



Global Green Growth Institute

Seventh Meeting of the Management and Program Sub-Committee

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Seoul, Republic of Korea

Draft Partnership and Resource Mobilization Action Plan

The Institute committed to develop a Partnership and Resource Mobilization Action Plan (the Action Plan) and share an outline of the Action Plan with the Assembly and Council at their Sixth and Tenth sessions, and the full document in April 2018, to the Council and its Management and Program Sub-Committee (MPSC).

This document is structured in five parts that,

- Examines GGGI's current operating context to set the scene for partnership and resource mobilization efforts;
- Review of GGGI's resource mobilization targets in the Refreshed Strategic Plan 2015-2020 and broader resource mobilization indicators;
- Discussion of actions to strengthen partnership and resource mobilization in the short- and medium-term;
- Discussion of risk management for resource mobilization and actions should the defined targets not be achieved; and
- Plan to examine possibilities beyond the current funding model that could set GGGI on a sustainable path in the context of the preparation of the Strategy 2030.

Members are invited to discuss the action plan and share comment, specifically on,

- Members support to engage with development partners in GGGI country of operations as well as through the Donor Consultative Group;
- Risk management for resource mobilization and actions should the defined targets not be achieved; and
- Possibilities beyond the current funding model that could set GGGI on a sustainable path in the context of the preparation of the Strategy 2030.

Based on the comments and feedback received from Members, the Institute will finalize the document and periodically report to the MPSC on implementation, seeking strategic guidance from Members on the engagement with specific development partners.

Introduction

1. This Action Plan provides a roadmap for the Global Green Growth Institute (GGGI) to strengthen its funding model and support the delivery of the Strategic Outcomes in the Refreshed Strategic Plan 2015-2020, and to lay a solid foundation until 2030. The document is structured in five parts and
 - a. Examines GGGI's current operating context, setting the scene for future partnership and resource mobilization efforts;
 - b. Reviews GGGI's resource mobilization targets contained in the Refreshed Strategic Plan 2015-2020 and broader indicators to define what success looks like;
 - c. Outlines actions to be undertaken to strengthen partnership and resource mobilization in the short- and medium-term to achieve the targets;
 - d. Discusses the risk management framework for resource mobilization and consequences if resource mobilization targets are not achieved; and
 - e. Outlines the steps to examine possibilities beyond the current funding model to support sustainability in the context of the preparation of the Strategy 2030.
2. This Action Plan builds upon the *Partnership and Resource Mobilization: Issues Paper* [A/2017/2-C/2017/2] that was presented to the Assembly and Council in October 2017. Members broadly endorsed the Issues Paper as a basis for the Institute to develop a Partnership and Resource Mobilization Action Plan to be shared with the MPSC in April 2018 in advance of being shared with the Council. Members welcomed the inclusion of co-financing from Member and partner countries. Members also encouraged the Institute to (a) solicit the assistance of Members to engage with prospective members that are providers of official development assistance; and (b) have an exit strategy for countries where it has operations if the countries do not progress with ratification of the Establishment Agreement [A/2017/DC/5 – C/2017/DC/11].
3. Recent evaluations of GGGI have highlighted the need to focus greater attention to partnerships and resource mobilization, by both headquarters and country teams in a coordinated manner. The Danish Appraisal for core contribution to Global Green Growth Institute 2017-2019 recommended GGGI share a range of budget scenarios with the Council to inform discussions on the Strategy and WPB. The Independent Evaluation of GGGI's Progress against the Strategic Plan 2015-2020 [MPSC/2017/25A] recommends GGGI to consider alternative funding models, which could lead to long-term sustainability, sharpen its approach to resource mobilization, and invest in partnerships. Annex 1 presents a summary of these recommendations and GGGI Management response.
4. Members are invited to discuss the draft action plan and share comment, specifically on,
 - a. Members support to engage with development partners in GGGI countries of operations as well as through the Donor Consultative Group;
 - b. Risk management for resource mobilization and actions should the defined targets not be achieved; and
 - c. Possibilities beyond the current funding model that could set GGGI on a sustainable path in the context of the preparation of the Strategy 2030.
5. Based on the comments and feedback received from Members, the Institute will finalize the document and periodically report to the MPSC on implementation, seeking strategic guidance from Members on the engagement with specific development partners .

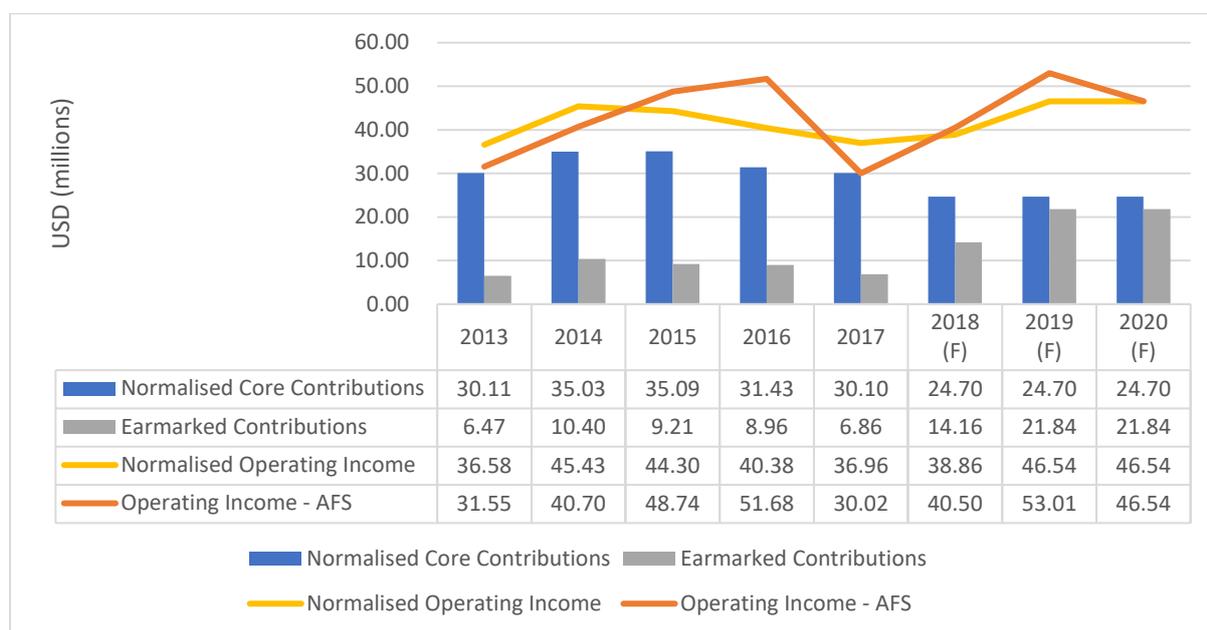
Current Situation

6. There is a growing demand for GGGI's services in its Member and partner countries. Since the signing of the Agreement on the Establishment of GGGI ("Establishment Agreement") at the Rio+20 Conference in 2012, GGGI has expanded from 12 signatories to 28 Members and signatories, with a further 12 countries and regional integration organizations in the process of accession. GGGI's countries of operations have increased to 27 in 2018, including partner countries that have formally expressed interest in Membership: Burkina Faso, Colombia, Morocco, Mozambique, Myanmar, and Uganda. A broader number of countries and regional integration organizations have formally expressed interest in membership, among them Comoros, Pakistan, Tonga, and Tunisia, as well as the European Union (EU) and Organization for Eastern Caribbean States (OECS).
7. GGGI's business model relies on its country presence embedded in Member and partner governments, a vantage point, from which GGGI supports countries to achieve six Strategic Outcomes, namely: (a) reduced GHG emissions, (b) creation of green jobs, (c) increased access to sustainable services, (d) improved air quality, (e) adequate supply of ecosystem services, and (f) enhanced adaptation to climate change. GGGI anchors its programs and activities to partner country's actions to achieve their Nationally Determined Contributions (NDCs) to the Paris Agreement and the Sustainable Development Goals (SDGs). Within this context, the Strategic Outcomes outlined in the Refreshed Strategic Plan 2015-2020, enable GGGI to demonstrate strong and tangible results-focus, relevance, and alignment of its operations to Member and partner country's aspirations.
8. GGGI's current funding model is based on core (unrestricted) from Members and earmarked (restricted) funding from Members, partner countries, and partner organizations. Article 12 of the Establishment Agreement governs GGGI's funding model as follows:
 1. *The GGGI shall obtain its financial resources through:*
 - a. *voluntary contributions provided by Members;*
 - b. *voluntary contributions provided by non-governmental sources;*
 - c. *the sale of publications and other revenue;*
 - d. *interest income from trusts;*
 - e. *any other sources in accordance with the financial rules to be adopted by the Assembly by consensus.*
 2. *Members are encouraged to support the GGGI and ensure its financial stability through voluntary annual contributions of core funding, active engagement in its activities or other appropriate means.*
9. To date, GGGI's operations have historically been financed through predominantly core funding - contributions made by Members credited to GGGI's General Fund in accordance with the Financial Regulations (Regulation 6.1). Between 2013 and 2016, average annual commitments have averaged approximately USD 30.0 million, though have reduced in recent years with some Members reducing their core contributions owing to fiscal constraints. This trend in core contributions is obscured by actual receipts that increased from USD 25.1 million to USD 42.7 million, as reflected in GGGI's audited financial

statements, owing to the timing of payments as well as the carryover of unspent core resources in previous years.¹

10. Compared with other similar international organizations, GGGI has a very low share of earmarked funding as a share of its total budget. Earmarked funds finance specific programs, projects, or activities. Earmarked funds are kept separate and apart from the General Fund funded by core resources. In accordance with Financial Regulation 6.3(d), GGGI charges a minimum overhead percentage for dedicated trust funds and earmarked funds, with the value determined by the Council. Such overhead charge has ranged between 7-13%, which is used to finance GGGI’s services to prepare, management, control, and monitor earmarked programs.
11. Between 2013 and 2017, earmarked expenditure increased from USD 6.5 million to USD 8.9 million; with levels of annual earmarked expenditure for in-country operations (i.e. total earmarked excluding that for conferences) remaining at around USD 8.5 million. Over this period, earmarked funding covered seven countries (Ethiopia, Jordan, Mongolia, Peru, Thailand, United Arab Emirates, Viet Nam). However, many of these agreements concluded in 2016 (Germany BMUB funding for Ethiopia, Jordan, Peru, and Thailand; Norway funding for Ethiopia; Swiss funding for Mongolia, Peru, and Viet Nam). However, the figures on spend provide a misleading illustration of resource mobilization and the value and number of new commitments – that have averaged 4 per year between 2012 and 2016.

Figure 1. Trend Analysis of GGGI’s Operating Income
2013-2020



Source: GGGI staff.

12. To meet growing demands on its services, GGGI is changing its funding model. This change aims to leverage the Institute’s core funding with earmarked funding for the

¹ In 2015, the United Kingdom additionally transferred its 2014/2015 and 2015/2016 contributions and one-off GBP 4.0 million performance payment for the establishment of new operational presence and program in Least Development Countries (LDCs). In 2016, Indonesia transferred its 2015 and 2016 contributions, and Qatar transferred its 2014 contribution to GGGI.

achievement of its strategic outcomes to support modest growth – or at least maintain the current overall level of operations. This change in GGGI’s funding strategy concurrently engages GGGI more deeply in its mandate to advocate and mobilize greater resources for green growth, greening of investments and infrastructure, and additional funding for partner countries’ programs to achieve their NDCs and SDGs. Allocation of core resources will be made in alignment with the commitments and priorities in the Refreshed Strategic Plan 2015-2020, the findings of the annual portfolio and results review, and the forward programs discussed with the governments and donors at country level and identified in the country business plans.

13. GGGI has taken many initiatives to diversify and improve its earmarked income in 2017. The increased earmarked income confirmed to date for 2018 include new funding from:
 - a. Government of Norway for the Colombia-GGGI Green Growth Program (USD 3.2 million for 2017-2019);
 - b. Global Climate Fund (GCF) Readiness and Preparatory Support for Jordan, Lao PDR, Mongolia, Papua New Guinea, Rwanda, Thailand, and Vanuatu (USD 2.4 million for 2017-2019);
 - c. Government of Netherlands for Uganda under the project Catalyzing the Solar Home Systems (SHS) Market to Benefit Low-income, Urban Households (USD 1.0 million for 2018-2019);
 - d. Government of Hungary for Uganda under the project “Sustainable Energy-Water Solutions for Medium to Large Irrigation of Commercial Farming” (USD 0.2 million over 2018); and
 - e. Italian Government for Ethiopia and Rwanda (USD 0.2 million for 2018).
14. GGGI has developed a pipeline of approximately 25 proposals, with a probability-weighted revenue stream for GGGI of approximately USD 25 million. This includes four full proposals currently under evaluation by development partners, following an invitation to submit; one full proposal under preparation, following successful qualification in a consortium; and fourteen concept notes currently under evaluation by development partners as a prerequisite for submitting a full proposal.

Measures of Success

15. Recognizing the growing demand on GGGI’s services, GGGI’s Refresh Strategic Plan 2015-2020 [MPSC/2017/28/REV] sets revised resource mobilization targets for 2020. The target is a resource envelop of USD 50 million a year, comprised of USD 30 million in core contributions and USD 20 million in earmarked contributions. This target represents a 25% increase of total receipts, and a 50% increase in earmarked receipts, compared with 2014 levels. While doubling the annual earmarked spending by 2020 to USD 20 million compared with 2014 levels (i.e. USD 10 million) is ambitious, it is considered achievable.
16. Within this context, and beyond the specific macro indicator in the Refreshed Strategic Plan 2015-2020, GGGI will track a number of additional indicators to assess its success in resource mobilization. These indicators, outlined in Annex 2, are intended to support more detailed monitoring and oversight of resource mobilization activities and informed discussion with the Council and Management and Program Sub-Committee (MPSC).

Targeted Actions

17. GGGI makes efforts to achieve its resource mobilization targets through three broad pillars:
 - a. Sustaining and strengthening relations with existing development partners;
 - b. Engaging with new development partners, diversifying its resource base; and
 - c. Establishing strategic partnerships with funding, implementation, and knowledge partners.
18. These pillars are underpinned by cross-cutting efforts to strengthen capacity for partnership and resource mobilization across the organization.
19. ***Core contributions.*** GGGI will maintain and strengthen relationships with the GGGI Members that are OECD and high-income countries, who are expected to continue to provide more than 50% of GGGI's core funding over the medium term. Specific efforts will be taken to return all contributing country contributions to USD 5 million per year and to renew core contributions from Members that have previously provided core funding. In recent years, Denmark and Norway have reduced their core contributions to USD 3 million and USD 2 million per year respectively. Moreover, Indonesia, Mexico, and Qatar core contributions have expired and have yet to be renewed. Indonesia provided core contributions of USD 15 million between 2015 and 2017, or USD 5 million per year. Mexico provided core contribution of USD 0.5 million in 2016. Qatar provided core contributions of USD 10 million in 2013 and 2014.
20. While GGGI will continue efforts to increase core contributions, resource mobilization is anticipated to predominantly come from earmarked funding in the next biennium for two main reasons:
 - a. Most of GGGI Members that are high-income countries, currently provide core funding, namely Australia, Denmark, Korea, Norway, and the United Kingdom; with Hungary and the United Arab Emirates providing earmarked funding to finance a mix of their own country programs, with additional resources for specific GGGI program countries; and
 - b. Countries and regional integration organizations that are currently in a process of accession to GGGI are likely to begin funding GGGI through earmarked funding and only provide core funding in the medium-term.
21. ***Introducing counterpart funding.*** GGGI will introduce counterpart co-funding for all programs, as an increasing share based on countries economic capacity, but taking into consideration their vulnerability. Counterpart funding constitutes a conventional funding mechanism of development programs. Under the *Financing for Development Addis Ababa Action Agenda*, the global community has accentuated emphasis on self-funding of programs to achieve the objectives of the Agenda 2030 through increased allocation of fiscal resource to implementation of programs. In terms of operations to advance its partner countries green growth objectives, counterpart funding enables partner countries tangibly express their commitment to these objectives, as called upon in GGGI's Establishment Agreement. This is being mainstreamed into Country Business Plans, with efforts to ensure discussions are align with the formulation of national budgets in Middle Income Countries in particular.
22. ***Developing engagement plans.*** GGGI's engagement with new development partners is being prioritized through strategic, thematic and geographic alignment. GGGI is mapping

development partner priorities at a global level using sources such as OECD Development Statistics and SDG Funders to identify development assistance flows. Country teams are correspondingly mapping on-the-ground features of the development programs delivered by partners to green growth objectives and developing a forward-looking partnership plans (Annex 4 presents a summary of work done to date.) This is supplemented by deep dives of development partners global, regional and country-specific strategies to support prioritization and to identify entry points. GGGI will engage with Members to identify further entry points, as well as to leverage the convening power of the President of the Assembly and Chair of the Council to engage at the highest political levels.

23. ***Leveraging strategic partnerships.*** Working in partnerships with other delivery and knowledge partners is central to GGGI's efforts for resource mobilization. Effective partnerships underpin GGGI's effort to deliver on its mission of supporting Member and partners countries to move towards a model of green growth. Partnerships are also central to the *2030 Sustainable Development Agenda*, with Goal 17 focused on Partnerships, including in finance, technology and capacity building. GGGI will leverage its affiliation with organizations linked through different platforms that it is affiliated, including the Green Growth Knowledge Platform, the NDC Partnership, Partnering for Green Growth and the Global Goals 2030 (P4G), and the Global Peatlands Initiative. GGGI will undertake strategic review of its existing partnerships and membership in international networks to identify potential partnership opportunities
24. ***Results based management.*** GGGI will reinforce efforts to demonstrate impact and value addition, and value for money to sustain and strengthen relations with existing development partners. Central to these efforts is building institutional capacity for improved Results-Based Management (RBM) to meet its management and accountability needs and support high-quality reporting on results. The Annual Report and website have been enhanced to provide greater transparency of operations. Strengthening GGGI's RBM culture is supported by the functioning of an independent Impact and Evaluation Unit (IEU) that offers impact-related products and services to support program design and delivery, and by commissioning independent evaluations of GGGI's programs. Beginning 2018, IEU is commencing work on a new initiative to develop a Green Growth Evidence Base to help strengthen the impact of GGGI's work.
25. ***Building Internal Capabilities.*** Efforts are underway to build the capacity of programmatic units improve proposal development capabilities. A critical factor is for resource mobilization is for programmatic teams to be able to define impact pathways / theories of change based on the principles of results-based management, and to write winning proposals that clearly demonstrate the value add, value for money, and scalability of GGGI's interventions. Effective training of project managers will also improve the quality and efficiency of GGGI results reporting through establishing clear indicators and targets. The first such training for all country representatives was conducted in March 2018 back-to-back with GGGI's internal review of 2017 results and discussion of 2019-2020 country business plans.
26. Within GGGI, partnerships and resource mobilization are a shared responsibility between the Head of Partnerships, Heads of Programs, Thematic Leads, and Country Representatives. The Head of Partnerships defines and consolidates reporting on organizational-wide performance metrics, develops and coordinates strategy for

partnerships and resource mobilization, defines the business process and supporting systems – including GGGI’s Project Cycle Management systems – as well as is tasked with building the capacity of programmatic division and unit staff. The functions of the Head of Partnerships are supplemented by a Green Climate Fund (GCF) Liaison Unit that supports access to readiness support to Nationally Designated and Direct Access Entities to the Fund.

27. ***Assuring Value for Money and Transparency.*** GGGI is committed to optimal use of resources to achieve its strategic outcomes. The Refreshed Strategic Plan 2015-2020 highlights a priority of delivering more for less and Value for Money (VfM) approach is espoused in the Corporate Results Framework with indicators to demonstrate how GGGI is maximizing VfM. Building on this momentum, GGGI will institutionalize VfM in the design of its projects through setting targets with baseline measures for theories of change, improve results-based planning and budgeting, proactive management of risks, dedicated resources for monitoring progress, and demonstrating how projects make good use of resources relative to alternatives. In addition, GGGI has established staff time charge back rates which enable it to engage its own staff in implementation of earmark-funded projects. Moreover, in 2018, GGGI will finalize actions to adopt the International Aid Transparency Initiative (IATI) reporting standard and publication of information to the IATI registry.
28. ***Strategic alignment.*** In pursuing earmarked funding opportunities GGGI will take a targeted approach focused on multi-year contributions to enhance funding predictability. GGGI’s Refreshed Strategic Plan 2015-2020 and its Corporate Results Framework (CRF) remain a guiding compass for operationalizing GGGI’s strategy in the context of the 2030 Development Agenda. This is supported by a refreshed Project Cycle Management (PCM) Manual that establishes a gateway for programmatic divisions to demonstrate strategic alignment and prevent disparate efforts to mobilize resources. Changes to the Manual also strengthen attention to quality oversight of all (core, earmark, and co-funded) proposals.
29. ***Engagement of Members.*** GGGI’s efforts for resource mobilization will be supported by existing Members – both those that provide core and earmarked funding. Contributing Members will support outreach activities with OECD DAC and non-DAC development partners with whom they bilateral cooperation. Member governments where GGGI have operations will explore positioning GGGI as a delivery partner. GGGI will also re-activate its Donor Consultative Group as a platform for knowledge sharing on green growth programs and opportunities for partnership. This Group serves as a platform for the exchange of views and knowledge sharing between GGGI, existing and prospective donors – provide traditional and emerging providers of development assistance, including private and philanthropic entities. The Group will provide a mechanism for coordination of programs, complementing donor coordination mechanisms in GGGI’s countries of operations. It will provide a forum for GGGI to understand emerging donor requirements, to ensure that GGGI remains at the frontier of standards for value for money, risk management, transparency and accountability – particularly with development partners.

Risk Management

30. GGGI acknowledges that there is uncertainty with funding over the medium term – with increased demand for GGGI support from existing and prospective new Members, reduced core contributions owing to fiscal constraints, and challenges in securing earmarked funding. The Risk Management Framework is an integral part of GGGI’s internal oversight and control framework outlined under Article 9.1 of the Financial Regulations. Resource mobilization has both Operational Program and Portfolio Risks if commitments do not materialize or payments are delayed, and Financial Risks if resource mobilization targets are not met. The Director-General oversees implementation of the risk management framework and reports biannually on risk management to the MPSC, and publicly to the Council in the Annual Report.
31. The key risk management measure for resource mobilization is to request the Council to approve a more conservative budget for the Work Plan and Budget 2019-2020 (the “Base Case”), with some unallocated funds to support the management of this risk. The core allocations to country and global projects will be made in the form of funding envelopes available for drawdown for the programs and are committed only with the Management approval of pertinent projects. The approval of projects will therefore be decoupled from the WPB 2019-2020, preparation of the programs and projects will need to be initiated in early 2018 to draw down from the resources allocated. Was the Base Case not achieved, GGGI would scale down programmatic. These reductions would be made in line with the broad parameters that the work program and budget has been prepared. Core resources are allocated to Member and non-Member Least Developed Countries (LDCs) and Middle-Income Countries (MICs) per the parameters defined in the Refreshed Strategic Plan 2015-2020. GGGI is to allocate at least 50% of its programmatic resources to LDCs, with a maximum of 8% and 5% of the programmatic resources are allocated to the non-Member LDCs and non-Member MICs, respectively.

Table 1. **Funding Scenarios over the Biennium 2019-2020**
In USD

Scenario	Refreshed Strategic Plan 2015-2020	Base Case	Plus Case
Core Funding	60,000,000	52,400,000	59,900,000
Earmarked Funding	40,000,000	43,647,000	54,559,375
Total funding over biennium	100,000,000	96,047,500	114,459,375

32. More broadly, GGGI is undertaking efforts to put in place a more mature framework to manage funding agreements and assure effective compliance with earmarked funding obligations to mitigate the risk of non-compliance. This will necessitate refining the definition of responsibilities surrounding the management of funding agreements necessary to ensure clear accountability; the approach for monitoring compliance requirements associated with funding agreements to ensure systematic oversight; and the processes and supporting information systems to support effective planning and monitoring of compliance actions. These efforts are being boosted by fiduciary assessments being undertaken through the Pillar Assessment to be entrusted with implementation of the European Union EU Budget, and to qualify GGGI as a Public International Organization for the United States Agency for International Development (USAID).

Next steps in the Action Plan development

33. The Independent Evaluation of the Global Green Growth Institute's Progress against the Strategic Plan 2015-2020 Evaluation Report [MPSC/2017/25a] noted that the current model of receiving donor funding for both core and earmarked has limited scope for growth. It recommended that GGGI consider alternative business models which will lead to long-term sustainability. It suggested alternative sources of funding such as fee for service, endowments, and commissions should be explored as part of long-term business models. Within this context, GGGI shared several ideas with the Council in October 2017, and is taking forward the ideas of (i) mandate letters, (ii) replenishable fund, and (iii) project preparation facility.
34. **Mandate letters.** Green growth projects are innovative and often more risky than conventional investment projects. Developers and governments seek GGGI's advisory services for preparation of investment projects, for their de-risking and due diligence work. In a mandate letter, the project sponsor recognizes GGGI's role in originating bankable projects, including policy and due diligence assessments, and thus establishing basis for their feasibility and financing. A mandate letter would enable cost-based funding of GGGI's services; such funding should be factored into the rate of return of the investment as a financeable cost. Concurrently, a mandate letter from a government should provide the authorization for GGGI to carry out the requested task to de-risk a project or to address policy impediments, but also provide resources for its services. GGGI proposes to pilot this opportunity first with private developers, middle income countries, and multilateral development banks' private sector operations.
35. **Replenishable fund.** A replenishable fund for one of GGGI's thematic areas can attract impact financiers in addition to public resources, including additional resources from the current membership. A replenishable fund can eliminate the risk of divergence in GGGI's results focus and unoptimized sharing of guidance to the GGGI's management; and improve efficiencies through concerted guidance to GGGI by existing development partners, broaden the number of development partners and facilitate contributions from the participating members; and enhance the profiling of GGGI as a more mature agency with a stable place in the green growth donor architecture. An evaluation (which one) proposed a challenge fund, which provides an appropriate theme for GGGI's replenishable fund, which can work against determined milestones proposed for the government to accomplish to advance green growth objectives against which additional funding is supplied for purpose of replicating a project.
36. **Project Preparation Facility.** A proposal for a dedicated GGGI Project Development Facility, sized at USD 2-5 million is currently under internal consideration. This Facility will turn project concepts and business models into bankable green investment opportunities to be offered to the members of the Facility for early-stage investment commitment. Membership of the Facility will be open to GGGI Member countries, non-member countries, and private sector companies. The Facility will develop projects that meet pre-agreed conditions for green projects in terms of sector priorities, project size, social impact and host country. Members will have first right of refusal to commit pro rata to invest in projects developed by the Facility. Non-member investors may provide remaining investor commitment if members would provide less than the fully required financial commitment.

Annex 1. Recommendations related to resource partnerships / mobilization from recent evaluations and GGGI's Management response

A. Independent Evaluation of Progress against the Strategic Plan 2015-2020

<p>GGGI should consider alternative business models which will lead to long-term sustainability The current model of receiving donor funding for both core and earmarked has limited scope for growth. Alternative sources of funding such as fee for service, endowments, and commissions should be explored as part of long-term business models. The overall responsibility should be with DGs with input from different teams.</p>	<p>Agree. 2.1 GGGI's management recognizes this issue and have been exploring alternative models of funding. GGGI is currently ramping up its earmarked resource mobilization efforts with a central role for country teams in mobilizing resources to deliver the Country Planning Frameworks (CPFs). GGGI will hold further consultations with relevant partners and stakeholders and develop a clear strategy for moving toward a more sustainable funding model, incorporating alternative sources of financing. Timeline: April 2018 Responsible: Director of SPC</p>
<p>GGGI must sharpen its approach to resource mobilisation Until relatively recently responsibility for resource mobilisation was diffuse. Progress in defining a clearer model for seeking new funding sources has been made but needs additional emphasis, resources and senior management time. GGGI should aggressively explore funding opportunities from non-traditional sources (foundations, High Net Worth Individuals and the private sector and university endowment funds, pension funds). GGGI should define a clear role for their Council in supporting fundraising efforts.</p>	<p>Agree. 12.1 GGGI has started work on strengthening resource mobilization efforts, particularly in relation to increasing and strengthening earmarked funding efforts. Until recently, the Office of the Director General (ODG) was running all resource mobilization activities from the headquarters. GGGI is now moving to a more decentralized model of resource mobilization, with country teams responsible for resource mobilization efforts to deliver their CPFs. ODG will support resource mobilization efforts through coordination and capacity building. GGGI has not sought funding from private sector and HNIs in the past, therefore the organization is not currently geared in that direction. Management recognizes the need to explore alternative sources of funding and have already started to assess opportunities. GGGI will develop an approach to targeting private sector funding going forward, with careful consideration of conflicts of interests. Timeline: Table RM Action Plan by April 2018 Responsible: Director of SPC</p>
<p>GGGI should invest in partnerships with organizations that recognize its added value and comparative advantage. GGGI has initiated formal and informal partnerships. It has not crystalized the opportunity to collaborate systematically with specific partners, especially in GGGI's role in project preparation. For partnership to be successful GGGI needs to clearly define its role and avoid the pitfall of being perceived as providing "free consulting". Furthermore, GGGI should leverage its status as UN observer to influence the green growth debate, at the global level and also to forge partnerships.</p>	<p>Agree. 13.1 The Management Team agrees that GGGI must improve efforts to obtain co-funding or payment for services. This is closely linked to the drive to increase earmarked funding. In cases where GGGI is the preferred provider of services relating to green growth, countries should fund or co-fund depending on their level of resources. However, it must be recognized that GGGI is not equivalent to a consulting firm. As an international organization, it is important to remain neutral and independent. Timeline: Table RM Action Plan by April 2018 Responsible: Director of SPC</p>

B. Danish Appraisal for core contribution to Global Green Growth Institute 2017-19

<p>11. Develop and share with its governance bodies a range of different budget scenarios and their associated risks and consequences on activity levels, staffing and strategic direction of the organisation.</p>	<p>Agree. GGGI is beginning to develop a probability and scenario based model in projecting its future earmarked and core revenues. This will be used in developing a range of different budgeting scenarios from the next biennium onwards. Timeline: Q1, 2018 Responsible: Director SPC, Head of Finance</p>
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Annex 2. Partnership and Resource Mobilization Indicators

Indicator	Purpose	Baseline (2016)	2017 Result	Target (2018)	Target (2019)	Target (2020)
1. Total value, in USD, of core funding	To monitor the spirit of Article 12 of Establishment	32.7M	28.1M	26.0M	28.0M	30.0M
2. Number of Members providing core, as share of Members that are OECD, High-Income and emerging ODA providers. ⁽¹⁾	Agreement, in which Members are encouraged to ensure its financial stability through annual core contributions.	7 ⁽²⁾	7	7	7	8
3. Number of development partners providing core funding.		7	8	8	8	9
4. Total value, in USD, of new earmarked commitments signed during calendar year.	As part of the shift to a new funding model, sustainability of GGGI's operations necessitates each country securing new earmarked commitments on an annual basis.	0.2M	4.3M	20.0M	20.0M	20.0M ⁽³⁾
5. Number of development partners providing earmarked funding.		7 ⁽⁴⁾	8	10	10	10
6. Share of GGGI country programs with new signed earmarked commitments during calendar year.	As part of the shift to a new funding model, sustainability of GGGI's operations necessitates each program country to secure new earmarked commitments on an annual basis.	0% (0/26 of country programs)	22% (6/27)	50%	75%	100%
7. Average overhead for new earmarked commitments signed during the calendar year.	To monitor compliance with Council approved overhead, in accordance with GGGI Financial Regulations. ⁽⁵⁾	13%	13%	13%	13%	13%

Notes:

1. Defined by OECD as China, Colombia, Costa Rica, India, Indonesia, Mexico, Qatar, Thailand and United Arab Emirates.
2. Australia, Denmark, Indonesia, Korea, Norway, Qatar, United Kingdom
3. As defined in GGGI's Refreshed Strategic Plan 2015-2020.
4. European Commission; German Federal Ministry for Economic Cooperation and Development; German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety; Hanwha Q Cells; Korea International Cooperation Agency (KOICA); Swiss Agency for Development Cooperation (SDC); United Arab Emirates Ministry of Foreign Affairs.
5. In accordance with Financial Regulation 6.3.d, "The Council shall, from time to time, decide on the minimum overhead percentage for dedicated trust funds and earmarked funds".

Annex 3. Resource Mobilization Strategy by Development Partner Group

Category	Core funding	Earmarked funding	Opportunities
GGGI Members (countries and regional integration organizations) that are OECD Members, High Income Countries, and Emerging Development Partners	Yes	Yes	<ul style="list-style-type: none"> • Maintain current Member core contributions, elevating to annual contribution of at least USD 5 M. • Secure core contributions from OECD, HIC, emerging development partner Member countries, • Position GGGI as delivery partner for regional and national aid strategies where aligned with Country Business Plans.
Prospective Members (countries and regional integration organizations) that are OECD Members, High Income Countries, and Emerging Development Partners	No	Yes	<ul style="list-style-type: none"> • Position GGGI as delivery partner for regional and national aid strategies where aligned with Country Business Plans. • Undertake fiduciary assessments to quality for earmarked funding (e.g. Pillar Assessment, USAID PIO qualification). • Utilize engagement through earmarked funding to support membership expansion and potential for core funding.
Multilateral development banks and international organizations	No	Yes	<ul style="list-style-type: none"> • Memorandum of Understand and joint rolling action plans between GGGI and multilateral partner. • Delivery of technical assistance, including that funding from trust funds administered by the MDB, through competitive and single source processes. • Delivery partner for project preparation grants to support and facilitate preparation of bankable projects.
Climate funds and facilities	No	Yes	<ul style="list-style-type: none"> • Strategic Partnership: Support of readiness and direct access for national direct access and national accredited entities, both in country technical assistance and regional capacity building.
Private sector	No	Yes	<ul style="list-style-type: none"> • Cost recovery of preparation of bankable projects through Mandate Letter, factored into the rate of return of the investment as a financeable cost. • Grant financed technical assistance from philanthropic organizations.

Notes:

Climate funds includes both multilateral and bilateral channels. Multilateral channels include the Green Climate Fund, Global Environment Facility, Least Developed Countries Fund and Special Climate Change Fund, Adaptation Fund, among others. Bilateral funds include International Climate Initiative, NAMA Facility, Global Climate Partnership Fund (GCPF), International Forest Climate Initiative, among others.

GGGI defines the private sector within its Rules on Private Sector Engagement as including (a) for-profit and commercial enterprises of any size (whether privately held, publicly quoted, or wholly or majority owned by the state or local communities, and whether legally registered (formal) and unregistered (informal)); (b) corporate foundations; (c) business associations, coalitions and alliances (including, for example, chambers of commerce, employer's associations, cooperatives, industry and cross-industry initiatives where the participants are for-profit enterprises); and (d) state-owned enterprises that (i) are legally and financially autonomous, (ii) operate under commercial law and (iii) are not dependent agencies of the state. See Rules of Private Sector Engagement, approved May 31, 2017, <http://gggi.org/site/assets/uploads/2017/11/GGGI-Private-Sector-Engagement-Rules--approved--31-May-2017.pdf>.

Annex 4. Opportunities and Leads with Development Partners

Country	Current earmarked funding	Earmarked funding under development, including as delivery partner for GCF	Opportunities for engagement with bilateral donors active in country	Opportunities for engagement with multilateral, climate finance	NGOs, Foundations
Burkina Faso		GCF	Canada, EU, France, Germany, Japan, Luxembourg, Sweden, Switzerland, United States	Africa Development Bank, World Bank	
Cambodia			Australia, European Union, Germany, Japan, Korea, Sweden, United States	World Bank	
China			EU, United Kingdom, United States		
Colombia	Norway		Canada, EU, France, Germany, Norway, Sweden, Switzerland		
Costa Rica		Costa Rica	EU		
Ethiopia	Italy	EU, GCF, NAMA	Germany, Ireland, Italy, Japan, Korea, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States		
Fiji		Korea	Australia, EU, Japan		
Guyana		GCF	IDB, United States		
Hungary	Hungary		EU		
India			EU, France, Germany, Japan, Korea, United Kingdom, United States	World Bank	
Indonesia	Norway	GCF	Australia, EU, France, Germany, Japan, Norway, United Kingdom, United States		
Jordan		GCF	European Union, France, Japan, Korea, Kuwait, Switzerland		
Kiribati			Australia, Japan, New Zealand	ADB, GCF, World Bank, UNDP	
Lao PDR	GCF	Korea, Luxembourg	Japan, Germany, Switzerland, USA	World Bank, UNDP	
Mexico		Mexico	Canada, Denmark, France, Germany, Norway, United States	IsDB, CAF, NADBANK	
Mongolia	GCF	NAMA	Korea	Asian Development Bank, AIIB.	
Morocco			Finland, France, Germany, Sweden, Switzerland, UAE	Adaptation Fund, AfDB, GCF, CIF, IsDB, EBRD, IFAD, World Bank	
Mozambique		GCF, United Kingdom	EU, France, Germany, Japan, Korea, Norway, Sweden, UK, USA	AfDB, Adaptation Fund, IsDB	
Myanmar		GCF	Australia, Denmark, EU, Finland, France, Germany, Italy, Japan, Korea, Netherlands, Norway,	ADB, GEF, World Bank	Rockefeller Foundation

			Switzerland, UK, USA		
Nepal			Korea, Switzerland, United Arab Emirates	World Bank	
PNG	GCF	Australia, Korea	EU, New Zealand, United States	ADB, World Bank	
Peru		GCF	Germany, Japan, Korea, Norway, Switzerland, United States	IDB, World Bank	
Philippines		Korea	United States	ADB, AIIB, World Bank	
Qatar		Qatar			
Rwanda	GCF, Italy		Belgium, Japan, Korea, Netherlands, Switzerland, Sweden, UK	AfDB, CIF, FAO	
Senegal		Luxembourg	France, Germany, Korea	IsDB, West African Development Bank	
Thailand	GCF		China, Germany, Korea, UAE, UK	ADB, AIIB, NAMA, World Bank	
UAE	UAE				
Uganda	Hungary, Netherlands	GCF	Denmark, EU, Japan, Norway, United Kingdom, United States	IsDB, WGEO, UNDP	
Vanuatu	GCF	Korea, Luxembourg	Australia, Germany, New Zealand	IUCN, UNDP	ADRA, CARE Intl, , UNICEF, World Vision
Viet Nam		Luxembourg	Canada, EU, Korea, Germany, Switzerland	ADB, AIIB, NAMA, World Bank	

Annex 5. Draft GGGI Donor Consultative Group Terms of Reference**Background**

1. GGGI was established in 2012 as a new kind of international organization – in its mission and its governance structure. GGGI was founded on the belief that economic growth, environmental sustainability, and social inclusion are not merely compatible objectives; their integration is essential for the future of humankind. GGGI’s governance structure provides balance between donor (contributing) and developing and emerging (participating) countries, as well as world renowned experts representing the different constituencies (business, investment, environment, cities/regions, and science). Moreover, all financial contributions to GGGI are voluntary; contributions are not based on an assessment of indicators of economic development.
2. GGGI strives to demonstrate tangible impact in its countries of operations, as well as to be at the frontier of standards for value for money, risk management, transparency and accountability. GGGI recognizes the trend among of a growing use of earmarked funding for multilateral organizations development and a bilateralization of multilateral organizations in response to increased donor pressures to demonstrate results and governance issues (OECD, 2014). While recognizing the legitimate demands of donors and taxpayers within their respective countries, GGGI is conscious that the growth of earmarked funding creates a risk of increasing transaction costs and reducing coherence of GGGI’s operations.
3. For GGGI’s operations to expand, the Institute is and will need to continue working with a broader pool of donors - both traditional and emerging providers of Official Development Assistance (ODA). Between 2012 and 2016, seven donors have provided core (unrestricted) funding for GGGI, including Australia, Denmark, Indonesia, Korea, Norway, Qatar, and the United Kingdom. Moreover, Germany, Hungary, Switzerland, and the United Arab Emirates have begun to provide earmarked (restricted, program specific) funding for specific programs. Beginning 2017, GGGI has partnered with the Green Climate Fund, Italy, and the Netherlands – and has initiated a Pillar Assessment for the indirect management of the European Commission’s budget implementation.

Purpose

4. The Donor Consultative Group serves as a platform for the exchange of views and knowledge sharing between Global Green Growth Institute (GGGI), existing and prospective donors – provide traditional and emerging providers of ODA, public and private / philanthropic entities. The Donor Consultative Group function is complementary to the Council and its Management and Program Sub-Committee (MPSC) – the former approving the Institute’s governance framework (programming, financial, procurement, safeguards, and disclosure regulations – among others), the latter serving as a deliberative body of the former.
5. The Donor Consultative Group will provide a mechanism for coordination of programs, complementing donor coordination mechanisms in GGGI’s countries of operations. It will provide a forum for guiding GGGI to develop innovative concepts on moving toward broader funding basis and mobilize greater resources for green growth and identify recommendations for exploration and implementation, understand emerging donor

requirements, to ensure that GGGI remains at the frontier of standards for value for money, risk management, transparency and accountability – particularly with donors that have yet to accede to the Agreement on the Establishment of GGGI, as well as those from the private sector, including philanthropic organizations.

Consultations

6. Consultations of the Donor Consultative Group may be convened as a collective group or with members virtually and in-person, a minimum of once a year. In-person meetings will be convened where practical, back-to-back with the annual sessions of the Assembly and Council of GGGI, or other appropriate international fora. The sessions of the Assembly and Council typically take place in October in Seoul, unless decided by Members. Sessions of the Assembly and Council are open to observers.

Participants

7. Participants in the Donor Consultative Group may include both bilateral, multilateral, and private entities, and not limited to those already providing funding to GGGI, represented by officials and staff responsible for ODA and climate finance. GGGI will not cover the cost of participation of officials and staff from Donor Consultative Group participants to attend in-person meetings.

Reporting

8. The Institute will prepare high-level summaries and issues papers on selective issues in consultation with Donor Consultative Group participants for reporting to the Council and Assembly of GGGI. The Institute shall distribute a draft copy of the meeting summary to the participants of the Donor Consultative Group for comment and feedback, prior to distribution to the Council and Assembly.

/End/