Director-General’s Progress Report

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Stepping up to Net-Zero Emission Targets by 2050

Reflecting on the UN General Assembly (UNGA74) and Climate Summit 2019, the good news is that many more countries are recognizing the climate crisis as an emergency and are stepping up efforts to achieve net-zero emissions by 2050. The bad news is that progress toward those targets is not fast enough. Ramping up climate action is urgent. A number of GGGI Member countries, both donor and program countries, were very active in New York and demonstrated strong leadership. There were also quite a few new initiatives launched in New York - and joined by the Global Green Growth Institute (GGGI). For more please see my blog and the special Climate Summit Issue of our newsletter.

Translating that leadership and these new initiatives into solid and ambitious Nationally Determined Contributions (NDCs) to the Paris Agreement before the end of 2020 is now a critical next step. GGGI has placed priority on supporting its members to achieve ambitious NDC targets, both within its Council approved budget (working to support a number of countries, including Mongolia and Nepal) and also through additional resources made available through the NDC Partnership’s Climate Action Enhancement Program (CAEP). In the first round of CAEP, GGGI has agreed to deliver NDC support tasks in 7 countries (Burkina Faso, Indonesia, Marshall Islands, Morocco, Papua New Guinea, Peru, and Vanuatu) and in the Caribbean - in partnership with the Organisation of Eastern Caribbean States (OECS) - to OECS’ members Antigua and Barbuda, Grenada, and Saint Lucia. We expect to engage proactively in the second CAEP round as well, to maximize support for our Member countries to help them meet their ambitious NDC commitments.

P4G Summit, June 2020, Seoul

Also in New York, President Moon Jae-in of the Republic of Korea, in the company of the Danish Prime Minister Mette Frederiksen and GGGI President and Chair Ban Ki-moon, announced that Korea will host the next head-of-state level P4G Summit in Seoul in June 2020. P4G – Partnering for Green Growth and the Global Goals 2030 – is a Danish initiative focused on public-private Partnerships for Green Growth and the Global Goals that now has 12 member countries. Denmark hosted a first summit in October 2018 in Copenhagen. P4G has awarded grants to innovative partnerships in several categories: start-up partnerships, scale-up partnerships, and state-of-the art partnerships. GGGI is a partner of P4G and has engaged particularly with partnerships related to electric buses and industrial parks / special economic zones. For GGGI, 2020 also marks our 10-year anniversary since we were established in 2010 as Korean think tank Global Green Growth Institute (K-GGGI), as a non-profit foundation under Korean law. We expect to work very closely with the Korean government, the Danish government and the P4G Hub to make the P4G Summit in June 2020 in Seoul a very successful
Global Green Growth Week 2019

But first we look forward to welcoming the GGGI family and friends to Seoul for the Global Green Growth Week 2019 (GGGW2019), organized in conjunction with the Korea International Renewable Energy Conference 2019 (KIREC). We have received over 500 registrations for GGGW2019 to date and attracted strong interest from the media at our pre-GGGW2019 media briefing session on October 1. GGGI is also the host this year of the 7th Green Growth Knowledge Platform (GGKP) Annual Conference (that rotates among its founding partners, World Bank, OECD, UN Environment and GGGI) and GGGW2019 will feature a number of key events and sessions, including the Global Policy Dialogue on Climate Governance, which will be held in partnership with the Stimson Center, an event focused on air quality with the American Chamber of Commerce in Korea, and the launch of GGGI’s new Green Growth Index.

GGGI’s Green Growth Index measures the performance of more than 110 countries in four green growth dimensions: (1) Efficient and Sustainable Resource Use, (2) Natural Capital Protection, (3) Green Economic Opportunities, and (4) Social Inclusion. The Green Growth Index and its dimensions draw on 36 indicators, all of which are highly relevant metrics for tracking implementation of the Sustainable Development Goals (SDGs), the Paris Climate Change Agreement, and the Aichi Biodiversity Targets.

The Index, and its underlying indicators, are a product of more than two years of intensive and constructive consultations with more than 300 experts globally. Recognizing the complexity and multi-dimensionality of the green growth concept, we consulted with experts from various disciplines, from international organizations, government agencies, non-profit institutions, academia, and other stakeholders – including our Member countries.

We trust this will make for an interesting and worthwhile visit to Seoul for our Council and Assembly delegates. We thank you – our members – for your strong support and participation as many ministers have confirmed their attendance to our 8th Session of the Assembly and 12th Session of the Council on October 24.
GGGI’s Strategy 2030

The most important agenda item for the Assembly and Council Session this year is the discussion of GGGI’s new Strategy 2030. We have worked hard this year to consult with our members and align GGGI’s new strategy with the goals and aspirations of our Member countries, particularly to support them in their contributions to the Paris Agreement and achievement of the Sustainable Development Goals (SDGs). We will continue our consultation with our members in the coming weeks to assess whether they are now comfortable with the document we now have and are ready to approve the Strategy 2030 document at the Assembly and Council Session later in October, or whether we need to have one more discussion at the Council meeting to finalize the Strategy document.

Personally, I am comfortable that Strategy 2030 sets out an ambitious but realistic course for the organization. One that does not propose any radical shifts in focus, but rather builds and expands on the successes to date and proposes to scale that up and out. The number one priority for GGGI remains to support accelerated green transition in our member countries. In all our Member countries, GGGI aligns its support, through 5-year Country Planning Frameworks and 2-year Country Business Plans, with the NDC and SDG commitments of our members. Taking the impacts of our investment work together with our policy work, GGGI will contribute to a larger number of outcomes achieved by our member countries through our support.

Concretely, in the main scenario for Strategy 2030 GGGI mobilizes $16 billion in green and climate finance for our members. In terms of outcomes directly attributable to these investments that would then result in a Gigaton reduction in equivalent CO2 emissions, 2 million new green jobs, and sustainable services to 300 million green city inhabitants, natural capital protection in half a million hectares, and increased climate resilience for 8 million people.

Note that it is the first time GGGI provides such quantitative outcome targets in our Strategy. We have developed methodologies to assess such outcomes at both the country and project level and aim to monitor our progress against these targets, as well as improve the accuracy of our estimates. This work is closely linked to, and aligned with, the work of our Member countries on their own NDC and SDG targets and subsequent monitoring.

GGGI will first focus its work on, and consolidate in, our current member countries. We do foresee that an increasing number of countries will ratify our establishment treaty. We may not be able to start country programs in each of these new member countries, however, and therefore GGGI management is proposing to Council to establish more explicit criteria that will prioritize both current programming and expansion. It is important to focus GGGI’s work where there is strong political commitment, including a Host Country Agreement, opportunity for impact, or green growth potential, and financial resources to support our work. As we prioritize our work, we may also need to restructure our current portfolio in line with our financial ability to support country programs. GGGI could have some global programs that can provide support to members where we do not have a country team on the ground.

Having staff on the ground, embedded in member country governments is
the key strength of GGGI and we aim to maintain that approach. In our primary scenario we expect to double the size of the organization’s budget to roughly double by 2030, at a $100M level, if we are indeed able to achieve this, then we can foresee country operations in 50-60 countries without spreading ourselves too thin (in fact with a growing average country budget size).

GGGI’s Strategy 2030 also puts strong emphasis on innovation in the programming and delivery mechanisms which are crucial to make GGGI the center of excellence in low-carbon economic development with an enhanced reputation of supporting our Member countries. For greater engagements of Member countries, four innovative programming initiatives are designed in Strategy 2030: (i) a Fellowship program to build government’s green growth expertise; (ii) Universities’ network of competencies in green growth; (iii) Partnership awards for green growth transformation; and (iv) a GGGI Finance Vehicle.

v. Progress in 2019 to Date

In terms of concrete results at country level we expect to be on track to deliver the planned policy advisories and expected new policies to be approved and adopted by our member countries. This includes a rather rapid expansion of our work on NDCs for the Paris Agreement and associated work such as MRVs and preparation for Article 6.

While there is considerable progress in expanding our investment work to a larger number of countries, and in building a stronger pipeline of bankable projects, it is our current best estimate that the total amount of green and climate finance mobilized in 2019 may be on the order of $350 million, falling short of our $600M target. We do have a project pipeline worth closer to a billion $, but it appears many projects are currently expected to close in 2020. That means that for the biennium 2019-20 we still intend to deliver our rather ambitious target of $1.3 billion for 2019-20 ($600M in 2019 plus $700M in 2020).

vi. Membership and Programming Expansion

As noted, we are seeing an increased interest to join GGGI. In 2019 to date four countries have become members (Sri Lanka, Uzbekistan, Burkina Faso and Uganda), bringing the total number of our Member countries to 33. In addition, over 20 countries have formally expressed their intent to join – and we are aware that a handful are in the final stages of the ratification process (including Angola, Colombia, Ecuador, Kuwait). In addition two regional integration organizations are in the final stages of the process as well: the Organisation of Eastern Caribbean States (OECS) and the European Union.

In terms of country presence, the primary expansion funded by core resources came in 2015-16 as a Council approved strategy to expand the number of LDC countries. As of late 2016, further expansion has emphasized mobilizing
Mobilizing Resources

Mobilizing resources to serve the members is a key priority for GGGI. We are successful in developing relationships with new donors for earmarked projects (Bill and Melinda Gates Foundation, European Union, Italy, Luxemburg, MAVA Foundation, NAMA Facility, Netherlands, US Department of State) and expanding earmarked projects with our existing members (particularly Australia and Norway). In 2016 we signed new contracts worth just $0.7M, $4.6M in 2017, $31 million in 2018, and in 2019 we are on track to sign new contracts worth $35-40 million, with a well filled pipeline of project proposals submitted for future years. This is a critical part of our operation that gives us confidence that we are on track to a healthy, sustainable growth for the organization.

We also note that our key partnership with the Green Climate Fund has now resulted in over 20 countries nominating GGGI as delivery partner for their readiness projects. This provides resources to GGGI to increase our member countries direct access to climate finance, with over $300M worth of project proposals submitted to GCF to date.

More challenging is to find additional core resources - or even to maintain the current level of core resources we have enjoyed in the past. While we are sharply reducing the spending of retained surplus (or the excess of expenditures over revenue) down from $14 M in 2018, to $3.5M in 2019. From 2020 onwards we aim to have a balanced budget, or budget for a modest surplus to build our working capital in line with our growth. Next year, 2020, will be a challenging year, financially, which may require some restructuring of our current programs as we adapt to financial realities on the ground.

Business Processes

This year, 2019, is the first year of implementation of the more continuous project management cycle under the new work program and Budget 2019-20. The first year we use new business tools such as our online project management system (GGGI Online), first year of using timesheets organization wide, first full year of using a “customer relationship management” system and first year of the more widespread implementation of earmarked projects. That transition is in full swing and is challenging our teams but will enable us to be more on top of project delivery and to decentralize further.
Conclusion

Overall, I believe GGGI is on the right track. It has found its niche in the combination of “on-the ground” / “in-the-field” embedded support of our Member countries – working on both policy and investments.

GGGI is very well placed to support its members to step up Climate Action, formulate and deliver on NDCs to the Paris Agreement, while maintaining economic growth that generates green jobs and sustainable services that leave no one behind – thus delivering on the Global Goals.

We do so, not in isolation, but by partnering closely with multilaterals, such as the ADB, and other climate organizations, including the Green Climate Fund, the NDC Partnership, and P4G – Partnering for Green Growth and the Global Goals 2030 – but in the first place in direct support of our Member countries.

We look forward to welcoming you all to Seoul for the Global Green Growth Week 2019 and KIREC late this month and look forward to your comments and feedback on our Strategy 2030.