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**Global Green Growth Institute**  
Council of the GGGI  
Written Procedure  
25 February 2015

### **Decision on supplementary budget request**

The Council,

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

*Acting pursuant* to Regulation 3.8 of the Financial Regulations of the Global Green Growth Institute, regarding the approval of supplementary budget by the Council; and,

*Taking note* of the positive discussion held at the first meeting of the Management and Program Sub-Committee of the Council regarding the supplementary budget request, within the context of improved resource base compared to projection for 2015, as well as high-level political discussions in China, India and South Africa;

1. *Approves* the supplementary budget request as attached in Annex 1.



Global  
Green Growth  
Institute



# SUPPLEMENTARY BUDGET REQUEST 2015

25TH FEBRUARY 2015

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# 1 Introduction

Following the approval of the new Strategic Plan 2015-2020 and the biennium Work Program and Budget (WPB) 2015-2016, GGGI has begun the implementation of the WPB adhering to organizational priorities and strategy over 2015-2016.

This supplementary budget request is submitted to the Council for approval by written procedure. It has been elaborated further, where possible, and has taken into consideration the outcome of the MPSC meeting held on 11-12 of February 2015 in Seoul.

The supplementary budget is presented as core and earmarked (secured) allocations. The rationale for supplementary core budget is noted in the following page, and the secured earmarked budget is presented for informational purposes.

## 2 Supplementary Budget: Core

The proposed supplementary budget is intended to provide further core support to current in-country programmatic delivery in China, India, and South Africa, and towards the continued pursuit of GGGI strategic priorities outlined in the Strategic Plan 2015-2020 in relation to expanding Least Developed Country (LDC) programming and strengthening safeguards process.

Rationale: The supplementary core budget will go towards organizational strategic priorities in increasing impact in LDCs<sup>1</sup> and operationalizing the GGGI's environmental and social safeguards "Safeguards" process<sup>2</sup>. The proposed supplementary core budget for LDC expansion is \$325,000, and Safeguards is \$90,000.

Over the strategic planning process in 2014, there was consensus among GGGI Members that continued programming in BRICS countries would be conditional upon strengthened political dialogue at higher levels of government, discussions on GGGI membership, and potential in-kind contributions.

In this regard, there was credible progress made in China, India, and South Africa. The request is also submitted in view of the improved resource base as compared to previous projection. The supplementary core budget will provide ongoing momentum in project delivery and further membership discussions.

The total supplementary budget proposed for China, India, and South Africa is \$955,456. The budget composition and programmatic details are provided in the following sections. Consistent with corporate safeguards noted in the approved WPB 2015-2016, poverty reduction and safeguards will be integrated with the supplementary programmatic budget allocation.

1. GGGI Strategic Plan: p24-25
2. GGGI Biennium Work Program and Budget 2015-2016: p124

Funding source	LDC Expansion		China		India		South Africa		Safeguards		Total Supplementary Budget Request
	Phase 1-Feb to March	Phase 2 April-June	2015 Approved	2015 Supplementary Request							
Personnel	\$20,000	\$50,000	\$170,000	\$180,814	\$233,393	\$166,709	\$93,895	\$112,183	\$112,183		\$529,706.00
Outsourcing	\$20,000	\$70,000		\$160,000	\$668,227	\$100,000		\$15,000	\$15,000	\$40,000	\$405,000.00
Travel	\$30,000	\$60,000		\$26,550	\$59,850	\$19,500	\$3,300	\$15,000	\$15,000	\$50,000	\$201,050.00
Conference		\$60,000		\$7,000	\$23,500	\$23,000		\$20,000	\$20,000		\$110,000.00
Professional				\$7,000							\$7,000.00
Supplies and Maintenance				\$3,150	\$2,625						\$3,150.00
Information				\$5,000				\$20,000	\$20,000		\$25,000.00
Rental					\$20,880			\$16,000	\$6,000		\$22,000.00
Acquisition						\$2,500					\$2,500.00
Communication	\$5,000	\$10,000		\$2,800	\$1,260		\$2,760	\$10,000	\$10,000		\$27,800.00
Training				\$9,500							\$22,000.00
Others					\$280			\$15,000	\$15,000		\$15,250.00
Overhead											
Sub Total	\$75,000	\$250,000	\$170,000	\$401,814	\$1,010,015	\$360,459	\$99,955	\$193,183	\$193,183	\$90,000	\$1,370,456

\*South Africa 2015 budget approved by the Council is conditional upon receipt of earmarked funding

\*\*Consultancy for safeguards would be used for preparing a gender strategy

# LDC Expansion Plan: Scaling Our Impact

## Background

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Project Title	LDC Expansion Plan: Scaling Our Impact
Owning Division/Department	SPC
Country/Region/Global Implementation	Country-specific
Project Start Date	Q1 2015
Funding Source	Core
Proposed Supplementary Core Budget	2015: \$325,000

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## Project Brief

The project aims to broaden GGGI's reach in the Least Developed Countries (LDCs) in demonstrating the pro-poor green growth paradigm and in ensuring long term strategic engagement in areas where GGGI can maximize impact. GGGI Strategic Plan 2015-2020 targets 50% of core resource allocation in LDCs; at present it stands at 29%.

Based on the current trajectory, GGGI should ideally add 12 new LDCs to its current portfolio of 24 Members (6 LDC Members and 18 non LDC Members), which would be an average of 2 LDCs per year from 2015 to 2020. The number would correspondingly increase with any additional membership from non LDCs to maintain the 50% target.

The project will focus on operationalizing a process for scoping in LDCs in order to catalyze sustainable green growth programming. In order to achieve this, there are 3 critical objectives: (i) to identify new LDC programming opportunities for green growth that are consistent with GGGI strategic objectives and priorities; (ii) to undertake strategic analysis and in-country consultation in identified LDCs to assess the relevance and likely feasibility for GGGI's interventions and onboarding; (iii) to set the foundations for GGP&I programmatic design.

## Delivery Strategy within GGGI Value Chain

The project will primarily target the launch of at least 2 scoping programs in LDCs by third quarter of 2015. The outputs of the scoping programs in 2016 will contextualize the delivery strategy within GGGI Value Chain upon programmatic launch. It will comprise a 3-phased approach: Initiation (country selection), Design (pre-scoping) and Launch (scoping).

The engagement will be delivered primarily in-house through an organic and cross-functional team across GGP&I, KSD, and SPC, and will include call-down local 'Consultant Support Team' in the final shortlisted LDCs. Further information on the methodology is provided in Annex A "LDC Expansion Plan: Scaling Our Impact".

# Results Matrix

Result Statement	Indicator	Baseline	2015 Target
<b>Outcomes</b>			
<b>Country scoping program initiated in new LDCs</b>	a. Program initiated in LDCs by end of 2015	4	2
<b>Outputs</b>			
1. <b>Phase 1 (Initiation)</b> Targeted countries finalized, pre-mission analysis completed and contacts established	a. Number of targeted LDCs finalized by 15th Feb 2015	8	4-5
	b. 3 GGGI LDC Expansion Teams in place	NA	By 15th Feb 2015
	c. Number of meetings set with 1. Ministry of Finance 2. Ministry of Planning 3. Ministry of Infrastructure 4. Ministry of Environment, private sector representatives and development partners	NA	At least 4-6 per country
	d. Opportunities to conduct joint mission with GCF/PAGE explored	NA	By 15th Feb 2015
2. <b>Phase 1 (Initiation)</b> Stakeholder interest assessed for GGGI's possible program interventions	a. In country meetings held	NA	5 per country in Feb and Mar 2015
	b. Back to office report submitted to the Management Team on all missions by end of April 2015	NA	Within 7 days of completion of each mission
	c. Countries shortlisted for detailed scoping	4-5	2-4 by 1st week of May 2015
	d. Consultant identified and procured in each of the 2-4 shortlisted countries	NA	2-4 by 2nd week of May 2015

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3. <b>Phase 2 (Design)</b> Pre-scoping project document and budget completed and submitted for Council approval	a. Multi-stakeholder workshop organized with 20 participants	NA	2 countries (for Phase 3) with pre-scoping document and budget completed
	b. Number of de-briefings held with key counterparts in the government, development partners and private sector representatives	NA	2 per country (within 1 day of workshop closing)
	c. Workshop report and scoping project document submitted to the MT	4-5	2 countries (for Phase 3) with pre-scoping document and budget completed
	d. Work Program and budget (based on the project document) submitted to the Council for approval	NA	2 (by end July 2015)
	e. Membership process followed up by the governance team	NA	2 (by end July 2015)

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# India

## Background

Under the Council-approved WPB 2015-2016, \$220,000 of core funding was allocated to the project: Mainstreaming and Implementation of Green Growth Strategies – Karnataka<sup>3</sup> from January to July 2015.

Based on current approved budget, the in-country team will deliver one energy sub-sector policy roadmap, one investment grade project design document, and improve the capacity of at least 10 key mid-level civil servants in green growth. With this supplementary funding, the project aims to deliver an additional energy sub-sector roadmap contributing directly to GHG emissions reduction, two project design documents, and to enhance the implementation capacity of at least 30 additional relevant government officials. Consequently, these additional outputs will provide critical momentum to the green growth transition in the state by delivering more success stories from the priorities already identified in Karnataka. This includes paving the way for transformational changes to increase access to energy, particularly to the vulnerable, by preparing and delivering energy roadmap that is pro-poor and climate proof.

In addition to the increased momentum of subnational engagement and programming in Karnataka, GGGI is proposing further supplementary budget in light of strengthening political engagement with India. GGGI's Director General was confirmed as keynote speaker at the Delhi Sustainable Development Summit in February 2015. The Government of Karnataka will also play an active role in the delivery of this project, by providing access to information, convening various stakeholders, deploying staff for training and capacity building, and providing access to decision makers for feedback. The engagement over 2014 have also provided partnership opportunities with state-run institutions, in particular the Environmental Management and Policy Research Institute (EMPRI) that could play a significant role in influencing climate policy.

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<b>Project Title</b>	Climate-resilient Green Economy in Karnataka (India)
<b>Owning Division/Department</b>	GGP&I
<b>Country/Region/Global Implementation</b>	India
<b>Project Start Date</b>	January 2015 – December 2016 (in conjunction with ongoing program)
<b>Funding Source</b>	Core
<b>Proposed Supplementary Core Budget</b>	<b>2015: \$360,459</b>

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3. Biennium WPB2015-2016, p68-69

## Project Brief

In India, many levers for the reduction of GHG emissions and adaptation to climate change reside at the subnational level. The proposed climate-resilient green economy in Karnataka project aligns with India's 12th Five Year plan targets under National Action Plan on Climate Change (NAPCC), and integrates downwards into Karnataka's State Action Plan on Climate Change (SAPCC), sector-level development plans and implementation efforts. In the first phase of this project (2012-2014) GGGI and counterparts developed detailed analysis of the climate impact, energy & emissions projections, vulnerability assessment, and mitigation and adaptation opportunities in key sectors (energy, agriculture, water, forestry etc.), along with an assessment of socio-economic and macro-economic implications of green growth pathway (such as resource efficiency and jobs).

The Green Growth Strategy for Karnataka recommends five specific green growth opportunities, namely; wind power, rooftop solar, electric buses, waste heat recovery in industries, and solar-powered micro-irrigation in agriculture. The strategy also presented a baseline finance and investment scenario for the state. Green Growth Strategy for Karnataka prioritizes mitigation and adaptation related opportunities based on their broader development benefits (e.g. job creation and strengthening the adaptive capacity of marginal population). It assessed that the penetration of 10 GW of wind power and 4 GW of solar power could create 20,000 direct green jobs in Karnataka over the next 15 years and avoid the use of coal-based power plants. Solar powered micro irrigation, another green growth priority identified jointly with the state government, also has the potential to increase water use efficiencies to 80% (presently 30%-35%), resulting in energy savings, thereby reducing emissions and increasing farm output by one-fourth of the current levels.

Implementing the opportunities will produce tangible green growth outcomes including enhanced energy access -in light of the commitment of the Prime Minister of India, Mr. Narendra Modi, to bring solar power to 400 million people, job creation, improved air quality, and reduction in public health expenditure. GGGI, in consultation with the state government, will distill the five green growth opportunities into sub-sector strategy and implementation plan, to contribute towards the objectives of the Clean India Mission of the Government of India and the State policies on energy. (Clean India Mission is the flagship program of Government of India launched in October 2014, by the new PM.)

In the proposed second Phase, GGGI will coordinate with state planning departments including the Department of Finance and Karnataka State Planning Board to prepare policy roadmaps for green growth priorities highlighted, and to develop financing mechanisms for the design of a bankable project in a target area. These efforts will contribute to India's meeting its climate mitigation targets, and strengthening the adaptive capacity of Karnataka's 60 million people. The in-country team will pursue the development of bankable projects in this regard. These projects are likely to emerge out of the priorities that have either been identified by current ongoing interventions or from consultation with the state government.

Additionally, there is a strong need for capacity building of government officials, from senior to district level, in increasing knowledge base, skills and expertise to for long term green growth planning and implementation. The specific areas of capacity building would be within the context of the strategy developed, in order to ensure any project impact can be sustained in the state of Karnataka, and the insights can be applied elsewhere to encourage scale-up.

In this context, the in-country team will work closely with the Environmental Management & Policy Research Institute (EMPRI), under the Department of Forests, Ecology and Environment, which is the nodal institute under Government of Karnataka for all policy advisory related to environment protection, including the preparation and implementation of State Action Plan on Climate Change (SAPCC). Phase II will focus on engaging with EMPRI on issues related to mainstreaming of green growth priorities by enhancing capacity of state government and leveraging EMPRI's mandate in reaching out to district level agencies which are at the front line of policy implementation.

GGGI will also work with senior political leadership in the Government of Karnataka, including Ministers and mid-level officials across key departments (Water, Energy, Transport, Finance and Planning), and key partners including Bangalore Climate Change Initiative-Karnataka (BCCI-K), Center for Study of Science, Technology and Policy (CSTEP, Bengaluru) and Indian Institute of Science (IISc, Bengaluru).

## Delivery Strategy within GGGI Value Chain

<b>Sector/Sub-Sector Strategy and Planning</b>	The engagement will distil five energy sub-sector priorities (solar-powered micro-irrigation, renewables (solar, wind) power generation and electric buses for public transport) into three priority green growth actions by mid-2015. Documents will include a detailed policy gap analysis.
<b>Design, Financing and Implementation</b>	It will select and design at least three bankable projects, based on detailed consultations and engagement with the state government and investors. GGGI will collaborate with public and private actors to deliver pre-feasibility reports, including the formulation of a detailed business case and financing proposal for each project.

Note: The results matrix below notes the final output envisaged for Karnataka - should the supplementary be approved - till December 2015. The outputs envisaged from the supplementary budget are directly aligned to the approved WPB (till July 2015). For instance, with the additional supplementary funding, a sub sector roadmap would be developed, instead of “an implementation plan” noted in the approved WPB.

## Results Matrix

Result Statement	Indicator	Baseline	2015 Target
<b>Outcomes</b>			
<b>State-level policy and institutions drive green growth in key sectors</b>	Level of integration of green growth and climate change into state-level planning and budgeting process as a result of GGGI support	0	1
<b>Financing secured in the state for priority green growth actions</b>	Percentage of additional financing secured (disaggregated by public and private)	To be determined	15-20% (effective in 2016)
<b>Outputs</b>			
1. <b>Karnataka state has subsector roadmaps for green growth</b>	Number of subsector roadmap submitted to state government	0	1
2. <b>Capacity of civil servants implementing green growth in priority sectors improved</b>	Officials acknowledge better understanding of sustainability challenges, and ability to implement green growth roadmap(s)	0	30
	Number of relevant government officials trained in green growth planning, financing and management	0	30
3. <b>State government has investor-quality project design(s) documentation finalized</b>	Number of green energy projects designed from the prioritized pipeline list of projects	0	1

# China

## Background

Following the Council meeting in November 2014, GGGI's engagement with China has led to important milestones. The New Climate Economy and BRICS initiatives led to further inroads at higher levels of government. At COP 20 in Lima, as well as bilateral meetings in January 2015, GGGI Director General convened with China's chief climate negotiator, and other senior government officials from the China Council for International Cooperation on Environment and Development (CCICED) the Policy Research Center for Environment and Economy and the Ministry of Environmental Protection. The Director General has also received an invitation to attend high-level close-door advisory meeting in April 2015 on the status of the 13th Five-Year Plan.

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<b>Project Title</b>	Green Growth Transition in China
<b>Owning Division/Department</b>	GGP&I
<b>Country/Region/Global Implementation</b>	China
<b>Project Start Date</b>	February 2015
<b>Funding Source</b>	Core
<b>Proposed Supplementary Core Budget</b>	<b>2015: \$401,814</b>

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## Project Brief

Following a historic climate deal struck with the United States, China pledged to reach peak emissions and to increase its use of zero-emission energy sources to 20% by 2030. Despite China's push towards clean energy, the Chinese economy will remain fossil fuel-based for a considerable time, largely due to its huge resource base. Coal will remain the dominant energy source for the foreseeable future, and represent close to two thirds of China's projected total primary energy demand in 2020. While China leads in green investments, it still faces significant environmental challenges, particularly pollution problems arising from its rapid industrialization and productive industries. It is widely expected that Chinese growth will slow almost imperceptibly over the next five years, with IMF projections of 7.4% to 6.3%.

In light of these interlinked challenges, GGGI's strategic engagement aims to support the Government of China (GoC) through the Five-Year Plans (5YP) developed by the State Council. The State Council is convening the key ministries preparing the 13th FYP which will begin in 2016. GGGI's interventions will focus on 3 critical areas as follows::

Firstly, GGGI will provide technical advisory in mainstreaming green growth within the context of the 13th FYP for high emission sectors (e.g. cement and steel industries). This will be an iterative process of integrating pro-poor green growth linkages into policymaking, climate fiscal reform, budgeting and implementation processes, as part of the 13th FYP formulation process, through a. embedding green growth indicators into the 13th FYP and b. transfer of policy experiences for private sector engagement in targeted industries. The primary objective would be to ensure that green growth mainstreaming remains an essential component at the national level, cascading down to the sectoral/sub-sectoral strategies with strengthened public-private sector engagement. While the Government is crucial in paving the headway towards green growth through top-down long term strategies, plans and policies, Business continues to represent a large stake in realizing a green economy. A measure of green growth policy success, is also to a certain extent, the degree to which enterprises invest in long-term solutions. Engaging private sector in policy dialogue will create an enabling environment for investment and innovation. World Business Council for Sustainable Development (WBCSD), GGGI's Non-State Actor member of the Council, would be a potential delivery partner. WBCSD is a CEO-led organization with 6 cluster areas where businesses are engaged in dialogue and solutions. For instance, the Cement Sustainability Initiative (CSI), a global initiative - detailing the global impact which the cement industry has on resource use, climate change and communities - by 23 major cement producers with operations in over 100 countries, of which 10 leading cement companies are members of WBCSD. It is viewed as perhaps the most ambitious project of its type ever undertaken in this market sector and the initiative enters its second phase where the ten companies engaged develop their Agenda for Action. Working with WBCSD will deliver synergies in enhancing knowledge base for policy aimed at private sector engagement on targeted industries.

Secondly, GGGI will also support efforts in developing a systemic approach to greening public procurement and supply chain management practices through policy design and legal and regulatory reforms. The interventions could target a priority thematic area of "green cities" by conducting a cost-benefit analysis of sustainable public procurement (SPP) and the potential impact on GHG reductions. Cities are a major source of GHG emissions and rapid urbanization for the past decades has posed a number of environmental issues such as air and water pollution, land expropriations, traffic congestion, energy insecurity, overreliance on coal, etc. Given the scale of public procurement in China, the government plays an important role in establishing the market for sustainably produced commodities. In particular, local government investment mechanisms for green infrastructure are closely related to government procurement systems and practices. There is significant potential for sub-national governments to direct municipal government spending with a greener approach. Significant energy savings can be achieved through improving government procurement policies/practices for instance in the area of public buildings, vehicle fleets and energy saving office equipment.

A key objective would be to share policy experiences and best practices from SPP and provide evidence through a cost-benefit analysis on the potential impact on GHG emissions reduction. There will be potential programmatic synergies with C40, another Non-State Actor member of the Council that works with a network of megacities in addressing climate risks and impacts, as well as the World Bank's Open Procurement Network.

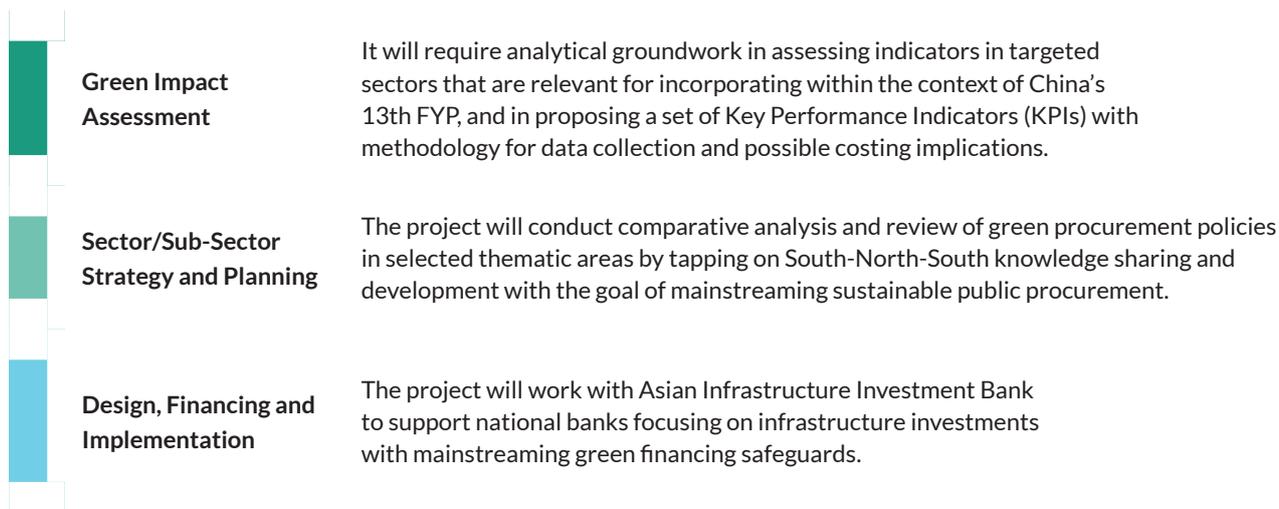
The recent establishment of Asian Infrastructure Investment Bank (AIIB) points to an increasing demand for industrial development and infrastructure project financing in developing countries in Asia. AIIB aims to establish robust and practical safeguard policies and have requested CCICED to support this area of work. Thirdly, GGGI will support efforts of CCICED in the safeguards policy development that will balance the need for robust growth with the application green financing safeguards. This effort will improve the green credit approval processes, as well as support the implementation of Equator Principles in infrastructure investments.

In order to ensure maximum impact of GGGI's interventions, GGGI will explore programmatic synergies through South-North-South cooperation in strengthening capacity of government systems and institutions in developing green procurement policies and green financing safeguards, as well as potential synergies with on going in- country work in Southeast Asian countries such as Thailand with a prominent focus on emissions reductions in industrial sectors.

Apart from the NDRC, GGGI will work closely with GoC through the China Council for International Cooperation on Environment and Development (CCICED), Ministry of Environmental Protection (MEP), and the Policy Research Center of Environment and Economy (PRCEE).

## Delivery Strategy within GGGI Value Chain

The engagement will work across the GGGI Value Chain with a strong focus on providing technical support towards the earlier components.



# Results Matrix

Result Statement	Indicator	Baseline	2015 Target	2016 Target
<b>Outcomes</b>				
1. <b>Strengthened policy and planning framework with green growth interventions in targeted industries within the 13th Five Year Plan (FYP)</b>	# of policy interventions to reduce GHG emissions that incorporate green growth indicators to measure progress	0	1	1
<b>Outputs</b>				
1. <b>Green growth indicators identified, elaborated and proposed for incorporation in the 13th FYP</b>	a. # of industrial sectors with green growth indicators identified and defined	0	2	0
	b. # of models of good practice for private sector in public policy analyzed and indicators proposed accordingly	0	1	0
2. <b>Comparative policy analysis of public procurement impact on GHG emissions and measurement of the potential of improved subnational procurement planning provided and disseminated</b>	a. # of recommendations to improve supply chain management that reduce GHG emissions	0	1	0
	b. # of government administrations receiving technical capacity building in greener public procurement	0	1	1
3. <b>Green finance safeguards systematically assessed and disseminated</b>	# of senior banking representatives and officials in key ministries (Finance, Planning, Local Administrations) and DRC/State Council receiving guidance on green finance safeguards	0	10	20

# South Africa

## Background

The current structure of South Africa's economy is carbon-intensive, and makes extensive use of natural and strategic resources, particularly water and energy. As the country attempts to boost economic development, reduce unemployment (almost at 25%) and inequality, and address environmental challenges, government and its social partners have developed policies and strategies to pursue a low-carbon economy, and initiatives to realise "green" industrial development through largely new economic activities. The recent and ongoing electricity crisis has given even greater impetus to explore the links between energy, productivity, employment and environment and climate change.

At the request of the department of Economic Development (EDD), GGGI started small -partnering with government in 2013, working with its task team on green growth, to consider the extent to which electricity price increases have incentivized selected mining sector and smelting value chains in South Africa to invest in renewable energy, co generation and energy efficiency. GGGI also partnered with UNEP in 2014 on the inquiry into the design of a sustainable financial system, to consider lessons from South Africa on mobilizing capital towards a green and inclusive financial system.

GGGI's work on the above two projects as well as on the support offered on the development of the BRICS bank, has resulted in strengthened relationships with the relevant government departments addressing planning, climate change, and green economic development – these include the Economic Development Department, the Department of Environmental Affairs and the National Treasury.

GGGI now targets elevating the discrete project-level interventions to a broader and more strategic program-level engagement with a focus on policy implementation. The intention is to demonstrate at sub-national and sub-sector levels how focusing on the economics of climate change could address poverty and inequality as well, and how it could inform national policy and strategy.

A catalytic GGGI program in South Africa will amplify regional demonstration and dialogue, given South Africa's standing on the African continent. In this period, continued high-level dialogue will continue to further membership discussions, while simultaneously seeking earmarked funding and in kind contributions for longer term programming.

The bilateral meetings at Lima COP20 provided impetus to GGGI's strategic engagement with South Africa, where the Minister for Environmental Affairs, Edna Molewa, confirmed South Africa's interest in a partnership and GGGI membership, and to build on the existing relationship and in-country work.

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<b>Project Title</b>	Green Growth in South Africa (Scoping Design)
<b>Owning Division/Department</b>	GGP&I
<b>Country/Region/Global Implementation</b>	South Africa
<b>Project Start Date</b>	Jan – Jun 2015
<b>Funding Source</b>	Core
<b>Proposed Supplementary Core Budget</b>	<b>2015: \$193,184</b>

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## Project Brief

At a strategic level, the engagement aims to support the Government of South Africa in delivering on its green growth objectives through the high-level national strategy National Development Plan (NDP) 2030. South Africa targets peak emissions around 2025 and envisages a “transition to a low-carbon economy at a pace consistent with government’s public pledges, without harming jobs or competitiveness.” This intended outcome can only be achieved through a coherent national policy approach towards inclusive green growth implementation and adequate international financing and technological assistance to deliver on mitigation actions aligned with its climate commitments. The Long Term Mitigation Scenarios indicate that South Africa will have to undergo structural reforms given its reliance on energy and carbon intensive activities, while pursuing goals of reducing poverty, inequality, and environmental degradation. GGGI’s green growth model thus holds critical relevance by integrating climate action in pro-poor green growth pathways.

Based on preliminary discussions with key stakeholders including the Department of Environmental Affairs that is responsible for the implementation of the National Climate Change policy, National Treasury, and the WWF, the potential focus areas for program design may be one of the following areas:

- i. Supporting government efforts in the implementation of the carbon budget and the carbon tax by providing technical assistance in the design and application of policy mechanisms including, inter alia, pricing mechanisms and fiscal instruments. GGGI could provide technical support in conducting a comparative analysis of policy mechanisms on short term trade-offs in relation to socio-economic implications and the impact on emissions reduction for priority mitigation sectors highlighted in the NDP. The outputs of this analysis would be strengthened with South-North-South knowledge sharing in policy recommendations to incentivize low-carbon and pro-poor growth. Given that South Africa’s high emission sectors stem from the extractive industries (i.e. coal and minerals), these will likely be priority sectors. It is imperative to note that these sectors are also prioritized by economic policy for its contribution to growth and employment. In this regard, GGGI’s interventions ought to be in alignment with the guiding principles for the transition outlined in the Climate Change Response White Paper by presenting innovative green growth policy approaches taking into consideration stakeholder groups, while planning for longer term structural economic reform and skill capacity development.

Two specific areas for possible cooperation are:

- Integration of the carbon tax with a full set of policies that fulfil a range of parallel objectives - currently, the carbon tax scheme is being developed and implemented in isolation. These objectives could include renewable energy development, energy security, reduced air pollution, green infrastructure development, green procurement or addressing barriers for low carbon technologies.
  - Understanding the impact of the tax on industry, economic growth, income distribution and social welfare. There is insufficient evidence right now to confirm the predicted effects, particularly given the complex forward and backward linkages between different sectors of the economy. It is necessary to undertake a comprehensive analytical exercise to understand the national, regional, sectoral, and social impacts of the carbon tax. Since the initial discussions, the subsequent electricity crisis which has seen weekly and sometimes daily load-shedding may mean that government reviews its initial plans around the implementation of the carbon tax.
- ii. Support the government efforts in rehabilitation of degraded lands and green job creation for smallholders. This area has potential impact in demonstrating impact for inclusive green growth by incorporating growth, environmental sustainability and poverty reduction goals. South Africa constitutes a vast array of biomes and has a wide distribution of the natural resources of soil, climate, water and vegetation. While various practices have been developed and are being used to promote and improve the sustainable management of these natural resources, large areas of publicly, communally and privately-owned degraded lands remain.

In the thicket biome of the Eastern Cape Province, it has been shown that restored land can improve productivity five-fold. Rehabilitation could be a three-way public-community-private partnership, since the identified areas are both community and privately owned and would benefit from the scale achieved by combining the adjacent lands.

The intervention will involve an assessment of the costs of rehabilitation/public investment, and the national reforms required for improved land-use and rural development, and potentially environmental safeguards. The results of the analysis should set the foundations of investment proposal by identifying financing mechanisms. The voluntary carbon market could be used to generate an income stream.

## Delivery Strategy

- Systematic delivery with long term engagement geared towards bringing transformational change toward green growth: As South Africa develops emission reduction targets, and the institutions and instruments to meet them, it is important to benchmark the greatest reductions viable and unpack key mitigation measures. A GGGI partnership could make a significant impact by independently testing mitigation levels and economic viability, and unpacking what is needed to catalyze measures at scale, including the operation of instruments to enable or drive them.
- Green growth and poverty reduction: Green growth in South Africa as a developing country with a high Gini coefficient, is only meaningful if it creates jobs and improves livelihoods, securing energy, water, and food access for the poorest. A GGGI program would seek green growth pathways and mitigation solutions that maximize social development and wellbeing. Any consultation process would include the participation of organized labor to represent the interests, and contribute the ideas, of the working poor and the communities they come from. Mitigation measures which deliver social development co-benefits have the potential to build resilience in South Africa's economy and among poorer communities, in the context of a worldwide shift to a low-carbon economy. Based on analysis and evidence, a GGGI program would have elements dedicated to demonstrating the extent to which mitigation and adaptation can be mutually reinforcing in fostering a resilient, competitive green economy. For example, the job creation potential of mitigation measures will be probed.
- Contribution to sustainability: South Africa's natural systems are at high risk in the next 5 years, as the National Development Plan and huge state spending on infrastructure proceeds, and companies rush to extract natural resources (including more coal). Ecosystems will need support so they are able to deliver the services upon which economic activity, human survival and wellbeing, and biodiversity depend. A GGGI program will consider externalities in analyzing mitigation measures, highlight trade-offs and seek optimal options to demonstrate how the delivery of long-term transformation to the South African economy is possible.

**Green Impact Assessment:** The project will require a comparative review of either mitigation policy instruments that will target specific sectors for emissions reductions aligned with the NDP's carbon budget approach, or a cost-benefit assessment of rehabilitating degraded land and land reforms required for improved land-use. The analysis should contextualize trade-offs and considerations for long term green growth pathways and socio-economic implications. Given that this supplementary budget is aimed at for the first two quarters of 2015, the level of interventions will primarily focus on scoping for program design.

**Strategy and Planning:** Whatever the program focus is, the goal will be to provide input to the rollout of South Africa's National Climate Change Response (NCCR) Policy and/or NDP implementation to inform sector and sub-sector plans and strategies such that:

- Mitigation ambition is maximized
- Understanding is deepened of what is required to realize catalytic mitigation measures at scale while addressing poverty, inequality and unemployment.
- Application of green growth strategies at sector and/or sub-national level is demonstrated

The key outcome of this scoping phase will be a comprehensive program design document that targets both emissions reduction and poverty alleviation. At the time of writing, more comprehensive stakeholder consultations are ongoing to refine the area and scope of the partnership program, addressing government's priorities while matching the program to GGGI's specific value add in terms of combining an understanding of climate change with economics and green growth analysis. The program document, along with the results matrix and detailed budget, will be submitted to the Council in July, 2015 for approval.

## Operationalizing Environmental and Social Safeguards Process

At the Sixth Session of the Council in November 2014, GGGI's Sustainability and Safeguards Policy (SSP) was adopted by the Council. Environmental and Social Safeguards process is a major component of SSP. The Council members requested that GGGI systemize the Safeguards process and build internal capacity in identifying and managing environmental and social risks and opportunities earlier on in the project design and throughout its implementation.

GGGI has thus initiated an approach that is aimed at systemizing and embedding the Safeguards process which will be carried out through staff information sessions and capacity development workshops; incorporating the Safeguards Process in GGGI's Project Cycle Management; and providing direct support through piloting in five country programs and compiling case studies/experiences gained for organization-wide learning.

Since November 2014, particular progress has been made towards the following:

- i. Environmental and social safeguards ("Safeguards") component embedded in the Country Planning Framework (CPF) guidelines;
- ii. Safeguards process with the country program teams discussed at the GGP&I retreat in December 2014;
- iii. Initial Safeguards Review of country programs carried out in January 2015 to (i) assess where each project stands with regard to environmental and social risks (and opportunities) as perceived by the project teams; (ii) assess internal capacity development needs; and (iii) prioritize country programs in piloting the Safeguards process.
- iv. A pool of seven country programs shortlisted (namely, Colombia, Ethiopia, Indonesia, Mongolia, Philippines, Rwanda, and Vanuatu) based on an internally agreed criteria, five of which will be selected for CPF and Safeguards piloting activity in 2015.

By the end of 2015, it is expected that the Safeguards process is systematically embedded in GGGI's program management and that internal capacity is built especially in the five pilot country teams, who will be better equipped to integrate environmental and social safeguards in our partner countries' green growth plans and implementation process. A key outcome for 2015 would be that at least five Country Planning Frameworks integrate environmental and social safeguards.

### 3 Supplementary Budget: Secured Earmarked

The secured earmarked supplementary budget will go towards programmatic delivery and support functions. In terms of programmatic delivery, the supplementary earmarked budget will go towards:

- GreenInvest, a project that builds on the De-risking Climate and Infrastructure Finance workstream will delivered on secured earmarked funding from the German Federal Ministry for Economic Cooperation and Development (BMZ) over 2015-2016.
- Mongolia with the Swiss Agency for Development and Cooperation (SDC) earmarked funding over 2015-2016. \$300,000 will be redirected from India to Mongolia following strategic discussions with the relevant donor and in-country stakeholders. There was consensus that GGGI would be well-positioned within the thematic area of water following the establishment of a new Mongolian government. The new program will focus on in-country capacity to manage water resources through improved access to water resources information.

In terms of support-related functions, the supplementary earmarked budget will be allocated for coordinating all reporting requirements and knowledge sharing of BMU-funded projects.

**Table 2. Supplementary Budget - Secured Earmarked**

	GreenInvest		SDC Mongolia		BMU Component Zero	
	2015	2016	2015	2016	2015	2016
<b>Funding source</b>	<b>Ear Marked (funding already secured)</b>					
Personnel			\$25,000	\$25,000		
Outsourcing	\$154,649	\$150,000	\$125,900	\$50,000	\$84,000	
Travel	\$8,968	\$7,000	\$600		\$79,911	
Conference	\$32,509	\$14,000	\$15,000	\$5,000	\$17,064	
Professional		\$0	\$10,000	\$5,000	\$2,500	
Supplies and Maintenance	\$1,121	\$700	\$720			
Information	\$12,892	\$5,000	\$3,550	\$4,000	\$1,000	
Rental						
Acquisition						
Communication	\$6,950	\$4,000	\$2,000	\$2,000	\$15,500	
Training		\$0				
Others	\$30,919	\$24,000	\$3,230	\$2,000		
Overhead	\$32,241	\$20,000	\$14,000	\$7,000	\$7,999	
<b>Sub Total</b>	<b>\$280,249</b>	<b>\$224,700</b>	<b>\$200,000</b>	<b>\$100,000</b>	<b>\$207,974</b>	

# GreenInvest

## Background

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Project Title	GreenInvest
Owning Division/Department	KSD
Country/Region/Global Implementation	Global
Project Start Date	Q1 2015
Funding Source	Earmarked (BMZ)
Proposed Earmarked Budget	2015: \$280,249 2016: \$224,700

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## Project Brief

Green investments are often constrained by local financial regulations, the lack of appropriately tailored financial instruments, and a pipeline of bankable investment opportunities in developing and emerging economies.

GreenInvest is an initiative built upon the Los Cabos Communiqué and the G20's commitment to further explore "effective mechanisms to mobilize public and private funds for inclusive green growth investment in developing countries, including through the public-private Dialogue Platform on Inclusive Green Investments (DPIGI)." It further builds on the Green Growth Action Alliance (G2A2), which results from the B20 (a group of business leaders from G20 countries) and was supported by GGGI, mobilizing private sector actors around green growth opportunities.

GreenInvest aims to contribute to the mobilization of private capital for inclusive green investment in developing and emerging economies by sharing knowledge, enabling the public sector to work more efficiently and effectively with the private sector and in particular institutional investors, to find new innovative approaches to financing inclusive green investments.

GreenInvest will provide a focused hub for institutional investors and private sector entities seeking enhanced collaboration with public institutions, through addressing their identified constraints and reducing 'consultation fatigue'. The project will involve the establishment of a GreenInvest Secretariat to be based in London, as well as 3 working groups which aim to address the following issues impeding green investment:

- i. Engaging and mobilizing institutional investors for inclusive green investments.
- ii. Tailoring global financial instruments to investment pipeline.
- iii. Shaping financial regulation and policies.

## Delivery Strategy within GGGI Value Chain



### Design, Financing and Implementation

GreenInvest working groups will contribute to the understanding on green investment barriers, financing mechanisms and policy approaches in increasing private sector involvement. It will generate relevant insights for the international policy debate on mobilizing private investment for green growth projects across thematic sectors.

## Key Areas of Integration

The engagement offers a cross-cutting dimension for enhanced collaboration within GGGI. Knowledge Solutions Division (KSD) will tap on the knowledge shared from the working groups to enrich the global debate on and policy experience on green growth investment barriers. There will be potential programmatic synergies in applying the knowledge assets to support in-country delivery.

## Results Matrix

Result Statement	Indicator	Baseline	2015 Target	2016 Target
<b>Outcomes</b>				
Policy recommendations for mobilizing private capital for inclusive green investments are adopted by developing countries to promote investments in inclusive green growth.	Number of policy recommendations on inclusive green investments that are adopted by developing countries.	0	0	1
<b>Outputs</b>				
1. Information on risk-reducing financial instruments for inclusive green investments is compiled and made available to public.	Amount of web traffic on the web-based platform that provides the information.	0	to be determined	to be determined
2. Reports detailing policy recommendations to reduce project-related and non-project-related risks to encourage private sector investments, including those of institutional investors, in green growth are published and shared with general public.	Number of reports shared with private and institutions	0	2	2
3. Reports detailing local investor concerns and policy recommendations to address country-specific concerns to encourage private sector inclusive green growth at the country level are published and provided to GGGI country teams for consideration.	Number of GGGI in-country projects using the reports.	0	2	2

# Mongolia

## Background

Following intensive discussions with SDC, the renewed engagement, focused on one of GGGI's thematic priorities – water, has strategic implications given that Government of Mongolia is undergoing a transition and cabinet reshuffle. As a landlocked, arid and rapidly developing country, the importance of water in Mongolia is paramount. Growing water use pressures from urbanization, agriculture and extractive industries – exacerbated by variable supply and climate vulnerability – have positioned water as a critical green growth driver.

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<b>Project Title</b>	Mongolia Water-Green Growth Nexus
<b>Owning Division/Department</b>	GGP&I
<b>Country/Region/Global Implementation</b>	Mongolia
<b>Project Start Date</b>	Q1 2015
<b>Funding Source</b>	Earmarked (SDC)
<b>Proposed Earmarked Budget</b>	<b>2015: \$200,000</b> <b>2016: \$100,000</b>

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## Project Brief

This engagement aims to support the Government of Mongolia (GoM) in water planning and to improve the aggregation and collection of local-level water data. Taken together, efforts to integrate and improve the quality and availability of water data will help mitigate water-related risks and decrease the costs of water resource management in Mongolia.

The intervention will focus on two key areas:

- i. Supporting the government to establish comprehensive and functional water resources database which will enable stakeholders to use water as a driver of green growth within the limits of available water resources. The initiative is built upon the Environment Minister's resolution A-86 on the Establishment of a National Water Database in 2014.
- ii. Building the capacity of government to manage, maintain, and improve the national water database, particularly within the relevant water agencies under the Ministry of Environment, Green Development, and Tourism.

The in-country team will partner 2030 Water Resources Group, building on GGGI's current in-country program focused on GoM's implementation of its National Green Development Policy, within which integrated water resources management features prominently. GGGI's other in-country activities in green public buildings, the construction sector, renewable energy and green growth indicators also include water-related policy and decision-making.

## Delivery Strategy within GGGI Value Chain

<b>Green Impact Assessment</b>	The project will analyze existing water resources data, including gap identification and solutions development, and support the development of locally appropriate strategies for water data collection.
<b>Sector/Sub-Sector Strategy and Planning</b>	The project will analyze stakeholder needs for accessing and manipulating water data, as well as develop and improve initial web-based portal according to multi-stakeholder needs.

## Key Areas of Integration

The engagement will offer potential opportunity for KSD to provide knowledge on global best practices for national water resources databases. Further internal consultation will be required as funding for these sources will derive from earmarked sources.

## Results Matrix

Result Statement	Indicator	Baseline	2015 Target	2016 Target
<b>Outcome</b>				
<b>Strengthened capacity to manage water resources</b>	Number of personnel and resources dedicated to water management	TBD (pending MEGDT restructuring)		
	Frequency of water data collection	< Annually	Annually	Annually
	Data quality assurance mechanism refined and implemented	Mechanism unclear and/or not implemented	Tested	Implemented
<b>Improved access to water resources information</b>	Accurate, complete non-classified information available online	Partial availability Accuracy unclear	80% available	100% available
			50% accuracy verified	90% accuracy verified

## Outputs

<b>Water database information assessment and gap analysis conducted</b>	Delivery of database status report	No in-depth analysis	Analysis completed	
	Number and type of gaps identified and solutions proposed	0		70% of identified issues resolved
<b>Statistical information collection methods and tools developed</b>	Data collection forms updated or developed	Forms under-utilized and not capturing all available data	All forms updated	New forms approved for use
	Data collection methods updated or developed	Methods unclear or unevenly applied	Clear method developed	Method approved and tested
	Personnel trained to use new forms and methods	No specific training to date	2 trainings	2 trainings
<b>Water database designed and initial online portal launched and tested</b>	Database design completed	Basic portal online, no raw data available	Interactive design approved	
	Online portal tested	No user testing to date	Testing amongst key user groups initiated	
	Online portal updated and improved	No updating		1 update
<b>Improved government capacity in water resource data collection, management and analysis</b>	Clarity and use of data collection forms and methodology	Current forms inadequate	New forms / methodology developed	Forms / methodology approved and implemented
	Quality assurance mechanism developed, approved and implemented	No systematic quality assurance mechanism	Mechanism developed	Mechanism approved and implemented
<b>Increased multi-stakeholder engagement on water resource management</b>	Consultations on data collection forms and methods; on user-friendliness of online database; on data quality assurances	No systematic external stakeholder consultations	Consultations approved 2 consultations	2 consultations

# BMU Knowledge Sharing (Component 0)

## Background

Project Title	BMU Knowledge Sharing (Component 0)
Owning Division/Department	GGP&I
Country/Region/Global Implementation	Ethiopia / Jordan / Thailand / Peru
Project Start Date	Q1 2015
Funding Source	Earmarked (BMU)
Proposed Core Budget	2015: \$207,974

## Project Brief

The project aims to facilitate programmatic work across BMU-funded countries/components - specifically Ethiopia, Peru, Jordan, and Thailand. Component 0 will provide support to the aforementioned countries by delivering timely and accurate financial and content reporting per BMU's requirements and GGGI's internal procedures vis-à-vis earmarked projects, and to support knowledge development and sharing across project teams and partner countries. It will also coordinate with KSD's Knowledge Management workstream in sharing knowledge from GGGI's in-country delivery experiences.

## Results Matrix

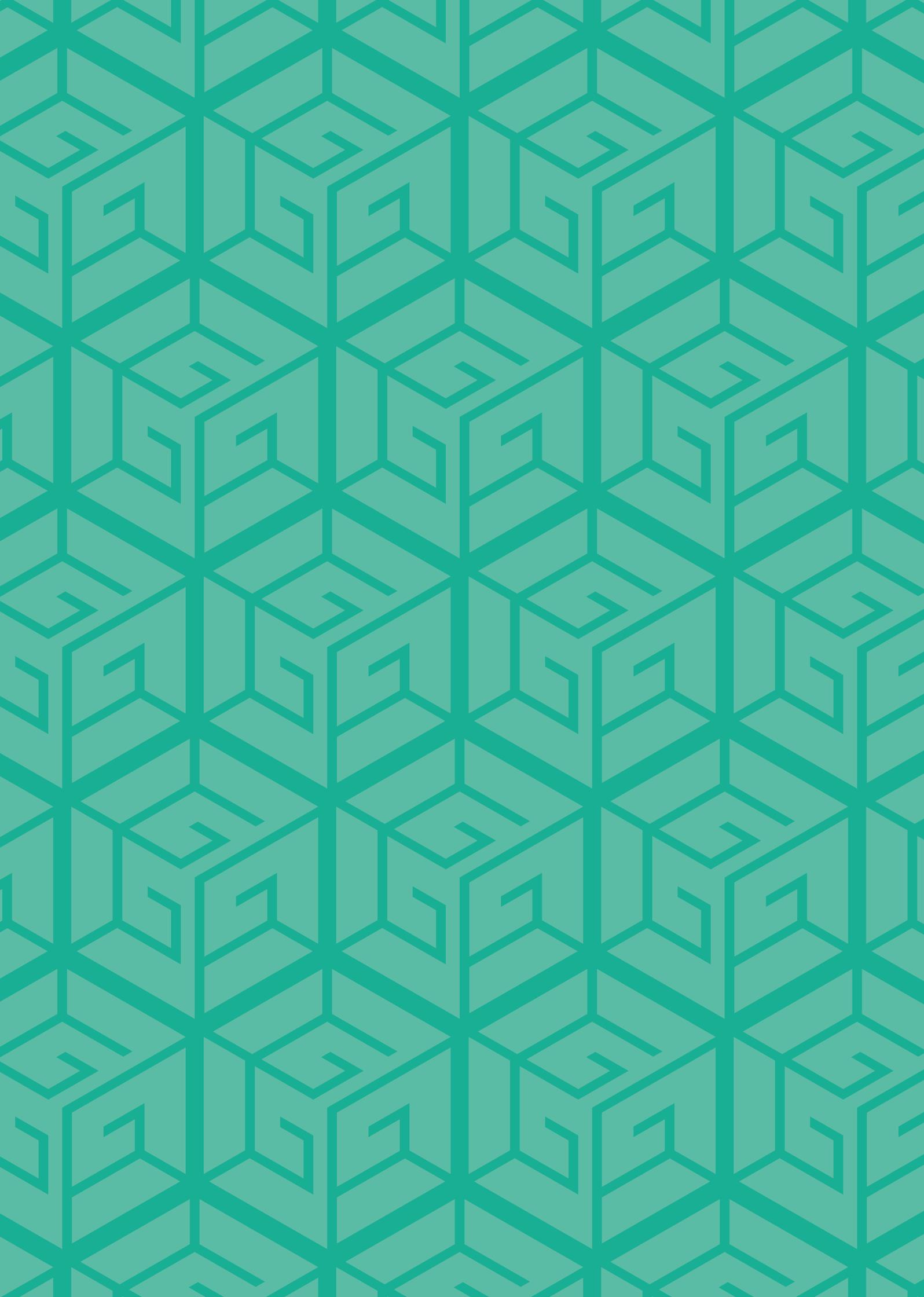
Result Statement	Indicator	Baseline	2015 Target	2016 Target
<b>Outcome</b>				
<b>Effective alignment, project monitoring and reporting and cross-project knowledge sharing and dissemination is ensured</b>	a. Projects are aligned with BMU's approved project proposal and contract			
	b. BMU receives all required reports and background information	N/A	N/A	N/A
	c. Project's lessons learned are shared within GGGI and through external platforms.			

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## Outputs

1. <b>Regular and high quality reporting according to BMU's standard processes</b>	a. Financial and technical interim Reports by April 30th			
	b. Bimonthly progress updates	N/A		1 report by April 30th; 6 progress updates
	c. Management of day-to-day relationships with BMU			N/A
2. <b>Knowledge sharing across projects conducted</b>	a. At least two knowledge sharing seminars across the four projects	0	3	N/A
3. <b>Participation in dissemination events and platforms to share lessons learned and achieve broader South-South learning</b>	a. Presentation of project at 3 or more high profile events, such as the COP, GGGForum, GGGSummit and/or LEDSGP conferences	2	1	N/A
	b. Regular feed of BMU's knowledge sharing platform			

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