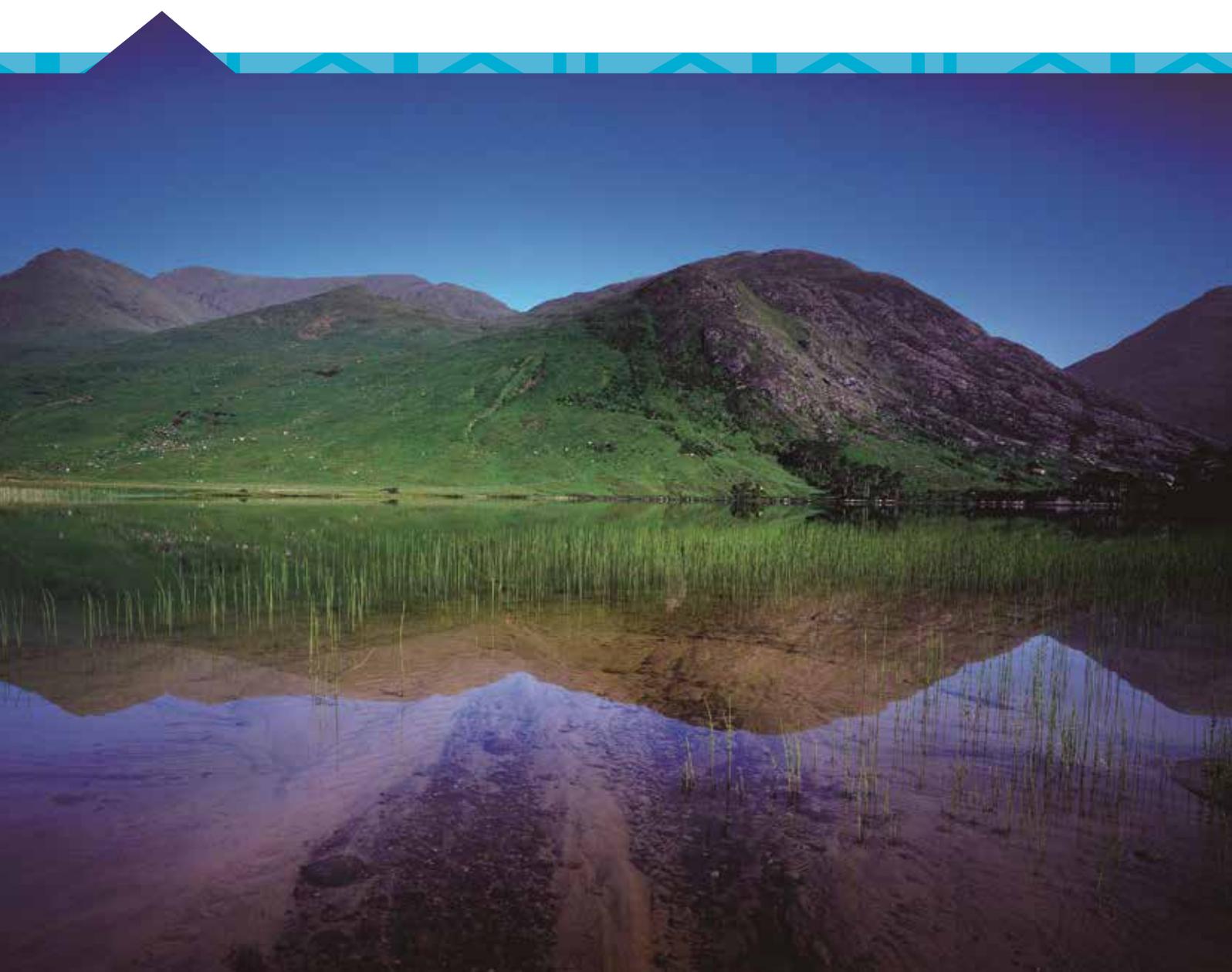




DG PROGRESS REPORT

September 2016



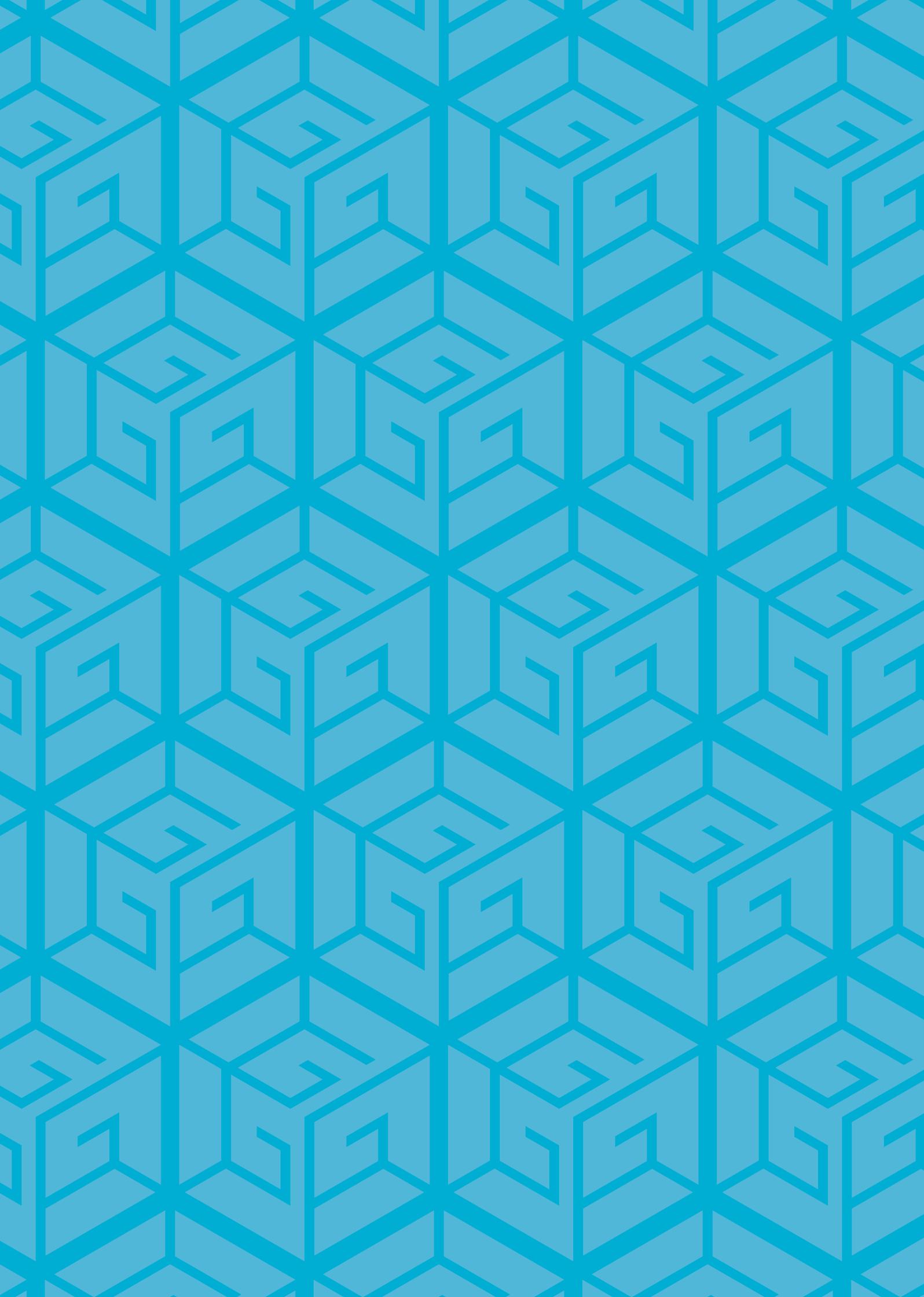


Table of Contents

7
Introduction

8
GGGI's Mission and Distinguishing
Features

10
Part 1. Moving to Implementation:
Integrated 'ONE' GGGI Service
Offerings

11
A. Expansion across the Value Chain

12
B. Ensuring Relevance and Partnerships

14
Part 2. Delivering More for Less:
Maximizing Impact and Demonstrating
Results

15
A. Maximizing Impact

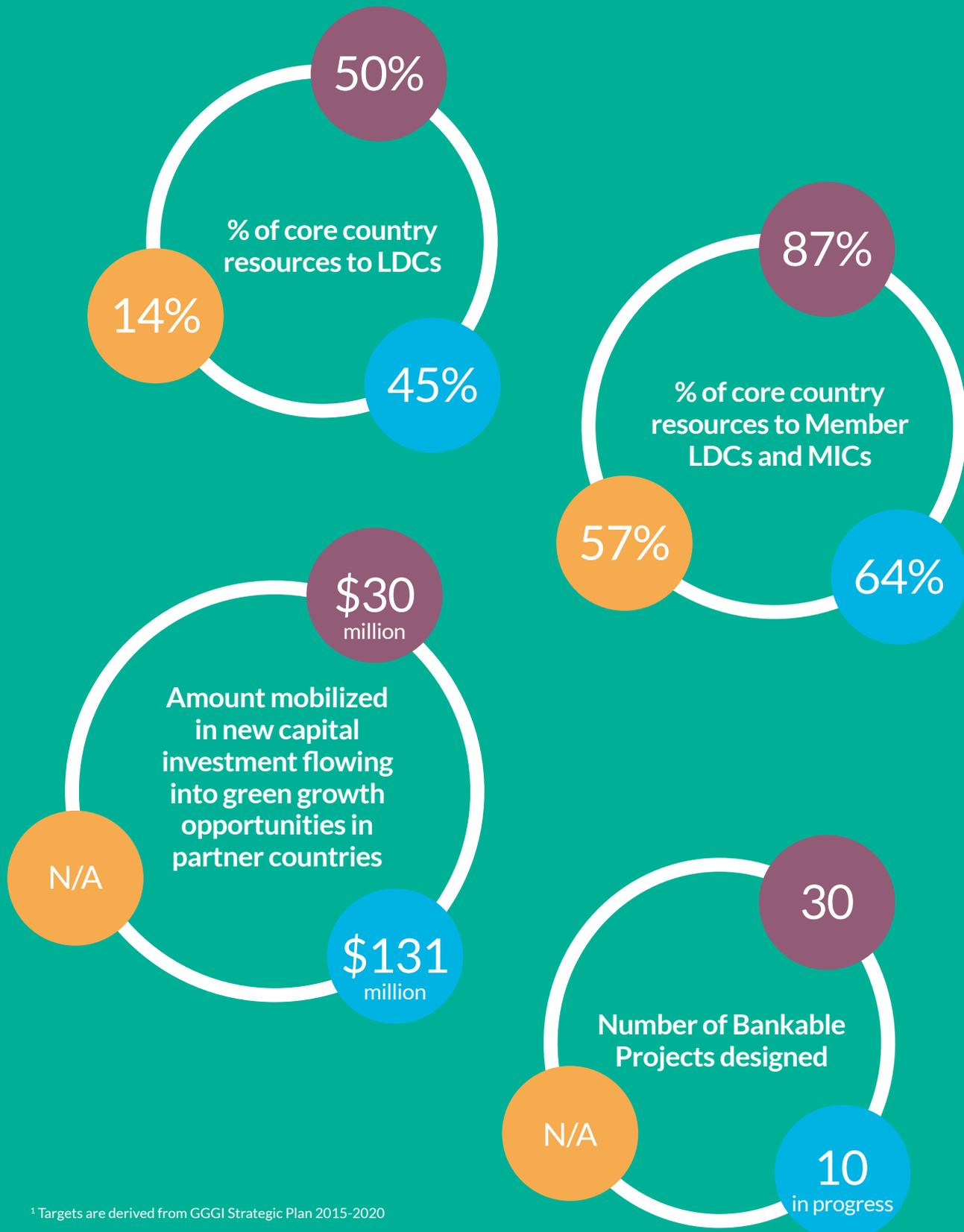
18
B. Demonstrating Results

20
Part 3. Achievements to Date

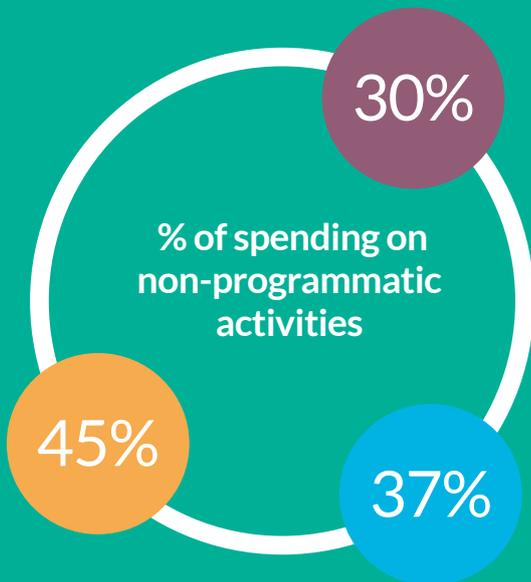
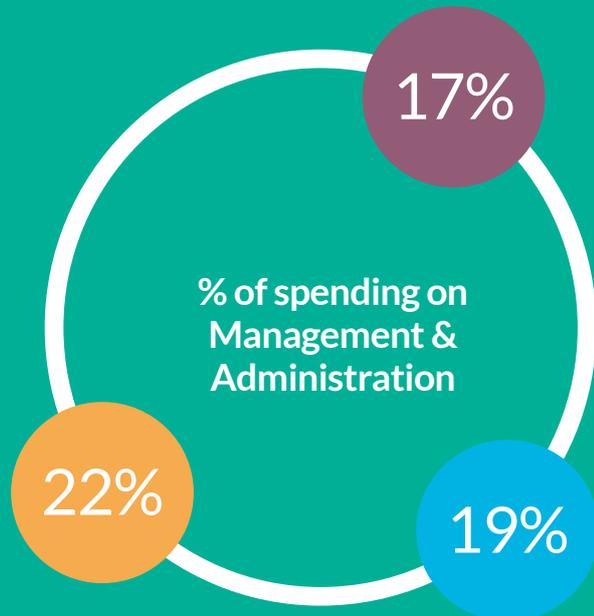
23
Part 4. Moving Forward

Status in 2016 Against 2020 Targets¹

Legend:



¹ Targets are derived from GGGI Strategic Plan 2015-2020





Introduction

As the current Director General (DG) of the Global Green Growth Institute (GGGI) prepares to hand over leadership to a successor, it is timely to step back and reflect on the journey so far and how GGGI will stay on course.

For this Fifth Session of the Assembly and Ninth Session of the Council, the DG Progress Report takes a broader perspective on the past, present, and future of GGGI. The report is organized into three parts, which highlight two overarching themes: the evolution of GGGI's service offerings and efforts taken to deliver more for less.

PART 1

The first part looks at how the quality of GGGI's service offerings has evolved over time. Specifically, it describes how services have become more strategic, integrated, and relevant to the partner countries' needs and global priorities.

PART 2

The second part explains how GGGI's status as a 'start-up' with relatively limited resources has initiated corporate reforms that foster a culture of delivering value for money. It highlights the development of GGGI's approach for allocating resources effectively, keeping corporate functions lean and nimble, and ensuring strong results-orientation; an approach that is complemented with resource mobilization and communications efforts.

PARTS 3 & 4

Subsequently, the third part looks at some of GGGI's key results to date. The final part looks at forward-looking priorities and challenges to be addressed if the aspirations and commitments set by the Council under the Strategic Plan 2015-2020 are to be sustained and achieved.

GGGI's Mission and Distinguishing Features

Before taking stock of GGGI's journey, it is worth reflecting on the reasons for GGGI's establishment as an International Organization (IO) in 2012. GGGI was established with the overall mission of supporting Member countries to transition towards green growth. It is the only IO whose mandate is exclusively focused on this issue. The significance and scale of this challenge is underestimated. While the green growth notion is gaining recognition among many developing countries as a model of economic growth, the evidence base and successes in leapfrogging "brown growth" pathways remains a significant challenge.

Leveraging the political will and experiences of diverse countries in demonstrating green growth, therefore, accentuates GGGI's unique feature – its membership. Countries sign on to GGGI's mission as a display of commitment to finding an alternative development paradigm they believe is possible. Membership is also an expression of the belief that by working together and sharing lessons, countries have a better chance of succeeding than if they were to act alone.

Another distinctive aspect of GGGI lies with its programmatic approach. The bedrock of GGGI's in-country support is a comprehensive diagnosis of each partner country's green growth potential, followed by tailored policies and investment plans that integrate economic, environmental, and social gains. The aim is to embed green growth into the overall development architecture of partner countries, instead of disparate one-off projects. It is primarily this holistic approach that underpins GGGI's potential to catalyze transformational change in the long term.

While GGGI has evolved and changed significantly since 2012, its fundamental mission and core distinguishing features have consistently defined the organization's identity and reforms to date. Indeed, they are well embedded into the makeup of the organization, through the objectives, principles, and approaches set out in GGGI's Strategic Plan 2015-2020. This in turn cascades down into the Work Program and Budget (WPB), Country Planning Framework, and a host of other operational policies and processes.



Part 1. Moving to Implementation: Integrated 'ONE GGGI' Service Offerings

In its early years, GGGI had a relatively narrow programmatic mandate. It was in the process of exploring its niche and fostering a strong network that is embedded in partner countries. In 2011, the organization worked in 7 countries, a third of its current global footprint.

As GGGI's profile grew, increasing demand for its services saw the organization develop more rapidly. By 2014, GGGI was able to reach 22 partner countries and branched out from its traditional advisory role to implementing services at national and sub-national levels. This rapid growth raised challenges from ad hoc-styled programming that were compounded by the need for institutional strengthening and cohesion. It was evident that while policy-level work of GGGI was of value to Members, strategic implementation support was desired to bolster the effectual impact of policy work. A fundamental realignment of GGGI's delivery model and value proposition was needed to systematically guide GGGI's expansion.

The Strategic Plan 2015-2020 was developed in 2014 to reflect an integrated approach to green growth programming and to align the operational model and institutional capabilities. To ensure the uptake of this programmatic shift, GGGI adopted two key principles on a corporate level: (i) Expanding service offerings towards implementation, guided by a Value Chain approach, and (ii) Synergizing programs to ensure relevance and partnerships.

A. Expansion across the Value Chain

As a demand-led service provider that aims to support partner countries from the design to implementation of green growth programs, reactivity and flexibility are vital. GGGI devised a value chain approach to ensure flexibility while maintaining boundaries in responding to a wide range of needs in country programming. The approach recognizes that partner countries are at various stages of embodying green growth, and require customized support to fully realize national ambitions at each stage. The conceptual stages of a typical green growth trajectory, from assessments to planning and implementation, are captured within the value chain and operationalized through tailored programs (Figure 1: GGGI’s Value Chain).

Along with the value chain, GGGI has refined its sectoral focus to four interlinked thematic areas: green cities, energy, water, and land-use. These are areas in which Members have highlighted gaps and GGGI considers to be key to transforming countries’ economies. GGGI primarily addresses green growth issues in these areas by developing thematic capacity, standardizing services, and delivering the best value for money.

In 2015, GGGI introduced an organizational restructure which resulted in the creation of the Knowledge Solutions Division. The division aims to deliver technical assistance to country programs to complement the efforts of the Green Growth Planning and Implementation division. Through the 2017-18 WPB process, GGGI has improved



Figure 1: GGGI's Value Chain

The value chain offers pragmatic applicability in green growth development through the mobilization of appropriate capital and stakeholders at each stage. GGGI’s WPB 2017-18 reflects an increasing concentration of programmatic outputs in “sector/sub-sector strategy and planning” and “design, financing and implementation” categories. This highlights a natural organizational progression from the left to the right of the value chain for maturing projects. GGGI will continue to operate in “diagnosis” and “green impact assessment” areas of the value chain to develop policy diagnostics and institutional frameworks, particularly in the Least Developed Countries (LDCs) where GGGI is preparing early-stage programming. GGGI will also take a step back, where relevant, to ensure more integrated policy linkages between global agenda and national ambitions in countries (e.g. Peru and Philippines).

the integration of services and strengthened in-country focus. GGGI also introduced the Green Investment Services (GIS) department to support in-country teams develop a pipeline of bankable projects. By 2020, GGGI set out to design 30 bankable projects and is in the process of developing 10 projects by end of 2016.

- GGGI Value Chain and Thematic Strategies developed;
- For better programmatic integration, Knowledge Development Management and Public-Private Cooperation Divisions merged to form Knowledge Solutions Division;
- 10 bankable projects in progress as of 2016.

B. Ensuring Relevance and Partnerships

GGGI is positioning itself on the green growth premise that economic growth, social inclusion, and environmental sustainability goals ought to be addressed simultaneously. Ensuring the relevance of this agenda will require GGGI to build its service offerings in response to national development priorities.

Based on lessons learnt from ad hoc programming and resource fragmentation, since 2014 GGGI began to emphasize the principle of ensuring relevance and partnerships to amplify the impact and sustainability of a relatively young program portfolio.

Converging global and national priorities.

In earlier years of GGGI's in-country operations, GGGI was primarily engaged with the environmental ministries, which limited political buy-in for green growth to be coordinated and implemented. Since 2014, GGGI is engaging with ministries of Finance, Planning, and Infrastructure to ensure that programming is relevant to government priorities. GGGI aligns its services to contribute to the international development agenda including the Paris Agreement, the 2030 Agenda for Sustainable Development, and Addis Ababa Action Agenda. While these agreements do not direct GGGI's operations, they serve as guiding principles for ensuring that programs are designed with relevance to global objectives. In 2015, GGGI introduced its National Financing Vehicles (NFVs) services to provide technical expertise in designing and implementing NFVs that align green financing with national development pathways. GGGI also piloted the Green Growth Potential Assessment tool to identify policy challenges and opportunities in the broader green growth context. Governments are now better able to monitor and coordinate the implementation of development actions with greater relevance to the national context.

Through a bottom-up approach, GGGI also aims to develop programs that complement national development plans, priorities, and procedures. To support more strategic and longer-term country planning, GGGI implemented the Country Planning Framework (CPF) process in 2015.

Cultivating integrated multi-stakeholder partnerships. A core component of GGGI's role as a trusted advisor is to catalyze public and private partnerships that improve the relevance of its programs. By targeting stakeholders along the value chain, GGGI ensures that programs remain relevant and visible to those who can influence and benefit from interventions. These partnership efforts operate under the frameworks set by the *Partnership and Outreach Strategy*, *Resource Mobilization Strategy* and *Private Sector Engagement Plan*.

GGGI's partnership modalities continue to deepen with the ultimate aim of improving collaborative learning, and subsequently, on-the-ground outcomes. In 2012, GGGI, together with other development partners, created the Green Growth Knowledge Platform¹ that shares knowledge and increases access to technical experts on a global level. In 2015, GGGI launched the Inclusive Green Growth Partnership to coordinate in-country partnerships with multilateral banks and regional UN Economic and Social Commissions for implementation. Over 2017-18, GGGI is envisaging more systematized delivery of knowledge services with knowledge partners through South-South cooperation, policy dialogue and capacity development programming. These services will be disseminated via GGGI's knowledge hubs in the Republic of Korea, United Arab Emirates, and Mexico.

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- Work Program and Budget 2017-18 reflects alignment to Sustainable Development Goals and Nationally Determined Contributions;
 - Country Planning Framework process launched in 7 countries in 2015 and in all countries by end of 2016;
 - An integrated knowledge sharing approach developed for WPB 2017-18;
 - Inclusive Green Growth Partnership introduced to support GGGI's in-country delivery.

¹ Green Growth Knowledge Platform:
<http://www.greengrowthknowledge.org/>

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Part 2. Delivering More for Less: Maximizing Impact and Demonstrating Results

Given the scale of financing required to implement the SDGs and NDCs, the need for effective global aid delivery and cooperation is more critical than ever. Ensuring strategic allocation of limited resources and improving institutional effectiveness to maximize impact of the development dollar, therefore, is not an option but an obligation.

GGGI recognizes the need to strategically program limited resources for greater impact and leverage political will for green growth. Therefore, over the past two years, GGGI rebalanced its program portfolio for a deeper focus on the LDCs and a stronger emphasis on Member countries.

To deliver more for less, GGGI focused on internal institutional strengthening for a more unified and streamlined delivery. Since 2014, GGGI initiated a number of corporate reforms to develop results-oriented systems, policies, and processes in line with international standards for receiving Official Development Assistance (ODA).

A. Maximizing Impact

Ensuring strategic allocation of resources.

Demonstrating a green growth evidence base necessitates the need for a balanced and global program portfolio which pursues an approach focused on the poor and most vulnerable. Over 2015-16, GGGI operationalized a programming shift to strike a balance between LDCs and Middle Income Countries (MICs).

To this end, GGGI piloted the *LDC Expansion Plan* which provided a systematic roadmap to grow the organization's impact in LDCs. Since 2015, 6 countries – Lao PDR, Mozambique, Myanmar, Nepal, Senegal, and Uganda – have been added to the LDC program portfolio. Before the introduction of the Strategic Plan, GGGI invested 14% of core country resources in LDCs and 86% in MICs. As of 2016, a more balanced approach is in place with 45% of core country budget allocated in LDCs.

In addition, GGGI consolidated its program portfolio with a sharpened focus on LDCs, increasing LDC programs from 4 countries in 2014 to 10 countries in 2016, while reducing MIC programs from 17 in 2014 to 14 in 2016.

Investing in Members. GGGI made it a strategic priority to maximize impact by increasing focus on Members and prospective Members that display political commitment to the pursuit and sharing of green growth knowledge.

Through the biennium WPB process, GGGI committed 64% of core country resources in Member countries in 2016 (compared to 57% in 2014) to ensure that Members receive stronger benefits of knowledge networks and partnerships. GGGI also refocused its programmatic direction in existing non-Member large, emerging economies (e.g. India and China) to build on the integrated knowledge sharing approach. A core element of this approach involves promoting and implementing multi-directional South-South cooperation, country-to-country partnerships, and multi-stakeholder knowledge sharing.

In parallel, GGGI intensified efforts to bring Members onboard. Since 2014, GGGI's membership grew from 20 to 26, with Fiji, Hungary, Jordan, Senegal, Thailand, and Vanuatu joining. In 2015, GGGI made a strategic decision to conclude programming in Brazil and South Africa - countries which acknowledged that membership would be highly unlikely in the imminent future. Membership discussions in China, Colombia, India, Nepal, Lao PDR, Mozambique, Myanmar, Peru, and Uganda have advanced considerably and it is anticipated that these countries will become Members over 2017-18.

Strengthening the Funding Base. In 2015, GGGI developed a *Partnership and Resource Mobilization Strategy* that details a series of short- and medium-term actions to target core and earmarked funding objectives. GGGI has made progress in attracting new donors. Since 2014, 3 additional Members agreed to provide core contributions. In 2014, as a result of extended negotiations and the development of the Strategic Plan, the United Kingdom announced core contributions to GGGI and committed to provide additional funding for up to four LDC programs.

GGGI also pursued MICs to provide co-financing and in-kind contributions for sustained national ownership. In 2015, Indonesia became a Contributing Member and Mexico announced core contributions of \$0.5 million and \$0.5 million in-kind contribution. These developments set a positive precedent of a MIC providing core contributions to GGGI.

In terms of earmarked funding, GGGI is mapping project-level activities against donor priorities and international/national climate financing facilities to identify additional resources for bankable project development. GGGI also initiated the process of revising the Establishment Agreement with the GGGI Assembly and Council to accommodate potential EU membership. Advanced negotiations are underway in Hungary and Netherlands to provide earmarked funding.

Improving organizational efficiency. Since 2014, to ensure that management and administration (M&A) policies, processes, and systems were fit-for-purpose and compliant with standards expected of an international organization, GGGI focused on a number of key reforms.

Concerted efforts to strengthen financial integrity and sustainability included, among others: a revision of the Financial Regulations, establishment of a Working Capital Fund, and the promulgation of Investment Criteria by the Council under which GGGI can now enter short-term investments of funds.

Procurement rules, processes, and tender documentation were revised, implemented and aligned with technological systems to enhance program support and reduce transaction costs. A new accounting and independent internal audit function was also established. The goal of these efforts was to provide the corporate support for improved delivery of programmatic and operational priorities, while strengthening GGGI's transparency and integrity.

Financial uncertainty in 2014 had resulted in close monitoring of staff recruitment and a heavy reliance on consulting firms and consultants. With the improved financial position in 2015, GGGI made a conscious effort to limit consultancy and to increase internal staff capacity for organizational sustainability and government ownership. In particular, GGGI's budget allocated for consultancy decreased, approximately, from 33% in 2014, to 22% in 2016. The expansion of offices was carefully considered against GGGI's priorities and revenue position. GGGI shifted from a full-fledged London office that managed country programs to a focal presence aimed at providing GIS towards country teams and to support donor engagement in Europe.

Different country engagement conditions (i.e. hiring long-term consultants in-country and country staff based in headquarters) due to the lack of host country agreements posed inefficiencies and institutional risks. To address this, GGGI adopted a new recruitment approach to engage in-country staff under individual contractor agreements (ICA) issued by the United Nations Office for Project Services (UNOPS) on behalf of GGGI. To balance flexibility at the country level with the need for consistency and control, GGGI revised its Delegation of Authority policy to clarify and decentralize decision-making responsibilities while maintaining clear accountabilities for various decisions.

Human resource reforms were adopted: a performance management system was developed to reinforce staff performance; GGGI's grade structure is in the process of being unified and standardized to align more closely to the United Nations common system; a Special Assignments Program was introduced to promote greater mobility of staff across divisions, headquarters and country offices; and a 360-degree evaluation program was implemented to identify strengths and weaknesses in management.

GGGI's Enterprise Resource Planning (ERP) system was launched to streamline operations and automate finance, budget, human resource, procurement, project management, asset management, travel, and expense claim processes.

Finally, efficiencies to reduce the cost of governance, resulting in cost savings of more than \$ 1.2 million, were introduced through:

- i Merging the role of the Assembly President and Council Chair;
- ii Merging 3 Council sub-committees to form one Management and Program Sub-Committee;
- iii Reducing the number of sessions of the Council to one every year;
- iv Ceasing the Chief Financial Officer and Chief Economist positions;
- v Reducing the number of Green Growth Planning and Implementation (GGP&I) Division directors from five to three; and
- vi Realigning the Strategy, Policy and Communications (SPC) department where two units were integrated in the Office of the Director General (ODG) and a unit within Management & Administration division.

-
- % of core country budget in Members increased from 57% in 2014 to 64% in 2016;
 - 3 additional Members - United Kingdom, Indonesia, and Mexico provided core contributions;
 - 6 new Members - Fiji, Jordan, Vanuatu, Senegal, Hungary, and Thailand - joined since 2014;
 - % of core country budget in LDCs increased from 14% in 2014 to 45% in 2016;
 - GGGI's corporate reforms positively acknowledged in the Joint Donor Review 2015;
 - % spending on non-programmatic cost reduced from 45% in 2014 to 37% in 2016;
 - % of management and administration cost from 22% in 2014 to 19% in 2016;
 - % of consultancy (outsourcing) reduced from 33% in 2014 to 22% in 2016 .
-

B. Demonstrating Results

A strong results-based management (RBM) system and strategic communications for GGGI's stakeholders are integral to demonstrating value for money, instilling donor confidence, and increasing visibility of GGGI's work.

Institutionalizing Results-Based Management. In the initial years of GGGI's establishment, the system focused primarily on operational aspects of project performance (i.e. budget disbursement and timeliness of project delivery). The introduction of the Corporate Results Framework (CRF), project logical frameworks, and project cycle management guidelines have led to a strengthened focus on identifying clear performance information in program, policy, and budget decision making processes and on assessing the quality and measurability of results.

To better track value for money and address issues of underspending, GGGI introduced the output-based and integrated budgeting for the preparation of WPB 2017-18 to establish a stronger linkage between budgeting and results. This has also supported organizational integration and divisional coherence from a planning and budgeting perspective. Additionally, evaluations have been budgeted over 2017-18 to better assess outcomes and impacts of projects arriving at a point of maturity and to encourage lesson learning and sharing.

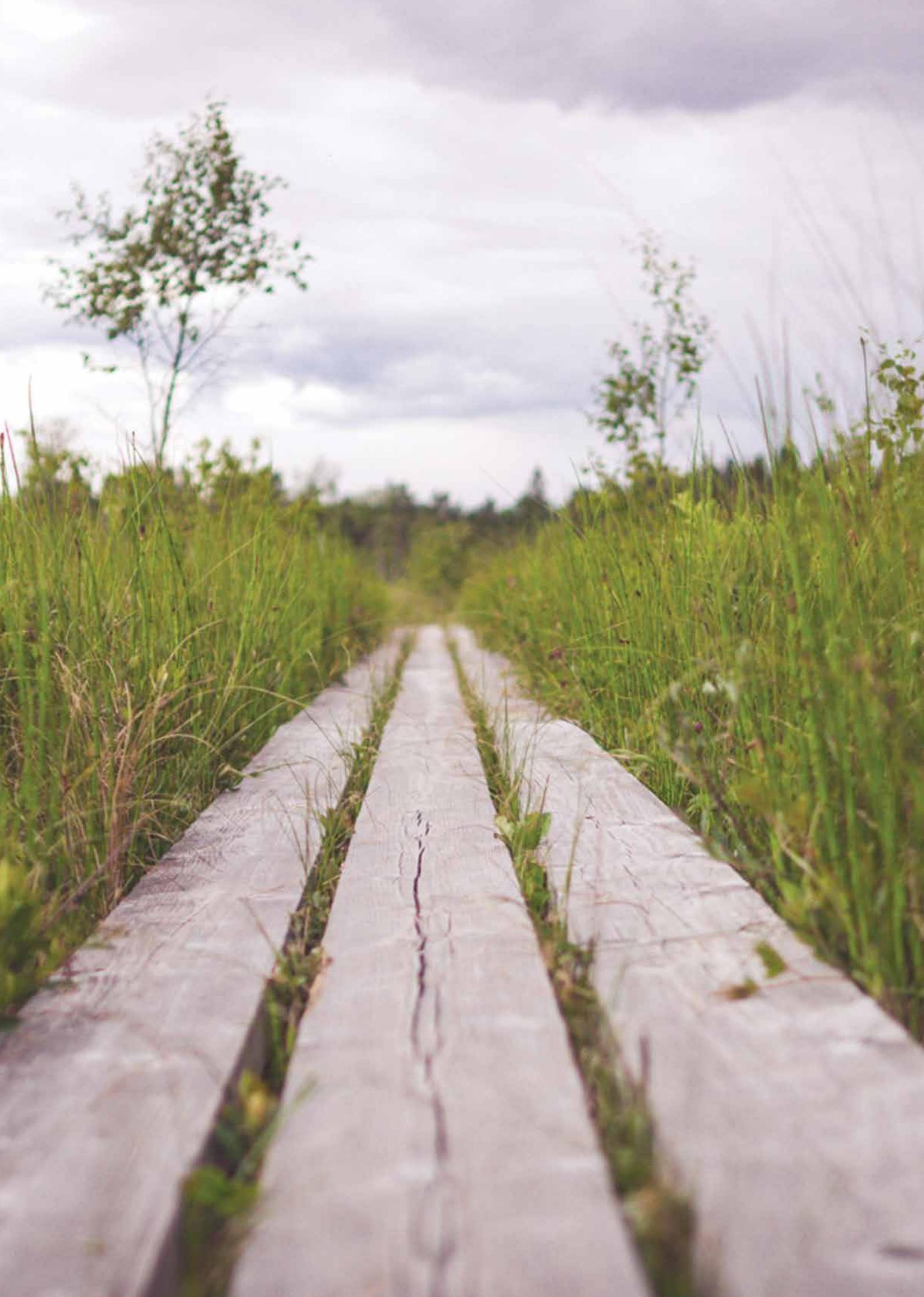
Strengthening Strategic Communications.

Since 2014, GGGI has taken steps to invigorate its communications approach, targeting three key external audiences — partner countries, prospective partner countries, and development partners. This includes tailoring appropriate communications materials and developing targeted platforms to convey GGGI's successes and results. In 2015, GGGI introduced "Stories of Change" — short documentaries showcasing the impact of GGGI's green growth activities on the ground. The Annual Report for 2015 also reflected on results against the Corporate Results Framework.

As the organization becomes more cognizant of the need to capitalize on its service offerings, collaborations, and experiences, there has been a deliberate attempt to better link GGGI's communications and knowledge units. Through this, GGGI is showcasing its role as a knowledge and delivery partner through a wide range of platforms (e.g. Global Green Growth Week 2016 and regional policy dialogues).

GGGI is also in the process of developing an overarching framework — *Communications Strategy* — to ensure sustained and coherent communications that match the pace of the organization's growth. The implementation and scale up of the strategy will be delivered through WPB 2017-18 where country teams have budgeted up to 5% for communications activities, reflecting a strategic push to raise capacity and visibility in this area.

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- Annual Report 2015 indicates results against GGGI Corporate Results Framework;
 - Integrated and output-based budgeting approach introduced for WPB 2017-18;
 - GGGI Stories of Change introduced in 2015.
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Part 3. Achievements to Date

As indicated from the preceding parts of this report, GGGI has undergone significant transformation in a relatively short span of time to emerge as a more relevant and effective organization. This is evident when reflecting on the key achievements of GGGI to date briefly captured below:

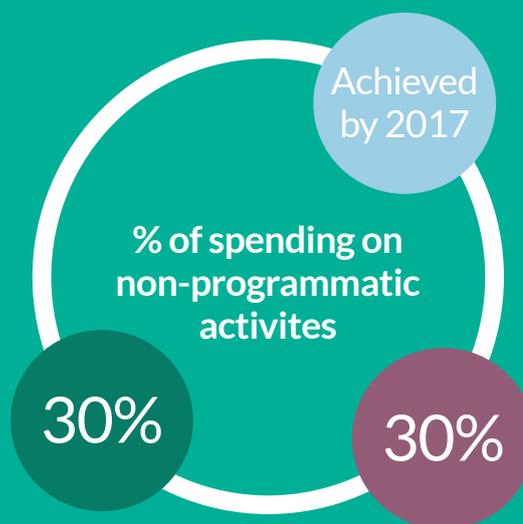
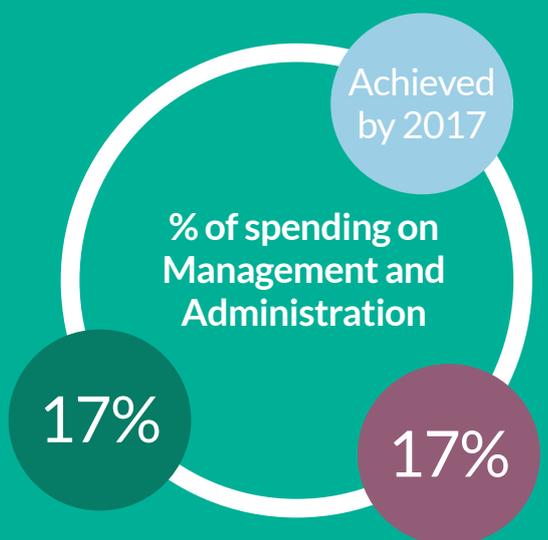
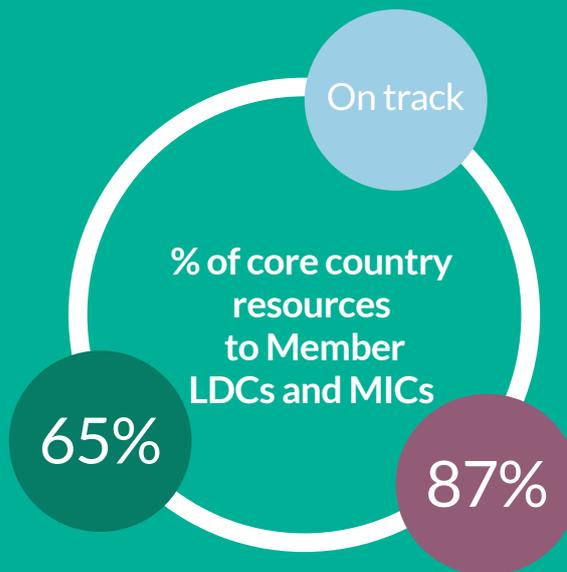
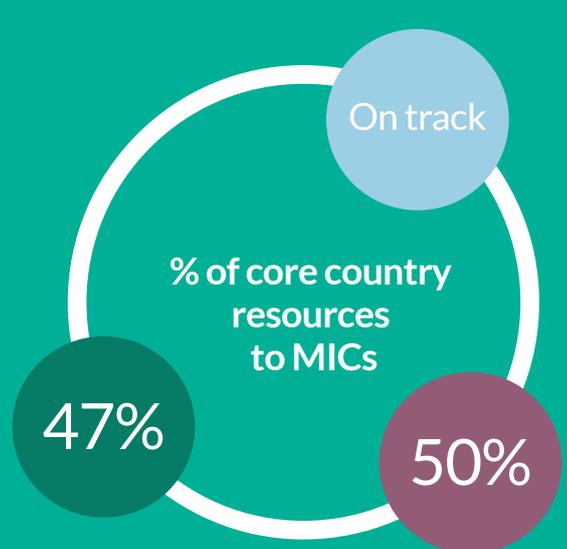
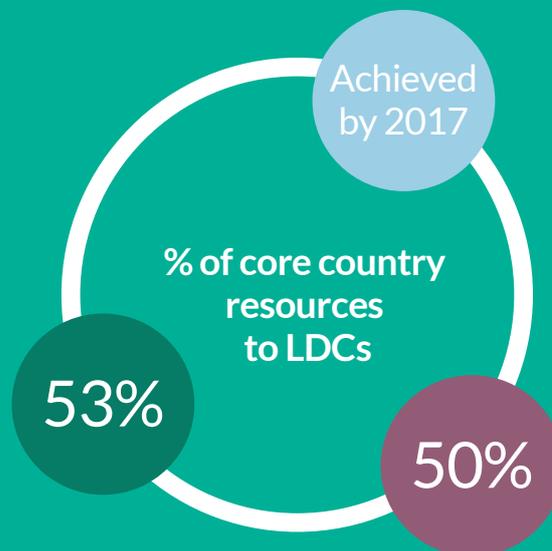
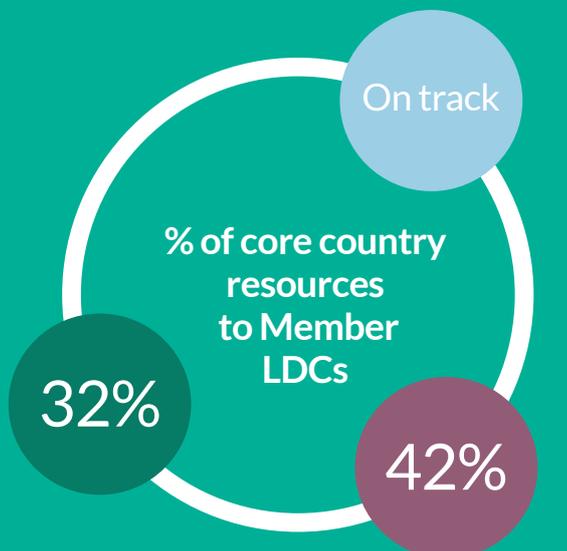
Delivering on GGGI's mission: GGGI's Annual Report for 2015 showed that, in that year alone, its country programs had led to the adoption of 14 green growth policies across 9 countries with \$131 million in financing mobilized towards green growth priorities. Despite this being the first year implementing the Strategic Plan, it reinforces GGGI's mission by providing encouraging and tangible proof that partner countries are making the journey towards green growth.

Growth in membership: From the initial 18 founding members of GGGI, membership has now grown to 26 countries with the addition of Fiji, Hungary, Jordan, Mongolia, Rwanda, Senegal, Thailand, and Vanuatu since 2012. This points to an increasing recognition by countries of the importance and necessity of green growth, and the value that GGGI can offer in supporting them in this transition.

Scaling operations and resources: Since 2014, the number of Members providing core contributions has increased from 5 to 8. Strategic programming and membership growth continues to drive GGGI's operations and resources. Over 2017-18, GGGI expects to operate in 25 countries, from 20 countries in 2013, with resources increasingly concentrated in LDCs and Member countries.

Upon Council approval of draft WPB 2017-18, 3 out of 6 Strategic Plan 2020 targets will be achieved by 2017.

Legend:





Part 4. Moving Forward

The Strategic Plan 2015-2020 has set forth the momentum to guide GGGI's delivery in making a unique and lasting contribution to greening growth. The organization has delivered significant reforms in a relatively short period of time and is on track to achieving its 2020 goals. However, there is still more to be done with respect to both of the overarching themes, namely improving the quality and effectiveness of GGGI services, and delivering more for less.

By 2020, GGGI aims for all country programs to be rigorously underpinned by a fully functional value chain that supports partner governments in planning, financing, and implementing green growth policies in line with national and global priorities. The thematic strategies, which identify GGGI's service offerings in the four areas, is a key step in this direction. Going forward, the thematic leads, specialists, and country teams will focus on building further in-house technical capacity. At each stage of the value chain, GGGI will need to continually refine and standardize the service offerings (as well as methodological approaches, frameworks, and tools) by leveraging knowledge networks and building on in-country experiences.

For green growth to become a reality, diagnostic work in policies and plans are vital but, insufficient. It is essential to ensure that policies are financed and implemented, and the institutional capacity to do this is built. To achieve the aim of developing 30 bankable projects by 2020, GGGI will need to continue to work on National Financing Vehicles and bankable projects and to find the resources for scale up.

On the second theme of delivering more with less, the Strategic Plan commits to no more than 17% of core budget being allocated to M&A by 2020. With corporate systems now in place, the priority over the coming years will be to continue to refine and optimize systems in ways that deliver increased efficiencies while scaling up program operations without compromising quality and integrity. An example of this in 2017-18 would be to ensure systems are aligned to implement the integrated and output-based WPB.

Finally, to ensure long-term financial viability and delivery of the Strategic Plan, GGGI set a goal of mobilizing a total budget of \$80 million per annum (50% core and 50% earmarked) by 2020. By the end of 2015, GGGI increased its total resource mobilization by \$ 7.98 million since 2014. While the organization continues to ensure strategic resource allocation, priorities will be to ramp up resource mobilization efforts both at the corporate and country level, upgrade results-based management systems and capacities, and communicate results strategically to retain existing donors and attract new ones.



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