part of a city wide ecology education campaign to be delivered to 12,000 students across 20 secondary schools.

## Financial Sustainability and Expansion

During the 2017-18 biennium GGGI's Council authorized spending of USD55M per annum, consisting of core funds for about 85%, and including the spending of USD24m of "retained surplus" from earlier years. While we were successful in renewing core support agreements with the Republic of Korea, Denmark, Norway, Australia and the UK for a total of **USD 62m** which is by itself a very important vote of confidence in the organization, our projected level of core support for the next biennium will be significantly lower at about USD 25m.

## Stepping up Resource Mobilization

In early 2017, acutely aware of the challenge to provide sustainable funding for GGGI, preferably at the scale to which the organization has grown over the last several years, I believed our best option was to ramp up our efforts to mobilize earmarked resources. Over the last year or so we have focused on developing the capacity to mobilize resources in country teams as well as in HQ. This is now beginning to generate very good results. We signed **5** new earmarked commitments in 2017 for a total of **USD 4.3m**, and another **USD 3.4m** from **7** grants in the first quarter of 2018. More importantly, we have now developed a solid pipeline of proposals under development. As a result, we believe that our realistic best estimate of the earmarked resources we will have as GGGI revenue for the coming biennium is USD 23m per annum, for a combined total Base Budget Scenario approaching USD 50m per annum.

## Overall budget likely stable in 2019-2020

While the total budget of the institute in the coming years is therefore likely higher than our expenditure level in 2017 (USD 44m), more of this spending will be in the country programs. Also, some country programs will be more successful in raising resources, and will thus grow, while others will be less successful, and as the available core resources will not be sufficient to compensate that, thus will shrink or may have to be closed. There will also be downward pressure on the HQ spending as we continue our efforts to reduce our overall overhead and increase our efficiency, to ensure more of our budget delivers green growth results at the country level.

## Alternative models to fund expansion to new countries

We see a growing demand for GGGI's services but we cannot, as in recent years, use GGGI core resources to develop new programs. Expansion is still welcome, and we expect to add activities in **6** new countries in 2018, growing from **27** to **33** (**Burkina Faso, Guyana, Papua New Guinea (PNG), Qatar, St Lucia / OECS, Tonga**). We will have to find alternative sources of funding for these new programs, however. An example is the new program in **PNG**. We are very pleased that we can initiate a program in PNG, a GGGI founding member country, through a GCF readiness project. We are also in discussion with the governments of PNG and Australia on an earmarked project that would provide a stable basis for a PNG country program for the coming three years. We are likewise discussing a program in **Qatar** with the government, based on Qatar's own contributions to GGGI. At the same time, we will continue to make every effort to raise additional cores resources, and encourage new contributing members, particularly with the help of our new President and Chair.

## Transitioning the GGGI Operational Model

GGGI's transition from an organization predominantly funded through core resources, with a 2-year fixed budget planning cycle, to a nimble technical assistance service provider is a challenge. It requires a critical change in culture, in business processes, and in systems automation. It is a new operational model for the organization. We are using the breathing space provided by the relatively ample resources in 2017-18 to speed up the delivery of results, while transitioning to this new operating model.

Business process re-design is in midstream, with processes designed for Resource Mobilization, and for Project Origination or Development. A new online CRM system (SalesForce) is being rolled out. A timesheet system has been developed and is piloted in 2018. A project management system will also be automated to complete the online suite of business tools. And of course, the new Work Program and Budget approach, based on country business plans, is in midstream as well.

Taken together this is a significant change management process that will undoubtedly present additional challenges. I am confident that it is a necessary investment to prepare GGGI to be a high-quality, nimble provider of technical assistance related to green growth policies and investments. That is what I believe is GGGI's core mission and where we can add significant value to the efforts of our member and partner countries in their transformation to a green growth development approach.

Frank Rijsberman

## 2017 Summary of Results: Green Growth Policies

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Drawing on our delivery model of embedded teams within our partner governments, GGGI's programs developed green growth policies and strategies in all partner countries. Over 2017, and the beginning of 2018, GGGI worked side by side with country authorities to facilitate the adoption of **17** green growth policies, national roadmaps, and thematic-sector strategies in **10** partner countries.

In **Cambodia**, the GGGI developed National Strategic Plan for Green Secondary Cities (2018-2030), which focuses on climate change adaptation and reduced GHG emissions in green city development, was adopted by the government at a national level. The Plan identifies 100 priority green city projects across 5 secondary cities (Siem Reap, Battambang, Sihanoukville, Kampong Cham, Soung, Bavet, and Kep) as well as the capital Phnom Penh. Once implemented, these infrastructure projects will provide high quality public services, preserve natural capital, and reduce environmental pollution and climate change impacts to the rapidly growing urban population of the country.

A GGGI developed a Green Growth Plan that was adopted by the government of the of Sonora State in **Mexico** last November. To ensure the effective implementation of the strategy and plan, the State also adopted a Green Growth Cabinet, consisting of the State Governor, State Minister of Economy, Minister of Social Development among other key parties, as part of a comprehensive governance structure for turning the plan into real green growth results.

Early in 2018, we broadened the scope of our program in **India** to include Sustainable Landscapes and Energy Efficiency. The National Institution for Transforming India (Niti Aayog) expressed an interest in working with GGGI to develop a framework for monitoring the implementation of the SDGs and an index to rate the sustainability of major infrastructure projects (<USD 75m) going forward.

Our program in **UAE** developed and submitted the first ever Climate Risk Assessment for the Energy, Health, Infrastructure and Environment sectors to the Ministry of Climate Change and Environment.

GGGI's **Colombia** program has initiated a sub-national program in three very different departments of Meta, Narino, and Antioquia to roll out capacity building activities and share green growth planning and

bankable project structuring tools with that were developed as part of GGGI's national Green Growth program.

In partnership with the Ministry of Infrastructure, our program in **Rwanda** prepared a Green Cities Development Strategy that identifies projects and programmes that enable sustainable development of the secondary cities.

GGGI's **Pacific** program joined partners in establishing the Regional Pacific NDC Hub (part of the NDC Partnership). GGGI team also contributed to the launch of a Sustainable and Green Business training program for young entrepreneurs managed by the Ministry of Industry and Trade in **Fiji**.

Our **Philippines** program finalized the detailed set of Green Growth Guidelines and a Development Planning Toolkit tailored for the national context. The Guidelines and Toolkit have already begun being piloted implementing it in 2 pilot provinces (Bataan and Dinagat Islands).

Our **Uganda** program supported the government to mobilize a grant from the Government of Hungary, another GGGI member, to produce a feasibility study for the renewable energy water nexus and to explore green options for irrigation in the country.

In **Viet Nam**, GGGI developed two policy documents with the Ministry of Construction; the urban green growth indicators and the urban green growth action plan. Combined, these comprise the countries' first legislation on green urban development. They provide a framework and a roadmap to enable the government define actions and track progress on implementation to achieve their green growth and NDC commitments

## 2017 Summary of Results: Stepping Up Green Investments

<i>Investment Projects Achieved in 2017 – i.e. have achieved investor commitments</i>		<i>Project Size (USD)</i>	<i>Investment Mobilized with GGGI support(USD)</i>
1.	Restructured Cost Rica Environmental Bank Foundation	5.00 M	1.00 M
2.	Ethiopia Support for rural communities' drought resilience	9.98 M	9.98 M
3.	Ethiopia GCF Irrigation Systems Support	50.00 M	50.00 M
4.	Ethiopia Mekele City Water Project	337.00 M	337.00 M
5.	Fiji: Solar PV Project on Taveuni Island	3.50 M	3.50 M
6.	India Bangalore Metropolitan Transport Cooperation	30.00 M	30.00 M
7.	Indonesia: Solar PV Project in Mandalika	17.45 M	17.45 M
8.	Indonesia: Solar PV Project in NTT Province	15 – 32.00 M	15.00 M
9.	Operationalized Vanuatu National Green Energy Fund	15.00 M	0.67 M
10.	Rwanda: Green City Pilot Project	60.00 M	60.00 M
<b>TOTAL</b>			<b>524.6M</b>

GGGI's work to support governments prepare bankable projects, finance mechanisms and funds in the green growth domain saw a dramatic increase in result in 2017 when GGGI helped mobilized USD 524 million in finance, more than 10-fold our own budget, a big step-increase over what we achieved in 2016.

### Investment Projects

In **Ethiopia**, GGGI's continued support of the Second Growth and Transformation Plan (GTP II) helped mobilize financing for the country's accredited entity to the Green Climate Fund, the Ministry of Finance and Economic Cooperation. Over USD 330 million of private finance was mobilized for the construction of a dam, creation of a reservoir, development of a water treatment facility and building a water supply pipeline network to Mekelle, one of Ethiopia's fastest growing cities. Ground breaking on the construction of the project is expected to begin in the first half of 2018. Once complete, this project will broaden access to sustainable clean energy and provide a reliable supply of water to the 360,000 residents of Mekelle today, as well as the forecast doubling in population by 2030.

In **Indonesia**, GGGI led feasibility studies and championed the planning and development of two large scale solar photovoltaic projects. One demonstrates a commercially viable business model for solar power for remote islands; and the other is a solar powered special economic zone, the first in the country. Combined, the two projects attracted investment amount between USD 32-50 million to produce 25 megawatts of

sustainable and clean energy. These projects pave the way for enriching sustainable energy generation mix in Indonesia.

GGGI structured a solar photovoltaic project on Taveuni Island in **Fiji** and arranged investment for the project, under a Letter of Intent with investment of USD 3 million, thus enabling affordable access to clean energy by the island's communities. Seeing the progress of Taveuni project in 2017, the Government of Fiji requested GGGI to replicate the project structure on Ovalau Island to generate renewable energy that will ultimately displace 50% of the current diesel power plants in the island to solar photovoltaic modules. We anticipate significant improvements to the sustainable energy generation mix in the country by pursuing these projects.

In **Jordan**, GGGI submitted a pre-feasibility study to the Greater Aman Municipality outlining the possibility of opting for electrifying the bus fleet as part of the forthcoming Aman Bus Rapid Transit infrastructure project. The major infrastructure project is forecast to cost over USD 200 million, of which the French Development Agency (Agence Française de Développement, AFD) is financing USD 160 million. By choosing EV busses, the project would reduce greenhouse gases emissions by approximately 14,000 tCO<sub>2</sub>e annually and improve air quality by reducing PM<sub>2.5</sub> emissions by 500 kg/y, and NO<sub>x</sub> emissions by 64 tons/y. This would improve the health and quality of life impacts on the local population and contribute to

achieve the NDC Commitments of Jordan under the Paris Agreement.

In **Rwanda**, we designed and structured financing to a green residential housing development which attracted private financing of USD 60 million for 420 houses. The project will act as a successful pilot to lead the way for further scaling up of green building and green urban planning projects. Implementation of the project will contribute to improved sanitation as well as other sustainable services for Rwandan citizens.

GGGI's **Uganda** program mobilized grant funding from the Dutch Ministry of Foreign Affairs to contribute towards financing Solar Home Systems with implementation of the program slated to begin on April 1, 2018. This project will improve access to clean energy and in long term advance the nation's suitable energy mix.

### National Finance Vehicles

In 2017, the development of National Finance Vehicles (NFVs) to help countries unlock green growth investments was a key priority. GGGI worked with five member countries, **Colombia**, **Costa Rica**, **Mongolia**, **Rwanda** and **Vanuatu** to develop NFVs to receive and manage climate finance, 4 of which are now operational. We have also begun initial assessment work for 5 partner countries, **Bhutan**, **Burkina Faso**, **Laos PDR**, **Mozambique**, and **Uganda**.

In **Colombia**, GGGI supported the Government's Ministry of Mines and Energy (MME) to establish the Non-Conventional Energies and Energy Efficiency Fund. The fund is a national finance vehicle designed to help finance investment in off-grid renewable energy and energy efficiency to reduce greenhouse gas emissions. Following the launch of the Fund in September 2017, the Fund has secured capitalization through a USD 10 million Inter-American Development Bank loan and a fractional tax on the purchase of kilowatt-hours valued at between USD 10 - 15 million.

GGGI supported **Vanuatu** in establishing National Green Energy Fund which was launched in May 2017 with approval by the Council of Ministers. Initial funding of USD 600 thousand from the government was secure to operationalize the NFV. The Fund aims to finance targets in the Vanuatu National Energy Roadmap which focuses on energy access, affordable energy, secure and reliable energy, sustainable energy, and green growth with measurable targets for the 2016 – 2030 period.

Our teams also reformed and expanded the mandate of the Environmental Bank Foundation in **Costa Rica** by redefining the objective and structure of existing fund to attract domestic and international private funds for projects in agriculture, forestry, and other land use sector. The support will contribute to Costa Rica Nationally Determined Contribution's mitigation targets ultimately reducing the nation's GHG emissions.

In **Rwanda**, the national climate fund **FONERWA** was repurposed by GGGI away from grant-only to grants and loan-making fund. Our team initiated the evolution of the fund through a change in the legal status of the fund allowing FONERWA to become independent through establishment of new governance organs, salary scales and charging systems. The fund contributes to the country's GHG emissions reduction by supporting green growth projects.

### Supporting members access to the Green Climate Fund

As of March 2018, 15 of GGGI's member and partner countries have elected GGGI to be their delivery partner for GCF Readiness projects. We are particularly pleased that the GCF Board has recently approved two direct access grants to GGGI Member countries supported by GGGI, namely a USD 50 million grant for **Ethiopia** and a USD 35 million project for **Rwanda**.

In March 2018, GGGI's **Indonesia** program was appointed the official Delivery Partner for the National Designated Authority to the Green Climate Fund. Following the appointment, the team prepared and submitted a Readiness Proposal to GCF on behalf of the Ministry of Finance. In addition, the team developed and submitted a proposal to the Forest and Carbon Partnership initiative of the World Bank (for USD 100m).

The GGGI Rwanda team has also played a pivotal role in supporting the Government of **Rwanda** – through the Rwanda Environment Management Authority (REMA) – to receive a grant of USD 600,000 from the GCF to implement key climate change frameworks, including the country's Green Growth and Climate Resilient Strategy in March of this year as well