



Global
Green Growth
Institute

GGGI 2014

ANNUAL REPORT



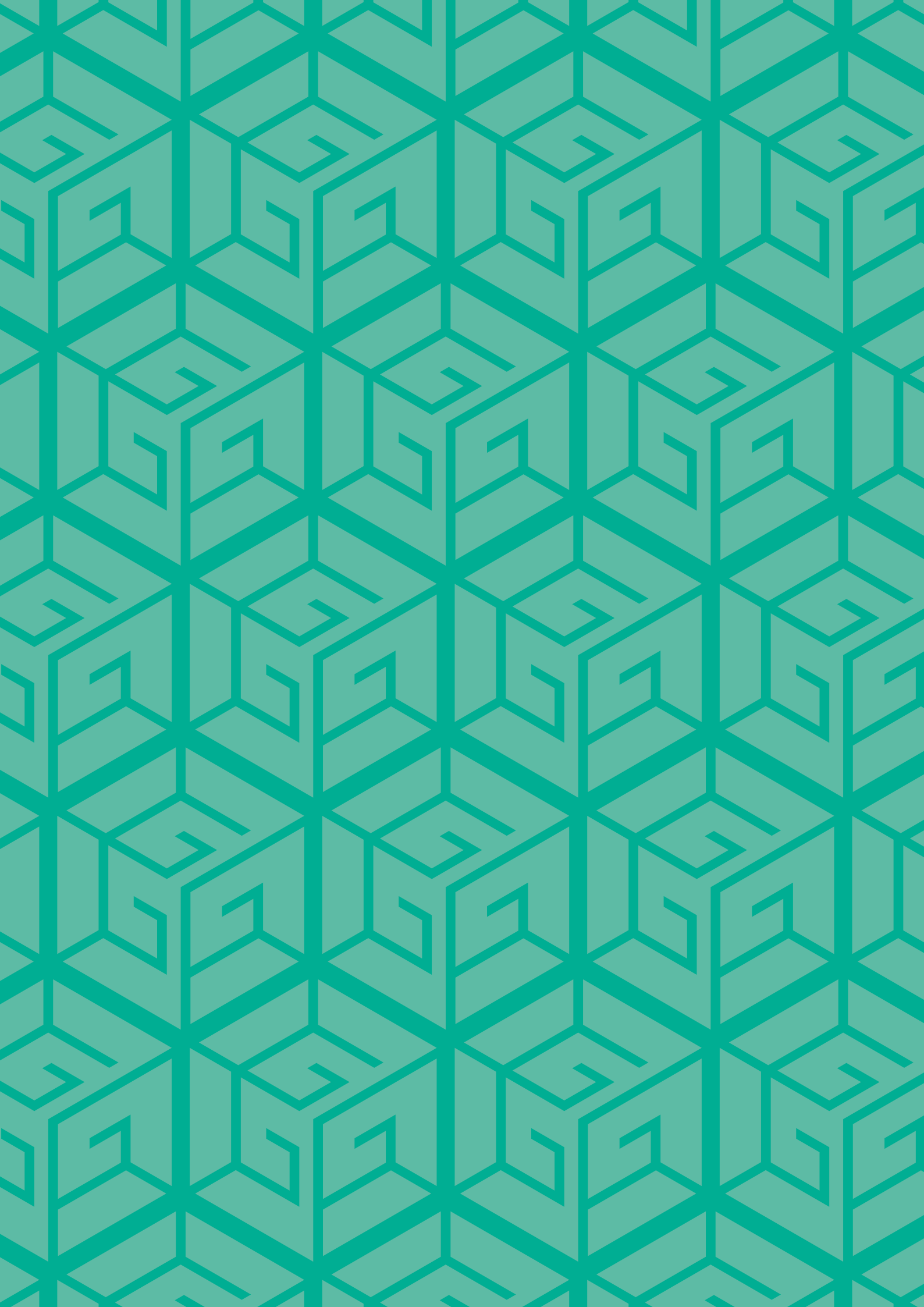


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Letter from the Chair of Council and President of the Assembly

Dear Friends and Members of the Global Green Growth Institute,

The year 2014 marked the 2nd Anniversary of GGGI as an international organization, and firmly established the leadership and strategic direction of the Institute for years to come. In April, Yvo de Boer became Director-General of GGGI and committed his over 30 years of international environmental sustainability experience to strengthening the reach and impact of GGGI's green growth initiatives. In November, the course of action that GGGI will take to ensure that our green growth activities achieve meaningful results and become green growth models of inclusive, sustainable development was clearly articulated in the Institute's new five-year Strategic Plan.

Adopted during the 3rd Meeting of the GGGI Assembly and 6th Meeting of the Council, the Strategic Plan emphasizes the priorities GGGI has identified in the thematic areas of energy, land-use, water and green city development, and the importance of focusing GGGI's efforts on least developed countries, working within Member Countries, and developing bankable projects on the ground. In support of these strategic goals, we restructured and streamlined GGGI to more effectively deliver green growth projects and programs within the Institute's Green Growth Planning & Implement Division and the Knowledge Solutions Division, which includes the new Green Investment Services department that aims to support the transformation of green growth plans into concrete green investments.

Most importantly, the development of our strategic goals and plans was carried-out in a process of close cooperation with all of GGGI's twenty-four Member Countries, including the newest, Fiji and Vanuatu, which joined in 2014. GGGI is now responsible for 34 green growth programs in 20 countries. We are carrying-out our work in collaboration with a network of government, international development and private sector partners dedicated to achieving national growth and addressing development challenges through a new model of environmental and socioeconomic sustainability.

Their commitment to green growth and GGGI is commendable and exemplified by the many important strides made at the country-level in 2014. In Ethiopia, GGGI's green growth Climate Resilient Green Economy program grew tremendously and is now providing important inputs into the country's national Growth and Transformation Plan. In the Philippines, the EcoTown project originally initiated by GGGI and partners in only the single Municipality of San Vicente, Palawan Island, has become the framework to enhance climate change resilience in urban areas at a national-level. Also in 2014, the GGGI supported National Green Growth Strategy was launched in the UAE and endorsed by over 60 federal and emirate entities championing green growth implementation, while in Colombia GGGI helped secure international climate financing to combat deforestation in the Amazon basin. These are but a small sample of the results GGGI and its Member countries achieved over the past year.

The 2014 Annual Report includes a comprehensive summary of all the work we have carried-out at the country-level, as well as the many innovate research projects conducted in support of the understanding and implementing green growth principles and strategies. Indeed, in 2014, GGGI continued to support and strengthen its knowledge sharing partnerships with the Green Growth Knowledge Platform and the New Climate Economy initiative, and collaborated with the London School of Economics' Grantham Research Institute on Climate Change and the Environment to explore flexible climate change policy options during times of economic change.

As well as highlighting the many achievements of 2014, the Annual Report also notes the challenges we have overcome; chief among them ensuring that GGGI moves from its important and comprehensive scoping and planning work of recent years to implementing and seeing through bankable green growth projects.

I believe that the aforementioned five-year Strategy Plan and the re-structuring steps we have made over the past puts GGGI in a strong position to deliver on our green growth objectives. The results noted in this Annual Report not only make this clear, but also motivate GGGI and its partners to continue working toward our mutually shared vision of an inclusive and sustainable green growth driven future.



A handwritten signature in black ink, appearing to read 'Susilo Bambang Yudhoyono'.

Dr. Susilo Bambang Yudhoyono
GGGI Assembly President and Council Chair



About Us

The Global Green Growth Institute (GGGI) is an international organization dedicated to supporting and promoting strong, inclusive and sustainable economic growth in developing countries and emerging economies. Established in 2012, at the Rio+20 United Nations Conference on Sustainable Development, GGGI is accelerating the transition toward a new model of economic growth – green growth – founded on principles of social inclusivity and environmental sustainability.

In contrast to conventional development models that rely on the unsustainable depletion and destruction of natural resources, green growth is a coordinated advancement of economic growth, environmental sustainability, poverty reduction and social inclusion driven by the sustainable development and use of global resources.

GGGI is an interdisciplinary, multi-stakeholder organization that believes economic growth and environmental sustainability are not merely compatible objectives; their integration is essential for the future of humankind.

Vision

GGGI envisions a resilient world achieved through strong, inclusive and sustainable green growth.

Mission

GGGI is dedicated to supporting the transition of GGGI Member countries towards a green growth model by developing and implementing strategies that simultaneously achieve poverty reduction, social inclusion, environmental sustainability and economic growth.

Our Partners

Member Countries

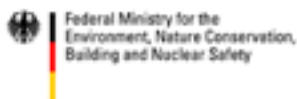
Australia, Cambodia, Costa Rica, Denmark, Ethiopia, Fiji, Guyana, Indonesia, Jordan, Kiribati, Mexico, Mongolia, Norway, Papua New Guinea, Paraguay, The Philippines, Qatar, Republic of Korea, Rwanda, United Arab Emirates, United Kingdom, Vanuatu, Vietnam

Core Contributors

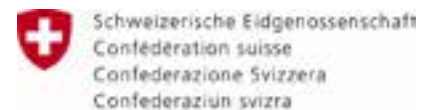


Project Contributors

Supported by:



based on a decision of the German Bundestag



Swiss Agency for Development
and Cooperation SDC



Institutional Milestones

| | |
|------------------|--|
| JANUARY | GGGI was given observer status at Green Climate Fund ----- The Republic of Fiji becomes the 21st member of GGGI |
| APRIL | Yvo de Boer, former Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), begins term as Director-General of GGGI ----- Kingdom of Jordan deposits instrument of accession to put Jordan on the pathway to become a GGGI member country |
| JUNE | Mongolia Ratifies GGGI Establishment Agreement |
| SEPTEMBER | Costa Rica Ratifies GGGI Establishment Agreement ----- Former President of Indonesia, Susilo Bambang Yudhoyono, announced as next GGGI Assembly President and Council Chair during the GGGI Leaders' Gathering, held on the occasion of the United Nations Climate Summit 2014 in New York ----- Indonesia Ratifies GGGI Establishment Agreement |
| OCTOBER | GGGI Celebrates 2nd Anniversary as an International Organization ----- Mexico Ratifies GGGI Establishment Agreement |
| NOVEMBER | Twenty-four Countries Agree on Common Green Growth Strategy developed by GGGI ----- GGGI hosts international conference: The Nexus Between the Creative Economy and Green Growth ----- United Kingdom announces funding of £14.8 million over three years |
| DECEMBER | Vanuatu joins the Global Green Growth Institute |

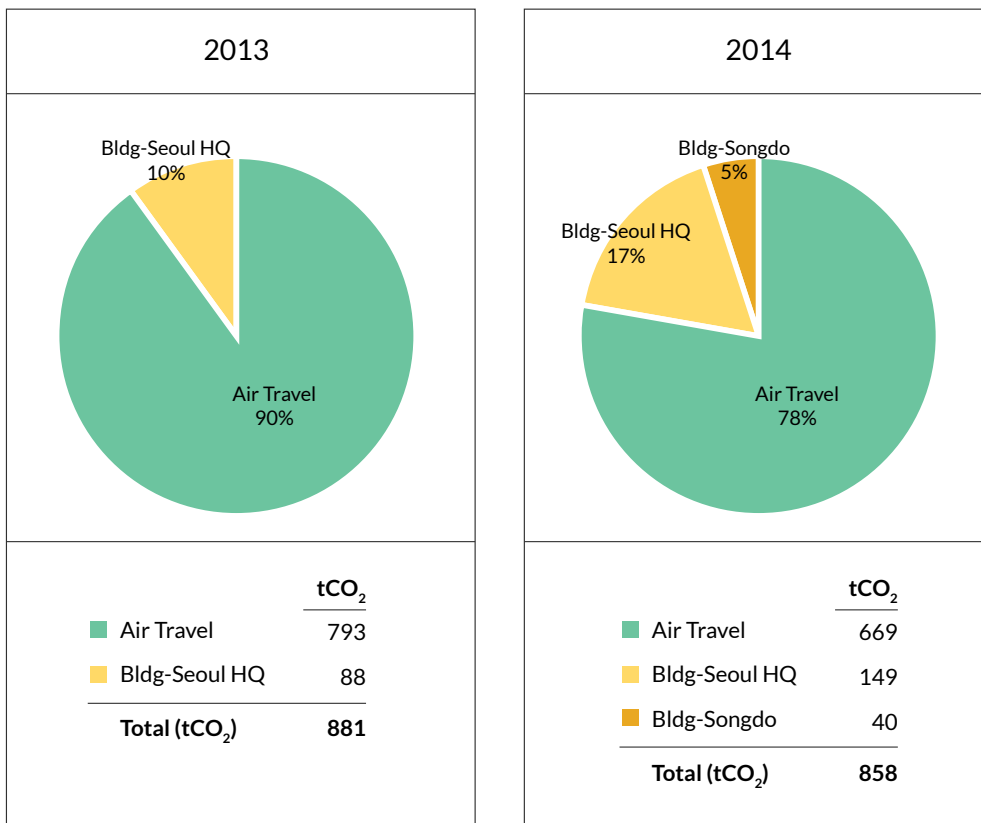


Towards a Carbon-lean GGGI

Our Carbon Emissions in 2014

Following GGGI’s assessment of our carbon footprint in 2013, we measured GGGI’s corporate carbon emissions for 2014 from our two largest sources of emissions– official air travel and building usage. Air travel included GGGI-funded travel by staff and non-staff (consultants and meeting participants). Emissions from building usage included electricity consumption from both Jeongdong Building in Seoul and G-Tower Building in Songdo, which has been occupied since June 2014..

GGGI Total Carbon Emissions in 2013¹-2014

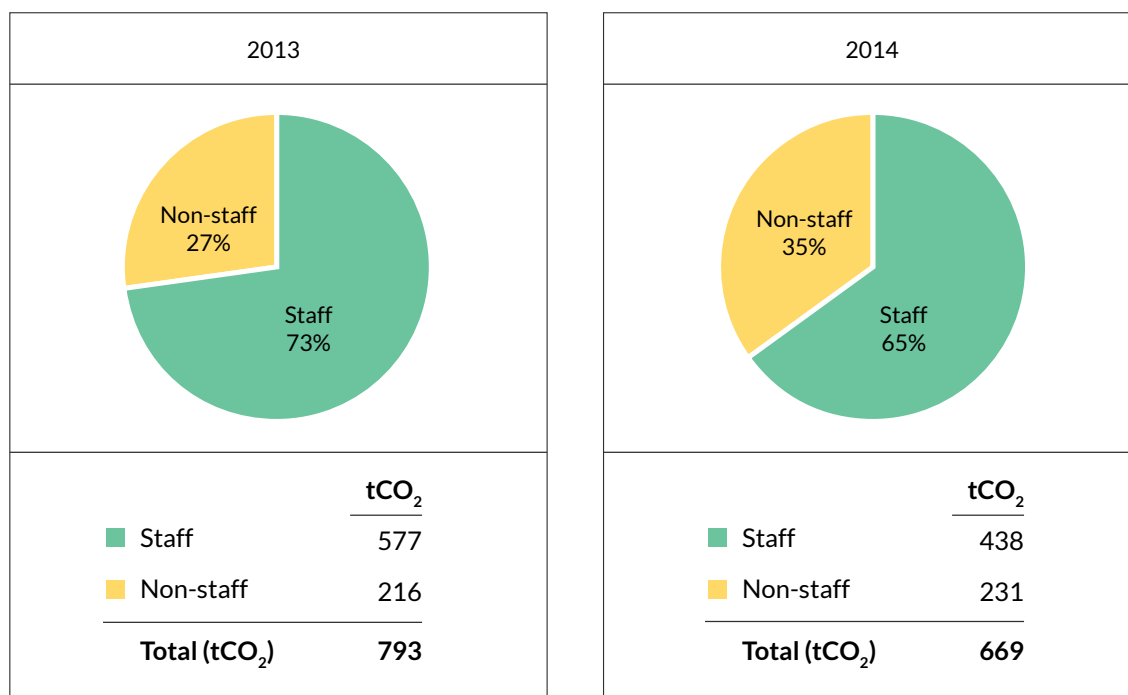


A total of 858 tons of CO₂ (tCO₂) was emitted by GGGI in 2014, 78% of which came from air travel and the remaining 22% from building electricity use. This is down slightly from the total in 2013 of 881 tCO₂.

Nevertheless, there has been an increase in the share of emissions from building use as GGGI opened its office in Songdo as well as expanded its office space in the Seoul headquarters. GGGI currently occupies the 23rd floor of the G-Tower in Songdo and the 15th, 18th and 19th floors of the Jeongdong Building, which when combined resulted in a 143%² increase in the total floor area compared to 2013.

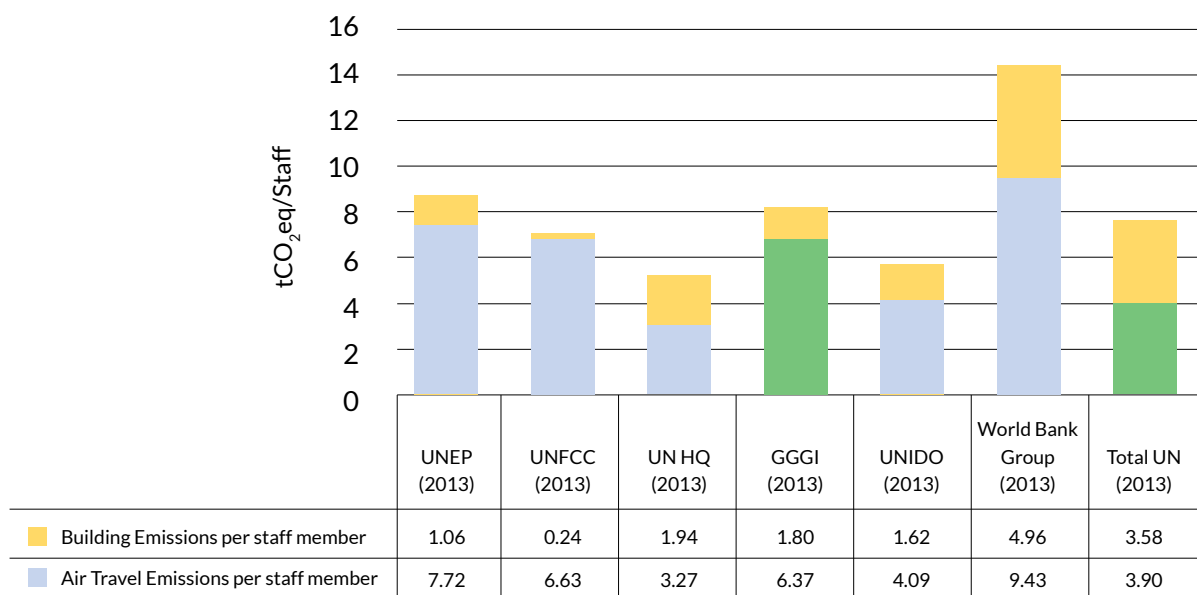
1. GGGI Annual Report 2013, page 12
 2. 2013 Total GGGI Floor Area: 1831 m², 2014 Total GGGI Floor Area: 4442 m² (including Songdo Office 1604 m²)

Carbon Emissions from Air Travel in 2013³-2014



Emissions from air travel, on the other hand, saw a decrease of over 16% in 2014 compared to 2013. Decentralization of GGGI country programs and austerity measures played a role in the significant decrease in emissions from staff travel, which caused a shift in the apparent relative share of emissions attributable to non-staff travel, namely consultants and GGGI organized meeting participants, even though emissions from these sources increased by less than 7% from 2013 to 2014. In order to get a sense of where GGGI stands on

Carbon Emission (tCO₂) per Staff⁴



its per capita carbon emissions compared to other similar organizations, the preceding graph compares GGGI's 2014 per staff carbon emissions to those of UN organizations, the World Bank, and the total UN system which included 50 UN organizations⁵. The graph shows GGGI's emissions are well within the range of comparable organization.

3. GGGI Annual Report 2013, page 12

4. Moving Towards a Climate Neutral UN: The UN System's Footprint and Efforts to Reduce It, 2014 Edition, UNEP (The latest available report, which was released in February 2015)

Methodology

The GGGI's calculation of carbon emissions followed the principles from the Greenhouse Gas Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Carbon emissions for air travel were based on the air-travel Disbursement Requests for mission submitted by GGGI staff and consultants in 2014. ICAO Carbon Emissions Calculator (Version 2.7+) was used to calculate carbon emission from air travel. As for emissions from building energy use, the calculation only included purchased electricity from the Seoul headquarters and Songdo office in 2014.

Looking Ahead

GGGI is improving efforts to become a carbon-lean organization. In 2014, GGGI achieved a reduction in 23 tCO₂ of carbon emissions compared to the previous year and will continue to look for ways to make our operations more cost and carbon efficient, on a per staff carbon emissions basis.



Accelerating the Transition to a New Model of Growth: GGGI Strategic Plan 2015-2020

At the 6th meeting of the Council in Songdo, Republic of Korea in November 2014, GGGI adopted a sweeping new five-year strategic plan that fundamentally transformed the organization's structure and delivery model. It streamlined GGGI's operations by merging the former Knowledge Management & Development and Public-Private Cooperation divisions into one integrated division: Knowledge Solutions. In practice, the strategy shifts GGGI's focus to least developed countries (LDCs), to working increasingly in Member countries, and to developing bankable projects on the ground. The strategy also reorganizes GGGI's priorities to focus primarily on issues related to green city development, energy, land-use, and water.

Working across the thematic priorities of energy, green city development, land-use, and water, GGGI will achieve its objective of helping GGGI Member countries move towards a model of green growth through the realization of three strategic outcomes:

- 1) Strengthened national, sub-national, local green growth planning, financing, and institutional frameworks
- 2) Increased green investment flows
- 3) Improved multi-directional knowledge sharing and learning between South-South and South-North-South countries

These outcomes will be achieved through six key outputs:

- 1) Demand-driven technical advisory, knowledge development, and private sector solutions offered on the ground for pro-poor green growth interventions
- 2) Inclusive green growth plans, strategies, and investment plans are converted into implementable actions
- 3) Support provided in creating an enabling environment for public and private sector investment in green growth
- 4) Global institutional relationships, partnerships, and knowledge networks formed and leveraged
- 5) GGGI membership expanded
- 6) Organizational professionalism



Green Growth Planning and Implementation

GGGI supports the efforts of emerging and developing countries to develop rigorous green growth economic development strategies, through a delivery model that is heavily focused on in-country implementation while ensuring the existence of a firm feedback loop between in-country experience and analysis and global products and services.

GGGI's hands-on, country work is carried out by the Green Growth Planning & Implementation (GGP&I) division. GGP&I works with a network of thematic experts, advisors and GGGI in-country teams that work closely with partner governments to develop green growth strategies and convert them into implementable actions that reconcile short-term development needs with long-term vision.

Given the importance of in-country support and collaboration to the successful outcomes of green growth initiatives, GGP&I's work begins with the identification of suitable partners that demonstrate the potential for successful delivery of programs. Once partners are identified, GGP&I carries-out a scoping phase that consists of a situation and stakeholder analysis, the identification of gaps, the building of stakeholder trust, and an agreement of work programs with appropriate government counterparts.

Under an agreement framework, GGP&I carries-out its work through a comprehensive set of services based on the GGGI Value Chain, which includes macro-economic and sectoral analyses, green impact assessments, sectoral green growth strategy development and action planning, and finally financing and implementation action plans. Delivering green growth projects and programs through this model has allowed GGGI to establish valuable in-country partnerships.

This model also helped make 2014 a banner year for GGP&I. The division expanded its coverage to include new GGGI Member Countries, consolidated program activities in existing Member Countries, and implemented work programs and projects in line with the newly adopted GGGI Strategic Plan 2015-2020. GGGI's 34 programs in 20 countries, though slightly less than in previous years, represent the organizations strategic decision to concentrate GGP&I delivery efforts along the implementation phase of the GGGI Value Chain, and prioritize engagement of Least Developed Countries.

During the twelve-month period, GGP&I commenced programing for newest GGGI Member Countries, Fiji and Vanuatu. At the same time, 2014 saw GGP&I scale-up its established work programs in Ethiopia, Indonesia and the Philippines, expand regional programs in the Amazon Basin and Mekong Delta, and consolidate ongoing program efforts through strategic financing agreements in Colombia and Jordan, and strategic MoUs in Brazil and at the state-level in India.

The following presents the key achievements of all GGP&I projects in 2014 and outlines some of the activities that are planned in the year ahead.

Brazil

Brazil boasts the 7th largest economy in the world. However, due in large part to deforestation within its Amazon forests and subsequent emissions, Brazil is also one of the five largest Greenhouse Gas (GHG) emitter countries globally. Climate change is compounding the challenges associated with deforestation and high GHG emissions. Recognizing the serious consequences of prolonged environmental degradation, the Government of Brazil (GoB) has made a commitment to reduce Amazon deforestation levels by 80% from 1990 levels by 2020.

Following up on its support to implement Brazil's National Plan on Climate Change strategy, GGGI assisted the Ministry of the Environment (MMA) in developing a sustainable timber industry in the Amazon. These efforts are a part of a broader policy framework designed to reinforce the progress made so far in reducing deforestation in the Amazon region. GGGI divided its efforts between sub-national engagement and national-level engagement. At the sub-national level in the Tapajos basin, GGGI helped to identify policy recommendations and actions to support the forest industry's sustainability and growth. In this regard, GGGI has conducted a survey of companies in the sector and provided a substantive assessment of the barriers faced by the industry.

In 2014, GGGI integrated the lessons learned from its sub-national work into a policy framework for the forestry industry to the MMA. This new policy framework, developed in collaboration with MMA officials, was disseminated among key decision-makers and aims to support the forest industry's sustainable development, particularly in the State of Para.

2014 Results

Policy framework for forestry has been submitted to the Ministry of Environment.

Dissemination to key decision-makers a new policy framework to support the forest industry's sustainable development.

Overall Goals

Develop a framework that supports local action and aligns regulatory and enforcement efforts developed to address drivers and other sector-wide policies for Brazil's Amazon region.

Identify and prioritize policy recommendations to fast-track the advancement of a sustainable forest-based economy in the Tapajós region

Partners

Ministry of the Environment (MMA)

Brazilian Agency for Industrial Development (ABDI)

City of San Paolo

The Nature Conservancy

Cambodia

Cambodia has achieved impressive economic growth over the past decade. This growth has largely been driven by tourism, garment exports, real estate and construction. Going forward, urbanization has been identified as a key for sustaining growth and poverty reduction. For the Royal Government of Cambodia (RGC) to meet its aspiration of upper middle-income status by 2030, investing in urban infrastructure and improving urban planning will be critical. The urban population of Cambodia is expected to double by 2030, which will exacerbate a number of urban challenges the country is already facing. Current challenges include an under supply of infrastructure, housing shortages, and increasing traffic congestion.

GGGI is supporting the RGC address these challenges through the implementation of green growth actions. In 2013, GGGI contributed to the establishment of the National Council on Green Growth and the General Secretariat for Green Growth, as well as the development of the National Policy on Green Growth and National Strategic Plan on Green Growth.

In 2014, GGGI carried-out an assessment on green growth opportunities in Cambodia, which included an analysis of the country's energy sector, and advised the Ministry of Planning on integrating green growth into national plans. GGGI also conducted research in 2014 on Cambodia's private sector as a driver for green growth.

Over 2015-2016, the RGC and GGGI will partner to implement an urban development project that aims to transform Cambodia's cities into engines of green growth and provide solutions to urban challenges. RGC and GGGI have agreed to develop a pilot green city strategy for Phnom Penh that will serve as a model that other cities can adopt.

2014 Results

Completed analysis on green growth opportunities in the energy sector.

Conducted research on the private sector as a driver for green growth.

Agreement between RGC and GGGI to align 2015-2016 Work Program and the GGGI Strategic Plan 2015-2020

Overall Goals

Support city planning by diffusing green growth concepts and instruments

Generate bankable projects that result in climate change resilience and improved livelihoods for Cambodia's urban poor

Partners

Ministry of Environment

Phnom Penh Municipality

Ministry of Public Works and Transport

Ministry of Land Management, Urban Planning and Construction

Ministry of Economy and Finance

China

China is currently the world's second largest economy. This achievement has come at the cost of over 3 decades of environmental degradation. China's growth has been driven by a traditional fossil-based growth model, which has made the country the world's largest Greenhouse Gas (GHG) emitter. Acknowledging that this growth model is unsustainable, the Government of China (GoC) has made a commitment to a green transition that will foster move inclusive, sustainable economic growth. However, given the size, complexities and regional disparities that China faces, the shift to green growth presents both considerable challenges and opportunities.

GGGI supported China's green growth efforts primarily in the Province of Yunnan in 2012 and 2013. In 2014, while continuing its support in Yunnan province, GGGI facilitated knowledge sharing on eco-industrial cluster zones by introducing relevant experience from Korea. At the national-level, GGGI worked with international organizations and in-country partners to conduct research and raise the level of awareness on green growth principles.

In 2014, GGGI also produced chapters for UNEP's "Green Economy: theory, methods, and cases from the United Nation's perspective" textbook for Chinese authorities. Also in 2014, in partnership with China's Policy Research Center for Environment and Economy (PRCEE), GGGI initiated at the national level, a study and held two workshops on "Scoping the Green Growth Opportunities in China". The final report will be published in 2015 and will serve as an important resource outlining China's green growth progress to date and the next steps to be taken in the transition to inclusive, sustainable development.

2014 Results

Completed chapters for UNEP's "Green Economy: theory, methods, and cases from the United Nation's perspective".

Report on "Scoping the Green Growth Opportunities in China".

Overall Goals

Support national policy to generate transformational change at the national and sub-national level

Support the Province of Yunnan develop a five-year action plan on green growth policy

Partners

Yunnan Academy of Economy (YAE)

Policy Research Center for Environment and Economy (PRCEE)

Colombia

Colombia's forests are among its most important natural resources, as almost half of the country has forest cover. However, unsustainable forestry practices threaten the social and economic value of this precious asset. In Colombia's Amazon Basin alone, deforestation rates reached approximately 76721ha/yr between 2000 and 2012. This corresponds to close to 40 million tons of CO2 emissions a year. In an effort to preserve forest resources, the Government of Colombia (GoC) has set a goal to achieve zero net deforestation by 2020.

GGGI is supporting GoC to develop sustainable, low-carbon growth, and establish international partnerships to strengthen the maintenance of forests and promote the adoption of green growth policies. GGGI has partnered with the Ministry of the Environment and Sustainable Development (MADS) to develop and implement the Amazon Vision project, which aims to support reduced deforestation activities while enhancing development opportunities in Colombia's Amazon region.

In 2014, following a joint declaration between the Governments of Colombia, Germany, Norway and the UK signed in 2013 to support Amazon Vision as a low-carbon development approach to Colombia's Amazon forests, key government entities and GGGI worked to develop an investment plan prioritizing activities to tackle drivers of deforestation in two key departments of the region. An agreement to mobilize the funding from those three country contributors, through the German Development Bank (KfW) under a payment-for-performance scheme, is expected to be signed by mid-2015.

GGGI has also partnered with Colombia's National Planning Department (DNP) to integrate green growth into the country's broader economic planning. This included an international capacity building workshop on green growth and sector-specific analysis, goal setting and consultations to support the mainstreaming of green growth into the National Development Plan 2014-18.

In 2015, sector-oriented activities to fulfill the green growth objectives and indicators approved in this plan will be defined and implemented.

2014 Results

Adoption of Amazon Vision as a National Policy and priority in the new National Development Plan 2014 – 2018

Adoption by key government entities of a draft investment plan to address drivers of deforestation for the Amazon Region

Signed agreement finalizing the formulation and launch of a payment-for-performance scheme under KfW's REDD+ Early Movers program.

Overall Goals

Develop and implement an investment plan to support reduced deforestation while enhancing development opportunities in the Amazon region

Support the development of a financing mechanism and governance scheme that will consolidate all international and national financing directed towards deforestation and green growth activities

Support implementation of green growth as per the targets set for the 2014-2018 period

Support in the establishment of a long term vision of green growth for Colombia

Partners

Implementing

Ministry of the Environment and Sustainable Development (MADS)

National Planning Department (DNP)

Contributors

KfW Development Bank – Germany

International Climate and Forest Initiative (NICFI) – Norway

International Climate Fund (ICF) – United Kingdom

Ethiopia

Ethiopia has a highly variable climate that is also exposed to future climate change. Current and future climate vulnerability pose risks to Ethiopia's socioeconomic growth in the form of agricultural performance as a result of dependence on rain fed agriculture, domestic food insecurity, as well as energy insecurity due to Ethiopia's significant reliance on rainwater for hydropower-generated electricity. Further, Greenhouse Gas (GHG) emissions pose a long term economic liability.

Nevertheless, the Government of Ethiopia (GoE) has set a development goal to eradicate poverty through broad based, equitable, and sustainable economic growth. Over the past decade, the GoE has made substantial progress toward this goal through the Sustainable Development and Poverty Reduction Program (SDPRP), the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), and the first phase of the Growth and Transformation Plan (GTP I). Ethiopia's economy has grown rapidly and consistently, averaging 11% annual growth (real GDP) between 2003 and 2013. This growth has been accompanied by significant reductions in poverty.

The GoE aims to maintain double-digit growth rates and reach middle-income status by 2025 through a development model that is sustainable, benefits the poor as the economy grows, and reinvests growth to drive poverty reduction. In support of this goal, the GoE launched the Climate Resilient Green Economy (CRGE) initiative, a commitment to achieving a climate resilient middle-income country by 2025 with no net increase on greenhouse gas emissions. Launched in 2010, the CRGE vision is supported by a planning process (the Sectoral Reduction Mechanism) and financial mechanism – the CRGE Facility - to deliver climate resilient green growth across the economy.

GGGI is supporting Ethiopia to develop the CRGE systems, integrate the CRGE into the national Growth and Transformation Plan (GTP II), and accelerate delivery of CRGE-relevant policies, program and projects across the economy. To ensure that GGGI support is demand-driven and responsive to GoE needs, GGGI works in partnership with the Ministry of Environment and Forest (MEF), the Ministry of Finance and Economic Development (MOFED) and the Ethiopian Development Research Institute (EDRI), supported by advisers in Ministry of Agriculture (MOA) and the Ministry of Water, Irrigation and Energy (MOWIE).

In 2013, GGGI provided inputs to design the Sectoral Reduction Mechanism (SRM) within the CRGE for planning, mobilizing finance, and evaluating action on the ground. GGGI also helped establish and operationalize the CRGE Facility, which allows Ethiopia to aggregate resources from a range of sources and deploy them to meet CRGE objectives.

In 2014, GGGI played a major role in developing a framework and sector guidance for integrating CRGE into GTP II plans, and also supported the development of the GTP II itself at a central and sectoral level. In support of the CRGE Facility, GGGI facilitated the signing of an MoU between the GoE and the Government of the United Kingdom, which resulted in the contribution of 15M GBP to the CRGE Facility. GGGI also facilitated the development, approval and disbursement of over \$20m of Fast Track Investments through the CRGE Facility, which has been successful in securing further resource mobilization and technical support, including from the Government of Norway, the World Bank and Government of Denmark. Additionally, GGGI finalized and submitted to the CGRE Ministerial Steering Committee the Climate Resilience Strategies for Agriculture, Forest, Water and Energy, and helped establish the Environment and Climate Research Centre (ECRC) in partnership with EDRI and EfD. Also in 2014, GGGI developed a CRGE capacity framework and tools for the assessment of existing capacities within implementing institutions under the National Capacity Development Programme (NCDP).

In 2015, GGGI will continue to support Ethiopia to build the systems to deliver the CRGE, develop a viable program of CRGE investments in line with the GTP II and to support the financing and implementation of these investments.

2014 Results

Climate Resilience Strategy for Agriculture and Forest

Establishment of the CRGE Facility and capitalization by UK of 15m GBP with further financial commitments from Norway and Denmark.

Development of 6 fast track investment projects in water and energy and contributing to a major fast track investment project in agriculture and forest.

Guidance and appraisal criteria inputs as well as feedback on a total of 22 investment proposals to the CRGE Facility for total spend of USD20.8M across 8 sectors.

Framework and sector guidance for integrating CRGE into GTP II plans.

Establishing the Environment and Climate Research Centre (ECRC)

Capacity framework and tools for the assessment of existing CRGE capacities within implementing institutions.

“Unlocking the Power of Cities in Ethiopia” – study on a spatial economic strategy for Ethiopia, as part of the New Climate Economy initiative.

High level discussion paper on strategic decisions in the power sector

Technical inputs to a REDD+ pilot in the Oromia region

Overall Goals

Support the development of an effective, government-owned CRGE system that leads to the development of a strategic program of bankable investments, continued capitalization of the CRGE Facility to fund those investments, and effective and strategic monitoring and evaluation framework.

Key systemic transformations in the economy towards a climate resilient green economy –

adoption of climate smart agriculture practices

an increased contribution of the forest sector to economic growth in a sustainable manner

an increase in renewable power generation capacity

compact and connected cities

green industrial parks

the development of a national disaster risk management program

decoupling of runoff variability from GDP

Generation of innovative ideas for CRGE

Partners

Implementing

Ministry of Environment and Forest (MEF)

Ministry of Finance & Economic Development (MOFED)

Economic Planning and Analysis Unit of the Prime Minister's Office (PMO)

Ministry of Water Irrigation and Energy (MOWIE)

Ministry of Agriculture (MOA)

Ministry of Urban Development, Housing and Construction (MOUDHC)

Ministry of Industry (MOI)

Ethiopian Development Research Institute (EDRI)

National Planning Commission (NPC)

United Nations Development Programme (UNDP)

Climate and Development Knowledge Network (CDKN)

World Bank

Contributors

International Climate Fund (ICF) – United Kingdom

KfW Development Bank – Germany

Climate Partnership – Norway

India

India's development challenges are complex, diverse and inter-linked. Nevertheless, recent trends and analysis indicate that India will become the world's fastest growing economy over the next two years. In order to achieve this status while addressing socio-economic development challenges and ensuring environmental sustainability, the Government of India (GoI) has identified inclusive, sustainable economic growth as a top priority. The GoI has also prioritized the complementary role of both the national and the subnational governments play an equally important and complementary role in achieving its goals.

In this context, GGGI's work in India aims at supporting sustainable growth efforts at the national and subnational levels, and reflects the diverse development challenges that span across the country. In 2013, GGGI performed analytical work for the Climate Resilient Green Economy Development Plan for the State of Karnataka in order to help the state achieve its development goals in a sustainable way. In 2013, GGGI also launched a partnership with the Energy and Resources Institute (TERI) to formulate green growth strategies in the states of Punjab and Himachal Pradesh, and conduct an integrated national assessment of green growth opportunities, targeting poverty and human development in rural areas.

In 2014, the Green Growth Strategy for Karnataka State was finalized, and released by the Chief Minister of Karnataka, who also reaffirmed his government's commitment to growth that does not come at the cost of environment degradation. Further, the sub-sectoral analysis conducted in Karnataka by GGGI led to specific and implementable case studies, with efforts now underway to convert these specific green growth opportunities into policy implementation roadmaps and bankable green growth projects.

In partnership with TERI, GGGI also carried out two state-level Green Growth Planning and Implementation workshops in Himachal Pradesh and Punjab aimed at sharing preliminary green growth diagnostics and strengthening government buy-in. In Himachal Pradesh, these workshops led to the establishment of a government group, which includes GGGI, to supervise and direct the green growth diagnostics in the state.

In early 2014, GGGI and its partners initiated the Green Growth Strategies for Indian Cities project. Aiming to develop a green growth framework for Indian cities, the project piloted 10 Indian cities and compiled a set of 15 good practices relevant to the Indian urban context. This involved assessing the cities' current status of growth, understanding emerging growth patterns and trends and developing strategies to guide economic growth that also achieves multiple development benefits.

At the end of 2014, GGGI gathered key green growth stakeholders in India, for the "Inclusive Green Growth and Sustainable Development in India" event. Co-hosted in partnership with the World Bank and the German Development Bank (GIZ), the event brought together policy makers, academia, development donors, private sector and financiers at both the sub-national and national level in India. GGGI engaged participants by emphasizing the importance of green growth and stressing the role India can play as a leader in South-South knowledge sharing and cooperation. GGGI's approach to convert analysis into the actionable policy recommendations and bankable projects received considerable positive feedback from the stakeholders present.

Also at the end of 2014, GGGI in association with the Indian Council for Research on International Economic Relations organized a stakeholder consultation on 'Urban Water-Green Growth Nexus' in New Delhi. GGGI contributed to this initiative by assessing the systems cost of water in the Indian cities of Nagpur and Indore. The pioneering study looked at ground water and surface water challenges in the context of urbanization and the changing demand-supply dynamics. Senior government administrators from Nagpur and Indore, former and current representatives from Planning Commission of India, and experts from several development organizations actively participated in the consultation which helped identify the constraints and opportunities in green growth from an urban-water nexus perspective. The consultation workshop also identified research and financing gaps in the domain of urban water reuse and brought to light the pressing need for systems planning of water resources.

2014 Results

Completed and released Green Growth Strategy for Karnataka

Conversion of sectoral analysis into specific case studies for policy implementation roadmaps and bankable projects in Karnataka

Organized 2 state-level Green Growth Planning and Implementation workshops in Punjab and Himachal Pradesh

Organized 2 national consultation events with World Bank regarding green growth implementation and co-benefits

Organized a high-level national consultation on 'Urban Water- Green Growth Nexus'

Enhanced the capacity of local partner institutions to develop and implement green growth approaches that include green energy and climate resilience analysis.

Delivered knowledge support for Gol's South-South Knowledge Cooperation efforts and training of scientists from national research service.

Overall Goals

Develop and facilitate adoption of state-level green growth strategies that support India's long-term vision of sustained economic growth, environmental sustainability and social inclusion

Develop a framework for urban green growth potential evaluation and implementation of best practices in support of municipal and state governments planning and implementation efforts

Partners

The Energy and Resources Institute (TERI)

ICLEI - Local Governments for Sustainability

National Institute of Urban Affairs (NIUA)

Environmental Management and Policy Research Institute (EMPRI)

Center for Study of Science, Technology & Policy (CSTEP)

Indian Institute of Science (IISc)

Indian Council for Research on International Economic Relations (ICRIER)

Indonesia

Already a G-20 nation, the Government of Indonesia (GoI) has set a goal to become one of the top ten largest economies in the world by 2025. Noting the high social and environmental costs incurred by economic growth to date, the GoI is seeking to reduce traditional reliance on extractive industries and infrastructure development for growth in favor of economic growth that is socially inclusive, environmentally sustainable and reduces greenhouse gas emissions.

Since 2010, GGGI has worked with the GoI to promote green growth that values natural capital, improves resilience, builds local economies and is inclusive and equitable. GGGI's technical support was initially focused in the Central and East Kalimantan provinces. In 2013, the GoI-GGGI Green Growth Program was launched in partnership with the Ministry of National Development Planning (BAPPENAS). Within this framework, GGGI has been providing technical support, research and capacity building to national, provincial and district-level GoI counterparts across the land use, energy and infrastructure sectors.

In 2014, a Presidential Decree recognized GGGI's status as an international organization and BAPPENAS issued the 2014 Ministerial Decree to continue the collaborative GoI-GGGI Green Growth Program. Also in 2014, an inclusive multi-stakeholder steering committee was established, which included the private sector and civil society. The steering committee governs and provides guidance to the multi-component collaborative GoI-GGGI Green Growth Program.

During 2014, the program's systematic approach to assess green growth projects, including an extended cost benefit analysis (eCBA) tool developed in 2013, was applied to four capital projects across Indonesia. Numerous eCBA capacity building workshops at both the national and provincial levels were also held. Collaboration with the University of Indonesia resulted in a paper on 'Green growth and SEZs in Indonesia', and various green technologies in renewable energy, energy efficiency and waste management were assessed in an effort to accelerate investment into high-potential green industries in Indonesia.

In support of REDD+ program work, GGGI assisted in the production of a jurisdictional approach concept note that highlights the planning, financing and monitoring systems required to incentivize development of sub-national programs that create sustainable local economies and reduce emissions from deforestation. GGGI also supported sub-national governments in the development of comprehensive green growth programs in Central and East Kalimantan, where a Green Growth Framework (GGF) was integrated into the province's mid-term development plan. Based on GGGI inputs, the East Kalimantan government also integrated REDD+ activities into five sectoral strategic plans and committed funds to develop a community-based enterprise that will produce organic cassava on degraded land. The GGGI team also explored the potential for developing bankable solar photovoltaic (PV) projects in East Kalimantan.

2014 Results

Completed extended cost benefit assessments to assess projects within a special economic zone/port development in East Kalimantan, a metropolitan industrial zone in South Sulawesi, an ecosystem restoration project and multiple renewable energy technologies in Central Kalimantan

Green technology assessments on Solar Photovoltaic (PV), Geothermal energy, Biodiesel, Landfill gas based power generation, Building Energy Management System, Reutilizing slag waste for cement

Completed a discussion paper on 'A REDD+ jurisdictional approach to achieve green development' and business options for use of degraded land.

Enhanced capability of both national and sub-national level governments to use green growth tools has been enhanced

Incorporation of the Green Growth Framework into East Kalimantan's next mid-term development plan for 2014 - 2018.

Allocation of East Kalimantan budget to support one of the three GGGI developed sustainable business plans on degraded land.

Overall Goals

Promote green growth in Indonesia that recognizes the value of natural capital, improves resilience, builds local economies and is inclusive and equitable

Develop strategies, capacity, tools and case studies to facilitate the mainstreaming of green growth into national and regional socio-economic development planning

Support financing, policy development and programs that strengthen green growth at national and sub-national levels

Partners

Implementing

Ministry of National Development Planning (BAPPENAS)

Coordinating Ministry of Economic Affairs (CoMEA)

Ministry of Energy and Mineral Resources (MEMR)

REDD+ Task Force/REDD+ Agency, replaced by Ministry of Environment and Forestry(MEF) since change of administration

Provincial governments in Central Kalimantan and East Kalimantan

Jordan

Jordan has significant economic growth potential, but is also facing equally significant environmental challenges and climate change exposure. A rapidly expanding population and industrial pollution have taken a toll on Jordan's environment. Mass immigration as a result of conflicts in the region has put additional stress on natural resources. Jordan's water resources are under particular strain with severe water shortages leading to the draining of underwater aquifers and damage to critical water systems. Other pressing challenges concern limited energy access and security, and issues surrounding waste management.

Over the past two decades, the Government of Jordan (GOJ) has taken action to address these and other threats to its environment. In 2012, the Ministry of Environment (MoENV) engaged GGGI and the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) to explore green growth projects. To identify green growth potential in Jordan and identify possible projects ready for planning, GGGI carried-out scoping activities and extensive stakeholder engagement throughout 2013.

In 2014, the GoJ approved the scoping project's objectives and managerial framework. Jordan confirmed its high-level support for a green growth model and demonstrated its high-level political buy-in and commitment to GGGI by depositing its Instrument of Accession to become a GGGI Member Country. The MoENV also agreed to the detailed Technical Project Proposal developed by MoENV and GGGI, which includes secured funding from BMUB.

In 2015, the GoJ and GGGI will sign an MoU to commence the process for the delivery of the agreed to project's scope, terms and management arrangement to pave the way for collaborative work to develop a comprehensive set of national green growth policies and actions for Jordan.

2014 Results

GoJ high-level political buy-in and approval of green growth project scope, objectives and managerial arrangements.

MoENV agreement on the Technical Project Proposal

Project set-up completed and BMUB funding secured.

Overall Goals

Develop a national green growth strategy, with supporting action plans that enhance existing data deficiencies, action-plan recommendations, stakeholder engagement, and sharing of expertise.

Partners

Implementing

Ministry of Environment (MoENV)

Contributors

Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) - German

Kazakhstan

An upper-middle income country, Kazakhstan is rich in mineral resources. However, the nation faces considerable energy and water-resource management challenges, and is highly vulnerable to the impacts of climate change. In the face of these challenges, the Government of Kazakhstan (GoK) has in recent years launched comprehensive initiatives aiming to promote green economic policies and facilitate green investment.

In 2012, GGGI provided analytic and technical support for the development of the GoK's Green Economy Strategy. GGGI inputs focused primarily on identifying green growth potential in the water and energy sectors, but also included assessments of the agriculture, manufacturing and construction sectors. GGGI's contribution was a part of the Green Bridge Initiative (AGBI), and carried-out in partnership with and supported by the European Bank for Reconstruction and Development (EBRD).

In 2013, GGGI partnered with the Ministry of Environment and Water Resources to conduct scoping projects aimed at identifying potential priority areas for future green growth activities. As a part of these projects, GGGI submitted a plan outlining approaches to assess climate financing options.

In 2014, in support of green growth activities in Kazakhstan, GGGI presented at the Astana Economic Forum-7 on green growth knowledge sharing. In October, GGGI's Director-General also participated as a panelist in Kazakhstan's Energy For All International Conference, and engaged the Ministry of Energy to discuss collaboration points in support of achieving green growth outcomes. GGGI also participated in the official formation sessions of the Green Bridge Partnership Programme to provide insights and advice on the institutionalization process.

2014 Results

Presentation on green growth knowledge sharing at the Astana Economic Forum-7

Participation in the Energy For All International Conference

Consultation with Green Bridge Partnership Programme organizers to share institutional growth and development insights.

Overall Goals

Identify potential key sectors for green growth in Kazakhstan and develop strategic policy directions for green growth implementation

Provide guidance on government policies related to water-resource management, energy efficiency and renewable energy

Partners

Ministry of Energy

Ministry of Environment and Water Resources (former ministry)

Green Academy

Green Bridge Partnership Initiative

European Bank for Reconstruction and Development

Mexico

Mexico, an upper middle income country, is the second largest economy in Latin America. Industry – especially the manufacturing sector - is one of Mexico's primary drivers of economic growth. However, Mexico's already strained natural resources face increased pressure as its economy continues to grow. The costs of environmental degradation were estimated at approximately 5.7% of GDP in 2013, primarily from air pollution. While air quality has generally improved in the last decade, it still accounts for three-quarters of the costs of environmental degradation. Further, Mexico is the 13th largest Greenhouse Gas (GHG) emitter in the world and lags behind other OECD countries in decoupling CO2 emissions from economic growth. Most of Mexico's energy production depends on fossil fuels, and energy-related sectors account for almost three-quarters of total emissions.

As part of its efforts to mitigate GHG emissions, the Government of Mexico (GoM) adopted the National Strategy on Climate Change (ENCC) in 2013. GGGI assisted the National Institute of Ecology and Climate Change (INECC), a part of the Ministry of Natural Resources and the Environment (SEMARNAT), to develop inputs for the ENCC on climate adaptation based on the evaluation of climate risks for key sectors of the economy at the municipal level, the identification of the most vulnerable municipalities, and the analyses and prioritization of adaptation actions. In 2014, the GoM published the Special Program on Climate Change 2014-2018 (PECC), as a complementary document to the ENCC. GGGI also supported the development of the PECC by providing additional depth on the evaluations and recommendations conducted for the ENCC.

During 2014, GGGI also continued its support for the newly created Megalopolis Environmental Commission (CAME), which comprises the Federal District and the five adjacent states around Mexico City. As part of this effort, GGGI in partnership with the USAID Mexico Low-Emission Development Program, and the Centro Mario Molina, completed an evaluation of fiscal incentives to shift urban mobility from private vehicles to public and non-motorized transportation. Additionally, with the support of GGGI technical input, CAME members agreed to standardize vehicle emissions inspections across the region, paving the way for the future implementation of vehicle-use reduction policies. Furthermore, GGGI with the support of CTRS-EMBARQ - part of World Resources Institute - conducted a study for the creation of a trust fund for the modernization of the concessional bus routes.

In 2014, GGGI also launched a new program aimed at evaluating and issuing recommendations to improve Mexico's innovation ecosystem to promote climate technologies, with an initial emphasis on renewable energy. Finally, in 2014 Mexico ratified the GGGI Membership Agreement, thus completing the membership process. Furthermore, Mexico initiated its in-kind support to the operation of GGGI in the country, by providing office space and associated services.

In the year ahead, GGGI will continue supporting CAME on urban mobility initiatives and working with INECC on climate technologies innovation.

2014 Results

GoM published Special Program on Climate Change (PECC), incorporating technical inputs from GGGI

Evaluation of fiscal incentives to shift urban mobility from private vehicles to public and non-motorized transformation

Evaluation of standardized vehicle emissions inspection.

Agreement among CAME members to standardize vehicle emissions inspections

Study for CAME for the creation of a trust fund for the formalization of public bus routes

Mexico's ratification of GGGI Membership Agreement.

Overall Goals

Assist the CAME in developing a set of green growth initiatives to push a green agenda

Strengthen green growth planning capabilities at the sub-national level

Identify the climate technologies that could help Mexico achieve its GHG mitigations objectives and the subcomponents where innovation can play a catalytic role for their development and deployment

Establish a strategic framework to develop policy and investment recommendations on innovations in climate technologies to catalyze green growth

Partners

Secretariat of Environment and Natural Resources (SEMARNAT)

National Institute of Ecology and Climate Change (INECC)

Megalopolis Environmental Commission (CAME)

USAID Mexico Low-emissions development program/WWF

Centro Mario Molina

CTS/EMBARQ

UK Embassy

Mongolia

Over the past 20 years, Mongolia's economic transformation has been driven in large part by the exploitation of its vast mineral resources and the infusion of capital, expertise and, increasingly, productive technology. Mongolia's reliance on its minerals sector for growth has not only left it vulnerable to fluctuations in global commodities prices, but has created growing strain on natural resources and exacerbated environmental degradation. Mining potentially threatens the quantity and quality of surface and groundwater, while the rapid development of logistical infrastructure in support of mineral extraction has increased dust levels and, therefore, health issues in semi-arid areas, and further increased the risk of degradation of important grasslands that support Mongolia's agricultural sector. Moreover, studies indicate that Mongolia will experience a severe increase in Greenhouse Gas (GHG) emissions in the coming years under business-as-usual conditions.

In an effort to diversify its natural resource-driven economy and address the associated environmental challenges, the Government of Mongolia (GoM) created the National Green Development Committee as a body to coordinate and manage green growth and strategy in the country. In 2011, GGGI and the Ministry of Environment and Green Development (MEGD) signed an MoU to cooperate in programs and joint activities that foster the promotion of green growth. This was followed-up by the launch of sector-specific green growth scoping projects in the transport and energy sectors.

In 2012, GGGI supported the Strategies for Green Public Transport project centered on the capital city, Ulaanbaatar, and developed recommendations on effective clean energy technologies for the city's public transportation system and enhanced inspection rules and regulations for motor vehicles.

In 2013, GGGI completed the Strategies for Development of Green Energy Systems project with the Stockholm Environment Institute - US (SEI-US). The project carried out analysis of four broad potential scenarios for Mongolia's evolving energy use through the year 2035, using Long-range Energy and Alternatives Planning (LEAP) software developed by SEI-US. The technical analysis generated within the Strategies for Development of Green Energy Systems project was presented to the MEGD and Ministry of Economic Development, while the raw datasets used were made publically available for non-profit research purposes.

In June 2014, the GoM adopted a comprehensive National Green Development Policy, developed with technical inputs from GGGI and other development partners. Sectoral action plans for the implementation of the national green development strategy were also drafted.

Moving forward, GGGI will look to conduct Mongolia's first Country Planning Framework workshop in an effort to better align green growth strategies with the country's national development policies. GGGI will also support the GoM to develop strategies and frameworks to manage the nation's water resources.

2014 Results

Completed and presented to the GoM a technical analysis of green energy scenarios

Conducted provincial-level and non-governmental multi-stakeholder consultative workshops on the localization of national green growth plans

Drafted sectoral action plans for the implementation of the strategic objectives of the national green development strategy

Conducted capacity building and baseline analysis of the government's environmental information collection and proposed specific changes to statistical forms aimed at improving the measurement of green growth

Overall Goals

Develop Action Plans that are aligned with the National Green Development Policy

Partners

Ministry of Environment and Green Development

Ministry of Energy

National Statistics Office

Ministry of Education

Ministry of Economic Development

Ministry of Construction and Urban Development

City of Ulaanbaatar

Morocco

Similar to most other Middle East and North Africa (MENA) countries, Morocco faces considerable water and energy resource management issues that are likely to be exacerbated due to climate change. This is especially problematic given that the Morocco relies on non-energy sectors such as agriculture to drive its economic growth. As a result, the Government of Morocco (GoM) is seeking opportunities to forge new paths to more diverse, inclusive and sustainable development.

GGGI is supporting Morocco's climate change adaptation and mitigation efforts through the MENA Green Growth Program in partnership with the United Arab Emirates government. Collaborative work in Morocco began in 2014 with a scoping analysis aimed at identifying potential areas for green growth. As a result of this scoping study, the focus of GGGI's work in Morocco has been on the country's renewable energy and water policy, waste management, green investment strategy and mitigation and adaptation policy.

In 2014, agreement was reached on GGGI's support for the implementation of the GoM's National Sustainable Development Strategy (NSDS). GGGI and in-country partners also agreed on areas and terms for scoping and project set-up. GGGI also completed strategy and design of the MENA Capacity Building program in which Morocco will participate. Morocco's membership into GGGI also reached the final stages in 2014.

GGGI is currently in discussions with the Moroccan Ministry of Energy, Mining and Environment to sign an MoU in 2015.

2014 Results

Agreement on GGGI support for implantation of the National Sustainable Development Strategy (NSDS)

Agreement on collaboration areas and terms for scoping and project set-up

Completion of MENA Capacity Building program strategy and design

Overall Goals

Develop capacity building mechanism and knowledge sharing frameworks that will support skills development for green growth policies and assist Morocco and MENA countries achieve green growth goals

Develop a Green Growth Implementation Roadmap to strengthen ongoing sector related policies for agriculture, energy, water and waste management.

Partners

Implementing

Ministry of Energy, Mining, Water and Environment

Contributors

United Arab Emirates (UAE)

Morocco

Peru is one of Latin America's fastest growing economies and is expected to remain as such in the medium term. With a degree of economic stability in place, the Government of Peru (GoP) is working to ensure that the country's development is inclusive and sustainable. Indeed, despite recent economic growth, significant socioeconomic disparities still exist between urban and rural populations, and some level of environmental degradation persists. The GoP is working to address these challenges through green growth and has engaged GGGI to promote green growth and sustainable development in three areas: forest policy, competitiveness and water policy.

Recognizing that deforestation impacts the livelihoods of a large portion of Peru's rural population and contributes significantly to the country's Greenhouse Gas (GHG) emissions, the GoP is taking committed steps to stem the negative effects of deforestation, reduce GHG emissions, and preserve the value of forests for the country's rural population. In 2012, GGGI began supporting the GoP to implement green growth by way of its support for the design and implementation of the National Forest and Wildlife Plan (NFWP) that aims to development of an economically viable forest sector. Throughout 2014, GGGI helped enhance forest-related ministerial coordination and provided support for the establishment of the institutional framework for the development of the NFWP. Furthermore, GGGI conducted a series of technical analyses for priority aspects of the forest economy in order to provide fact-based decision making materials for the GoP.

To enhance competitiveness in Peru, GGGI has supported the National Competitiveness Council (CNC), part of the Ministry of Economy and Finance (MEF), integrate environmental issues into its Competitiveness Agenda 2014-2018. In 2013, GGGI organized a series of consultation sessions with key public and private stakeholder from the environmental and the water sectors in order to design new indicators for the Agenda.

In support of a sustainable water sector, GGGI worked closely in 2014 with the 2030 Water Resources Group (WRG), to design a joint work plan to facilitate the implementation of the National Water Authority's (ANA) National Water Resources Management Plan. GGGI supported the formation of a multi-stakeholder committee of public and private partners to catalyze investment in water projects as well as the development of analytical tools to promote the use of innovative financial mechanisms for funding water projects. GGGI also signed an MoU in order to formalize its cooperation with ANA in early 2014.

Looking forward, GGGI and its in-country partners will look to leverage progress achieved to date and facilitate Peru becoming a GGGI Member Country.

2014 Results

Support for the establishment of an institutional framework in the forest sector

Key technical inputs for the National Forest and Wildlife Plan (NFWP) developed

Completed identification of goals for National Competitiveness Agenda in the areas of water and environment.

Developed joint work plan with Water Resources Group for Water Policy project.

Overall Goals

Develop capacity building mechanism and knowledge sharing frameworks that will support skills development for green growth policies and assist Morocco and MENA countries achieve green growth goals

Develop a Green Growth Implementation Roadmap to strengthen ongoing sector related policies for agriculture, energy, water and waste management.

Partners

National Forest Service

Ministry of Agriculture

Ministry of Environment

Ministry of Economy and Finance

National Water Authority

Philippines

Rich in culture and natural resources, the Philippines archipelago also contends with an assortment of environmental sustainability challenges. Deforestation in the Philippines is causing severe soil erosion, and is threatening the country's rich biodiversity. Coastal zone development has been particularly damaging to the Philippines' marine environment, and has exacerbated the impact of climate change related weather. Nearly half of the Philippines' population lives in urban areas where pollution, waste and water management challenges take a considerable toll. It is estimated the urban air pollution alone costs the Philippines USD 1.5 billion annually in health care costs. These issues are likely to be compounded due to the effects of climate change.

However, the Philippines, with its sound economic fundamentals and highly-skilled workforce, is among the most dynamic emerging markets in the region, and is well poised to address its sustainable growth challenges. In 2011, in order to prioritize climate change vulnerability into the Philippines overall development strategy, the Government of the Philippines (GoP) established the National Climate Change Action Plan. This national plan in turn established the Climate Change Commission (CCC), which GGGI has been working with since 2012 to incorporate green growth action plans into municipalities and provinces located within and around high-risk biodiversity areas.

Under the framework of the Ecotown project, GGGI is supporting the development of sustainable, climate resilient green-growth plans within the Philippines' municipalities and provinces. The first phase of the project – the Ecotown Framework – ran from 2012 to 2014 in the town of San Vicente on Palawan Island. GGGI and CCC carried-out climate change vulnerability and risk assessments and environmental and natural resource accounting exercises in multiple sectors that helped prioritize climate change adaptation options. These results formed the basis for a municipal-level climate-proofing plan.

In 2014, CCC and other relevant government agencies agreed on the content of the concept note for the Ecotown Scale-up phase, which aims to enhance climate resilience and promote green growth in five provinces by applying the lessons learned from Ecotown Framework phase of the project. Through a GoP no-objection letter, GGGI secured official support to proceed with the implementation of project phase 2. Also in 2014, the Philippine's draft Climate Resilient Green Growth proposal was agreed to through consultative meetings between GGGI, CCC and representatives from other government agencies.

2014 Results

Enhance the adaptive capacity of municipalities to deal with climate change impacts through local development plans

Empower local government to implement climate change adaptation measures as new growth engines.

Replicate climate resilient green growth planning and implementation models in other provinces to institutionalize the approach at the national level.

Overall Goals

Agreement by the CCC and other relevant government agencies on the content of the concept note for the Ecotown Scale-up (Phase 2); GoP “no-objection” letter in support of project implementation.

Agreement on the draft Climate Resilient Green Growth proposal as a result of consultative meetings between GGGI, CCC and representatives from other government agencies.

Publication and dissemination of the Ecotown (Phase 1) report

Integration of Ecotown (Phase 1) green growth plans into municipal development plans and land-use plans.

Partners

Climate Change Commission-Climate change Office (CCC-CCO)

Members of the National Project Advisory Committee (various government agencies)

Pacific Island Countries – Fiji and Vanuatu

Pacific Islands Countries are spread across an area equivalent to 15 percent of the earth's surface. The Pacific faces unique economic challenges due to its distance from markets and vulnerability to natural disasters and climate change. Of the 20 countries in the world with the highest average annual disaster losses, eight are Pacific Island Countries. GGGI is supporting its Pacific partners to address economic challenges by strengthening project implementation and national planning, and mobilizing investment to achieve green growth.

In 2013, GGGI commenced the Small Island Developing States Scoping Project, which focused on developing country programs in two GGGI member states; Vanuatu and Fiji. The project culminated at the end of 2014 with Vanuatu becoming a member of GGGI. The scoping has provided a well-defined scope of work for GGGI's intervention in both countries. This assessment also looked at green growth opportunities in Kiribati and Papua New Guinea, both of which are GGGI member countries.

Over 2015-2016, GGGI will assist the Government of Vanuatu with strengthening the implementation capacity of the Department of Energy and developing projects that utilize energy as a driver of inclusive green growth and employment in rural communities.

In Fiji, GGGI will integrate the National Green Growth Framework, adopted by the Government of Fiji in 2014, into the new National Development Plan for 2015-2020. In 2016, GGGI will develop a bankable project in Fiji to demonstrate that green growth is an investment opportunity that can result in improved economic outcomes and achieve poverty reduction and increased climate resilience.

2014 Results

Developed well-defined scope of work and institutional set-up for the GGGI's intervention in Vanuatu and Fiji

Overall Goals

Integrate green growth into sectoral planning processes.

Generating, prioritizing and implementing green growth projects.

Mobilizing financing for project implementation from public and private sources.

Partners

Fiji

Ministry of Finance

Ministry of Foreign Affairs and International Cooperation

Vanuatu

Ministry of Climate Change

Office of the Prime Minister

Ministry of Foreign Affairs and External Trade

Rwanda

Rwanda has achieved impressive development progress over the past two decades, and is now working to consolidate social development gains and accelerate growth while addressing sustainability challenges. In particular, poor infrastructure, the lack of access to electricity and limited generation capacity pose serious challenges to Rwanda's urban population, which is growing at a rate of 4.5% - more than double the worldwide average. Further, rapid urbanization is creating severe housing shortages, which predominately impacts low-income people.

Recognizing that cities are both drivers of energy consumption and central to the country's development, the Government of Rwanda (GoR) has made a commitment to transforming cities into loci of inclusive, sustainable green growth. This has been demonstrated by GoR's implementation of the Second Economic Development and Poverty Reduction Strategy II 2013-2018 (EDPRS2) in the area of green urbanization, which aims to enhance the quality of life for all Rwandans through sustained growth of 11.5%, and drive urban green growth and development in other Rwandan cities, not just the capital of Kigali.

GGGI is supporting the GoR in the implementation of EDPRS2 and the development of secondary cities as green cities with green economic opportunities. GGGI and partner institutions are working together on strategic and technical directions to develop Rwandan cities as poles of job-creation, green infrastructure and investments, anchored on low carbon and climate resilient urban planning.

In 2014, GGGI completed the Secondary City Baseline Report with preliminary analysis on the current status of six secondary cities. GGGI also proposed a Green City Framework and Guideline to assist policymakers and practitioners achieve a green development path for Rwanda's urban development. The Comprehensive Green Secondary City Framework and Guidelines set out both the end product and overall aim of Inclusive, Low Carbon and Climate Resilient Secondary Cities in Rwanda, and how this can be delivered by developing vibrant local green economies and technologies, strong city governance and effective integrated urban planning in each of the cities. It also proposed a sustainable green city vision and definition, and two planning scenarios for the planned development of secondary cities have been considered as alternative trajectories for Rwanda's future economic growth and demographic change.

As a next step in 2015, GGGI will support the development of a National Roadmap through fact-based analysis and inter-ministerial consultation, and will support a coordinated and efficient promotion of secondary cities.

2014 Results

Completion of Secondary City Baseline Report with preliminary analysis on six secondary cities

Completion of Green City Framework and Guideline for secondary city development

Overall Goals

Support implementation of the Economic Development and Poverty Reduction Strategy II 2013-2018 (EDPRS 2) in the area of green urbanization and secondary city development

Partners

Ministry of Infrastructure (MININFRA)

Ministry of Finance and Economic Planning (MINECOFIN)

Ministry of Natural Resources (MINIRENA)

South Africa

South Africa achieved steady economic growth throughout the first decade of the 21st Century. However, significant socioeconomic disparities continue to exist in the country, which maintains one of the highest inequality rates in the world. Acutely aware of these challenges and committed to addressing them, the Government of South Africa (GoSA) outlines its vision and priorities in the 2030 National Development Plan (NDP).

Of critical importance is the energy sector, as South Africa's economy is one of the most energy intensive in the world. About 90% of the country's electricity generation capacity comes from coal-fired plants. Further, South Africa's large economically important industry and mining sectors consume over 60% of the electricity produced in the country, while residential consumers use only 16-18%. This reflects both the economy's energy intensive nature, and the country's extreme income disparities.

In light of these challenges, the GoSA is making concerted efforts to transition the economy into a more energy efficient and less energy intensive one. GGGI has supported this effort through a comprehensive examination of the relationship between South Africa's mining sector and electricity prices. In 2013, GGGI partnered with the Economic Development Department (EDD) to assess the economic impact of electricity price increases on selected mining industry value chains, including coal, gold, platinum, iron ore and aluminum. The assessment considered whether or not increases in electricity prices have incentivized mining related companies to invest in renewable energy and energy efficiency. The report is to be published in early 2015 and is expected to serve as a valuable information resource as the GoSA continues to respond to the country's ongoing electricity challenges.

In 2014, GGGI partnered with UNEP's global Financial Inquiry to develop a case study on South Africa's efforts to align its financial system with a green and inclusive economy. After multi-stakeholder engagement with government, academia and industry practitioners GGGI produced a paper considering the extent to which South Africa's regulations on environmental, social and governance (ESG) factors have changed investment behavior.

2014 Results

Submitted to the GoSA the final draft of a report examining the impact of rising electricity prices on the mining sector and value chains.

Development of a case study on ESG within South Africa's financial system, which secured multi-stakeholder engagement from government, academia and industry practitioners

Overall Goals

Provide government with evidence to inform policy and strategies designed to shift companies along the mining sector value chain to greener energy sources, while growing jobs, improving efficiency and productivity

Partners

Economic Development Department (EDD)

Department of Trade and Industry (dti)

Trade and Industrial Policy Strategies (TIPS)

UNEP

Thailand

Thailand's average growth rate over the past three decades has lifted the country out of poverty. This economic growth, however, has come at a cost to Thailand's environment. Water shortage, drought, flood, and severe coastline erosion, compounded due to the effects of climate change, pose significant threats to both the country's environment and economic growth.

Recognizing these challenges, the Government of Thailand (GoT) is taking steps to mitigate climate change. The Climate Change Master Plan, developed for the period of 2014-2050, is one the GoT's key initiatives and aims to lead the country to a Low Carbon Society by 2050 by reducing Greenhouse Gas (GHG) emissions within a sustainable growth framework.

GGGI is supporting Thailand to effectively implement the Master Plan by developing a GHG reduction roadmap for the country's industrial sectors. In 2014, GGGI started implementing the project by conducting comprehensive analysis and stakeholder consultations within the automotive parts, palm oil, and frozen food industry sub-sectors. The project will review GHG inventories, project GHG emissions, identify potential GHG reduction measures and technologies, and conduct technological and economic analysis on these selected sectors.

Overall Goals

Assist the implementation of Thailand's Climate Change Master Plan by developing a clear roadmap for GHG reduction three industrial sub-sectors of the Thai economy: Automotive parts, palm oil, and frozen food industries.

Partners

Implementing

Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment

Contributors

Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) - Germany

UAE

Since the establishment of the Federation over 40 year ago, the United Arab Emirates (UAE) has prospered immensely on the back of oil revenues. Rapid economic development and population growth, however, has come at the cost of increased environmental pressures. Carbon emissions and climate change are among the most pressing environmental challenges the UAE faces, causing increased risks to natural resources, infrastructure and productive activities in the country, and exacerbating extreme weather condition, water scarcity, and habitat destruction.

Addressing these environmental challenges is a top priority for the UAE's federal and local governments, which seek to reach a sustainable balance between environmental protection and the needs of development. In support of this goal and in recognition of the need to strengthen resilience of its economy against fluctuations of the global hydrocarbon market, the UAE is making a committed effort to further reduce oil-based growth and prioritize economic diversification. The UAE's move toward greater non-oil based growth is being driven within the Federal Vision 2021 and Green Economy for Sustainable Development frameworks that set strategic directions for the entire nation to diversify the economy and ensure long-term development that is environmentally sustainable.

GGGI's work in support of the UAE's green growth goals has centered on strengthening economic diversification into green technologies and industries as new growth engines. GGGI established an office in Masdar City, Abu Dhabi in 2011, and over the years, has supported the development of the Nation Green Growth Strategy (NGGS) to serve as the framework for integrated, aligned, cross-sectoral green growth for all the seven emirates of the UAE.

The NGGS includes cross-cutting green growth objectives in support of the UAE's five pillars of (i) a competitive knowledge economy, (ii) social development and quality of life, (iii) sustainable environment and valued natural resources, (iv) clean energy and climate action, and (v) green life and sustainable use of resources. The NGGS also proposes 12 concrete action programs and 55 indicators to deliver on these green growth objectives. The NGGS was finalized in February 2014, following extensive data collection, analytic assessments and stakeholder engagements. GGGI's support in these activities was recognized with the Strategic Partnership Excellence Award given by the UAE Ministry of Foreign Affairs in November 2014.

Between 2012 and 2014, in support of NGGS preparations and to strengthen the local knowledge base to pursue green growth, GGGI and the Ministry of Foreign Affairs, the Prime Minister's Office and the Ministry of Environment & Water, designed and implemented a series of training and knowledge sharing programs primarily for government officials in the UAE. During this period, over 330 officials and other public sector employees attended the training programs and consistently expressed strong positive feedback.

In 2015, GGGI and its partners will work to have the NGGS officially approved by the UAE Cabinet.

2014 Results

Finalization of the NGGS after successful validation of the NGGS by 63+ federal and emirate entities

Awarded the Strategic Partnership Excellence Award by the UAE Ministry of Foreign Affairs

Implementation of the 3rd UAE Green Growth Training and Knowledge Sharing Workshop engaging 130 participants from about 40 federal and emirate entities.

Overall Goals

Support the UAE economic diversification and transition to green growth through the development and implementation of the National Green Growth Strategy

Partners

Ministry of Environment & Water

Prime Minister's Office

Ministry of Foreign Affairs

Vietnam

Vietnam's significant economic growth in recent years has made it one of the most dynamic emerging countries in the world. Vibrant economic growth, however, has also increased pressure on Vietnam's environment in the form of increased fossil-fuel energy consumption, pollution, and growing Greenhouse Gas (GHG) emissions. In an effort to stem environmental degradation, while still achieving relatively high economic growth, Vietnam has sought to shift its development trajectory towards a green growth model through strategies and plans for green growth, climate change response and sustainable development.

The Government of Vietnam's (GoV) National Strategy on Green Growth for the period 2011- 2020 with vision to 2050 (VGGs) is the centerpiece of these efforts. GGGI supported the development of the VGGs and continues to partner with Vietnam in support of achieving core VGGs goals, including: reducing GHG emissions; greening production through reduction in the use of natural resources; and establishing green lifestyles and sustainable consumption.

In 2013, GGGI completed a project with UN-HABITAT on the Green Growth-led City Development Strategy (GG-CDS) of Da Nang City, which identified key economic opportunities and programs, and will serve as a key component of the city's official urban planning framework.

Recognizing the importance of sustainable development in Vietnam's Mekong Delta region, GGGI also supported the Vietnam National Mekong Committee (VNMC) to assess the potential of sustainable water management and green growth intervention opportunities. In 2014, GGGI published the 'Unleashing Green Growth in the Mekong Delta' paper and organized an international conference on 'Water and Green Growth'.

Also in 2014, GGGI developed and organized a technical workshop on the first draft of the Investment Guideline for Green Growth in Vietnam. The Guidelines are being developed in partnership with the Ministry of Planning and Investment (MPI) and the United Nations Development Programme (UNDP), and will provide government agencies and businesses with the methodologies, policy tools, and technical instructions to mainstream the principles of green growth in the Vietnam's national socioeconomic planning and appraisal system.

2014 Results

Completion of draft Investment Guideline for Green Growth

Publication of 'Unleashing Green Growth in the Mekong Delta' during international Water and Green Growth conference

Overall Goals

Support implementation of Vietnam's National Green Growth Strategy through the development of action plans and green growth investment guidelines that will mobilize public financing

Support the implementation of water sector green growth policies for the Mekong Delta, while increasing water green growth awareness among government officials and relevant stakeholders

Develop a national green growth urban development strategy and identify possible intervention options to develop bankable projects

Partners

Ministry of Planning and Investment

Ministry of Construction

Vietnam National Mekong Committee



Knowledge Solutions

In 2014, GGGI integrated its Knowledge Development and Management division with its Public-Private Cooperation workstream to become the Knowledge Solutions Division (KSD). KSD is charged with producing cutting edge, policy relevant knowledge products and services, and backstops the GGP&I Division's work by providing technical and specialist knowhow for in-country programs and global services that contribute to the broader global dialogue on green growth. KSD products and services take the form of innovative green growth related research products and knowledge sharing networks designed to effectively disseminate best practices and lessons learned from in-country programs.

KSD operates through two closely integrated workstreams – Knowledge Services and Green Investment Advisory Services – that underpin the relevance, efficiency, and effectiveness of GGGI's in-country delivery. These workstreams provide a robust feedback loop between knowledge and investment services and global green growth products and services.

Knowledge Services

Our Knowledge Services provides the technical analysis and socio-economic assessment for GGGI country programs to plan and implement transformative change towards green growth. Through the development of country diagnostics, the application of best practices, usable tools, case studies, policy briefs, knowledge sharing platforms and leveraging national, regional and inter-regional networks, Knowledge Services (KS) performs a crucial role in green growth planning processes.

It provides a feedback cycle between in-country experience and knowledge offerings by capturing lessons from the field back into global knowledge products and networks. Furthermore, it provides integrated capacity development program to develop and strengthen capacity of relevant stakeholders and enriches the global green growth dialogue.

Green Investment Services

Working closely with the private sector and governments, our Green Investment Services support countries in turning their green growth plans into funded green growth. To do this, we facilitate green financial flows, by among other things, building local capacity to run Public Private Partnerships, bringing programmes and projects into a format where they can access international finance and helping project developers find the risk reduction tools to be able to operate in a wide variety of financial environments. We also provide advice to governments and the private sector on how best to facilitate green growth, identify opportunities and barriers.

Both of these work streams are outcomes of the GGGI Strategic Plan 2015-2020, which was approved by the GGGI Council in November 2014..

GREEN GROWTH BEST PRACTICES

Launched in October 2012, the Green Growth Best Practice initiative is supported by three organizations – Global Green Growth Institute (GGGI), Climate Development and Knowledge Network (CDKN), and European Climate Foundation (ECF), and is governed by a steering committee with representatives from 12 international organizations. The Project Secretariat is hosted at the GGGI.

2014 Results: The final report, Green Growth in Practice: Lessons from Country Experiences was released. It stands as the first comprehensive global assessment of lessons from green growth programs across all levels of government and all regions. The report provides a rich analysis of nine key elements of effective green growth planning, analysis implementation and monitoring approaches. The analysis is drawn from review of more than 60 green growth programs around the world.

For more information, please see visit www.ggbp.org.

GREEN GROWTH KNOWLEDGE PLATFORM

The Green Growth Knowledge Platform (GGKP) was established by GGGI, the Organisation for Economic Co-operation and Development (OECD), the United Nations Environment Programme (UNEP), and the World Bank (WB). It is a global network that aims to identify and address major knowledge gaps in green growth theory and practice. The GGKP aims to achieve this through the development of an online Knowledge Platform, convening research committees to identify and address knowledge gaps on key themes, holding conferences and regional practitioners' workshops, and bringing together international green growth experts through GGKP Knowledge Partnerships.

2014 Results: GGKP continued to build its state-of-the-art online knowledge-sharing platform. It now contains more than 1,000 technical and policy resources related to green growth and data sets and policies for 193 countries. The Platform also launched a Learning section, offering information on courses, multimedia materials, and tools available to help users learn about green growth.

For more information, please visit www.greengrowthknowledge.org.

GREEN GROWTH METHODOLOGY DEVELOPMENT

The aim of Green Growth Methodology Development (GGMD) is to develop a methodology for green growth planning and assessment as well as an array of methods and tools to be used in developing and implementing green growth plans and strategies. To this end, GGMD is pursuing research in areas that include green growth measurement and indicators, green growth modeling, and green growth assessment. The overall methodology is to be introduced and applied in a Green Growth Methodology Handbook series, the first of which is the Green Growth Energy Planning Guidebook (2014). Key initiatives/activities include: a) Developing sets of green growth Indicators to measure a country's green growth performance and identify key sustainability issues that must be addressed in its green growth plan; b) Providing models for green growth planning along with training sessions and exercises in close partnership with external partners; c) Developing frameworks and reports that offer green growth assessment at the country and global level; and d) Collaborating with other international organizations with similar research areas on a routine basis, including UNEP, OECD, the World Bank.

2014 Results: Green Growth Indicators Book 2014; Energy Planning for Green Growth (early 2015)

GREEN GROWTH TECHNOLOGY INNOVATION

GGGI launched the Technology Innovation program to support GGGI partner countries, and the broader community of practitioners, in better leveraging technology innovation to successfully pursue green growth pathways. The program analyzed the green growth innovation ecosystem in several countries, facilitated knowledge sharing between them, and supported the development of policy recommendations on how to improve the effectiveness of domestic innovation efforts. This included improved coordination of government-funded R&D, better support for commercializing the results of research, policies to catalyze private risk capital for innovative startups, and streamlined and improved intellectual property policy.

2014 Results: Published A Guide to Innovation Systems Analysis for Green Growth; contributed to energy innovation project in Mexico.

INCENTIVES AND NEW MARKET MODELS

Over the past decade, Thailand's greenhouse gas ("GHG") emissions level has increased in tandem with its economic growth, growing at a rate of 3.9% per year. To minimize the negative impacts of climate change and move towards a low-carbon economy, TGO has been experimenting with preparatory measures and pilot projects of mitigation actions. In the long run, TGO aims to establish a full-fledged national carbon market by 2020 under a mandatory emissions trading scheme ("ETS"). In early 2014, GGGI began providing technical assistance to TGO for the development of Thailand's ETS.

More specifically, GGGI is: 1) Providing relevant data, reports, information for the diagnosis of GHG emission reduction policies in Thailand; 2) Providing an assessment of existing institutional/regulatory infrastructure; 3) Coordinating between the local/national government stakeholders in Thailand and the KSP team; 4) Reviewing and commenting on the analysis results; 5) Assisting the dissemination seminar; and 6) Sharing GGGI's knowledge and expertise in relation to carbon market.

2014 Results: Mid-term and Final reports detailing GGGI's analysis and contributions; Knowledge-sharing workshop in Bangkok in December to share the findings of the project.

INFRASTRUCTURE FOR DEVELOPMENT

In 2014, The BRICS nations – Brazil, Russia, India, China and South Africa – formally created the New Development Bank at a signing ceremony in Fortaleza, Brazil. This new institution proposes to use a new style of governance and operations more in accord with the evolution of the world economy and growth of developing nations and the inability of existing private, bilateral and multilateral financing options to provide the necessary support in a sustainable fashion.

In collaboration with G24, GGGI conducted a project in 2014 that looked at the role in which this new institution could play to close the infrastructure funding gap by absorbing part of the up-front risk and finance key bottlenecks in the project pipeline. The project aimed at exploring the available options to strengthen the framework of institutions required for this step change in infrastructure investment.

The project carried out analysis on the future needs for investment, existing flows and instruments and new instruments required to overcome current constraints. The project also worked to provide policy-relevant advice to officials from the BRICS nations as they further develop the New Development Bank.

2014 Results: GGGI and G24 produced nine working papers on sustainable infrastructure finance for emerging nations and opportunities for new financial mechanisms.

IMPACT OF GREEN INDUSTRIAL INVESTMENT ON EMPLOYMENT

Global Green Growth: Clean Energy Industrial Investments and Expanding Job Opportunities)

GGGI and the United Nations Industrial Development Organisation (UNIDO) launched a joint research project in 2013 to examine the relationship between green industrial investment and employment generation. The research looked at five countries (Brazil, Germany, Indonesia, South Africa, and the Republic of Korea) and examined the employment effects of alternative energy investments compared to fossil fuel investments. The results were published in the report *Global Green Growth: Clean Energy Industrial Investments and Expanding Job Opportunities*, which presents that if most countries devote approximately 1.5 percent of their GDP to investments in renewable energy and energy efficiency, it will create more jobs than the same amount of investment in fossil fuels.

2014 Results: Completion of two volume research *Global Green Growth: Clean Energy Industrial Investments and Expanding Job Opportunities* (Report launched in 2015).

KOREAN GREEN GROWTH EXPERIENCE

(Korea's Green Growth Experience: Process, Outcomes and Lessons Learned)

As a founding member and home of GGGI, the Republic of Korea is recognized as global leader in promoting green growth. In 2008, the Korean government proclaimed "Low Carbon Green Growth" as a national development strategy, which, among many other things, led to the founding of GGGI. Many developing countries aspire to emulate the South Korean growth experience, a drive that has helped GGGI earn the political buy-in and support from many of its partner countries.

As developing countries inspired by Korea's experience seek to learn from them, reviewing and assessing Korea's success and failures will help contextualize, design and realize a green transformation of their own. Objective of the project is to initiate a systematic approach to sharing and promoting the Korean experience in green growth.

Specifically, the project aims to help developing and emerging countries identify strategy and policy options to facilitate green growth, as well as understand the potential opportunities and bottlenecks in delivering green growth actions on the ground.

2014 Results: Final report *Korea's Green Growth Experience: Process, Outcomes and Lessons Learned*, detailing activities and outcomes across the following themes and sectors: transition to a low carbon society; energy security and efficiency; green technology and innovation; and green lifestyles.

NEW INDUSTRIAL REVOLUTION

This project with the Grantham Research Institute on Climate Change and the Environment (GRI) sets out to better understand the link between environmental protection, growth, and development. It aims to strengthen the analytical and empirical underpinnings of green growth in both developed and developing countries through four major focus areas: Macroeconomic issues: Jobs, poverty, and 'green' growth; the growth impacts of climate-change policies; evidence from economic history about the sources of growth and the role of policy; and growth and adaptation to climate change.

2014 Results: A series of policy briefs by prominent economists and experts on a wide range of green growth-related topics, such as green jobs, agriculture, and poverty reduction.



GLOBAL GREEN GROWTH INSTITUTE

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)



Global Green Growth Institute
Council of the GGGI
Written Procedure
28 April 2015

Decision on the FY2014 audited financial statements

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 Article 8(5)(d) of the Agreement on the Establishment of the Global Green Growth Institute, regarding the approval by the Council of audited financial statements; and,

Taking note of the recommendation of the Management and Program Sub-Committee of the Council that the Council approve the FY2014 audited financial statements;

1. *Approves* the FY2014 audited financial statements, as attached in annex 1; and,
2. *Takes note* of the presentation of audit results and management letter submitted by the external auditing firm, as attached in annex 2 and annex 3, respectively.

Independent Auditors' Report

The Board of Directors
Global Green Growth Institute:

Report on the Financial Statements

We have audited the accompanying statements of financial position of Global Green Growth Institute ("GGGI") as of December 31, 2014 and 2013, the statements of comprehensive income (loss), changes in Reserves and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GGGI as of December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG Samjong Accounting Corp.

Seoul, Korea
April 9, 2015

This report is effective as of April 9, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Global Green Growth Institute
Statements of Financial Position

As of December 31, 2014 and 2013

| <i>(In USD)</i> | Note | 2014 | 2013 |
|---------------------------------------|-------------|----------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 4,5 | \$ 21,801,922 | 14,822,853 |
| Short-term financial assets | 5 | - | 439,923 |
| Other receivables | 5 | 9,497 | 67,000 |
| Accrued income | 5 | - | 85,600 |
| Other current assets | 9 | 641,571 | 316,165 |
| Total current assets | | <u>22,452,990</u> | <u>15,731,541</u> |
| Property and equipment, net | 6 | 1,152,722 | 451,315 |
| Intangible assets | 7 | 793,683 | 135,621 |
| Long-term financial assets | 5 | 693,607 | 117,401 |
| Total non-current assets | | <u>2,640,012</u> | <u>704,337</u> |
| Total assets | | <u>25,093,002</u> | <u>16,435,878</u> |
| Liabilities | | | |
| Other payables | 5 | 2,948,131 | 3,914,991 |
| Deferred income | | 5,696,599 | 4,559,086 |
| Other current liabilities | 9 | - | 114,408 |
| Total current liabilities | | <u>8,644,730</u> | <u>8,588,485</u> |
| Total non-current liabilities | | <u>-</u> | <u>-</u> |
| Total liabilities | | <u>8,644,730</u> | <u>8,588,485</u> |
| Reserves | | | |
| Retained surplus | | 16,448,272 | 7,847,393 |
| Total reserves | | <u>16,448,272</u> | <u>7,847,393</u> |
| Total liabilities and reserves | | <u>\$ 25,093,002</u> | <u>16,435,878</u> |

Global Green Growth Institute
Statements of Comprehensive Income (Loss)

For the years ended December 31, 2014 and 2013

| <i>(In USD)</i> | <u>Note</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|---------------------|--------------------|
| Operating income | | | |
| Core funds | 10 | \$ 30,305,919 | 25,078,995 |
| Earmarked funds | 10 | 10,395,748 | 6,467,087 |
| Others | 10 | 29,340 | - |
| Total operating income | | <u>40,731,007</u> | <u>31,546,082</u> |
| | | | |
| Operating expenditures | 11 | <u>32,254,898</u> | <u>32,503,730</u> |
| | | | |
| Net surplus(deficit) from operating activities | | <u>8,476,109</u> | <u>(957,648)</u> |
| | | | |
| Finance income | 5, 12 | 199,139 | 268,298 |
| Finance costs | 5, 12 | (256,387) | (255,618) |
| Other gain (loss) | 13 | 182,018 | (1,907,524) |
| | | | |
| Net surplus(deficit) for the year | | <u>8,600,879</u> | <u>(2,852,492)</u> |
| | | | |
| Other income (loss) | | <u>-</u> | <u>-</u> |
| | | | |
| Total net surplus(deficit) for the year | | <u>\$ 8,600,879</u> | <u>(2,852,492)</u> |

Global Green Growth Institute
Statements of Changes in Reserves

For the years ended December 31, 2014 and 2013

| <i>(In USD)</i> | <u>Retained surplus</u> | <u>Total reserves</u> |
|-------------------------------------|-----------------------------|---------------------------|
| Balance at January 1, 2013 | \$ 10,699,885 | 10,699,885 |
| Net deficit for the year | <u>(2,852,492)</u> | <u>(2,852,492)</u> |
| Total deficit | <u>(2,852,492)</u> | <u>(2,852,492)</u> |
| Balance at December 31, 2013 | \$ <u>7,847,393</u> | <u>7,847,393</u> |
| Balance at January 1, 2014 | \$ 7,847,393 | 7,847,393 |
| Net surplus for the year | <u>8,600,879</u> | <u>8,600,879</u> |
| Total surplus | <u>8,600,879</u> | <u>8,600,879</u> |
| Balance at December 31, 2014 | \$ <u><u>16,448,272</u></u> | <u><u>16,448,272</u></u> |

Global Green Growth Institute
Statements of Cash Flows

For the years ended December 31, 2014 and 2013

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|--|----------------------|-------------------|
| Cash flows from operating activities | | |
| Net surplus(deficit) for the year | \$ 8,600,879 | (2,852,492) |
| Adjustments for: | | |
| Rental expenses | 35,098 | 25,172 |
| Depreciation | 307,764 | 294,026 |
| Amortization | 174,664 | 64,408 |
| Impairment of PPE | 2,093 | - |
| Finance expenses | 141,328 | 82,931 |
| Finance income | (111,585) | (70,739) |
| Other | 1,100 | - |
| Changes in assets and liabilities: | | |
| Other receivables | 57,503 | (58,803) |
| Accrued income | 85,600 | 598,799 |
| Other current assets | (360,504) | (202,916) |
| Other payables | (966,860) | 603,974 |
| Deferred income | 1,137,513 | 2,280,414 |
| Other current liabilities | (114,408) | 18,581 |
| Interest received | 3,588 | 37,277 |
| Net cash provided by operating activities | <u>8,993,773</u> | <u>820,632</u> |
| Cash flows from investing activities | | |
| Decrease in short-term financial instruments | - | 700,215 |
| Decrease in leasehold deposits | 150,748 | 209,716 |
| Acquisition of property and equipment | (1,012,364) | (180,610) |
| Acquisition of intangible assets | (832,726) | (86,338) |
| Increase in leasehold deposits | (287,031) | (226,958) |
| Net cash provided by (used in) investing activities | <u>(1,981,373)</u> | <u>416,025</u> |
| Cash flows from financing activities | <u>-</u> | <u>-</u> |
| Effects of exchange rate changes on cash and cash equivalents | (33,331) | (79,477) |
| Net increase in cash and cash equivalents | <u>6,979,069</u> | <u>1,157,180</u> |
| Cash and cash equivalents at beginning | <u>14,822,853</u> | <u>13,665,673</u> |
| Cash and cash equivalents at end of year | <u>\$ 21,801,922</u> | <u>14,822,853</u> |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity

Global Green Growth Institute ("GGGI") was founded on October 18, 2012 based on "Agreement on the Establishment of the Global Green Growth Institute," dedicated to the promotion of economic growth and development while reducing carbon emissions, increasing sustainability, and strengthening climate resilience (i.e. green growth). The Korean National Assembly ratified "Agreement on the Establishment of the Global Green Growth Institute" on November 22, 2012 and has entrusted an instrument of ratification on November 29, 2012. GGGI, which is headquartered in Seoul, Korea, has satellite offices in Abu Dhabi, London, Copenhagen and conducts in-country operations in several countries.

The rights, obligations, undertaking, existing regional offices, assets and liabilities of GGGI (Korean Organization) devolved to GGGI (International Organization) without consideration per "Agreement on the Establishment of the Global Green Growth Institute" on December 29, 2012.

2. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis

(c) Functional and presentation currencies

These financial statements are presented in US dollar, which is GGGI's functional currency of the primary economic environment in which GGGI operates.

(d) Use of estimates and judgments

The preparation of the financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note.

Note 6 – Property and Equipment

GGGI reviews the estimated useful lives of property and equipment at the end of each annual reporting period. Management's assumptions could affect the determination of estimated useful lives.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

3. Significant Accounting Policies

The significant accounting policies applied by GGGI in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are used by GGGI in management of its short-term commitments.

(b) Non-derivative financial assets

GGGI classifies the non-derivative financial assets which are fixed or determinable payments that are not quoted in an active market as loans and receivables. GGGI recognizes financial assets in the statement of financial position when GGGI becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, transaction costs that are directly attributable to the asset's acquisition or issuance.

GGGI derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by GGGI is recognized as a separate asset or liability.

If GGGI retains substantially all the risks and rewards of ownership of the transferred financial assets, GGGI continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position only when GGGI currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

In addition, for an investment in a security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If financial assets have objective evidence that they are impaired, impairment losses should be measured and recognized.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

3. Significant Accounting Policies, Continued

(d) Impairment of financial assets, continued

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. If it is not practicable to obtain the instrument's estimated future cash flows, impairment losses would be measured by using prices from any observable current market transactions. GGGI can recognize impairment losses directly or establish a provision to cover impairment losses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account.

(e) Property and equipment

Property and equipment are measured initially at cost and after initial recognition. The cost of property and equipment includes expenditure arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which they are located.

Subsequent to initial recognition, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to GGGI and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current period are as follows:

| | <u>Useful lives (in months)</u> |
|------------------------|---------------------------------|
| Office equipment | 60 |
| IT equipment | 36 |
| Furniture and Fixtures | 60 |
| Vehicle | 60 |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

3. Significant Accounting Policies, Continued

(f) Intangible assets

Intangible assets consist of purchased software licenses. Intangible assets are amortized on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is assumed to be zero. The estimated useful lives for the current period are same as the useful lives of IT equipment.

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. Changes are accounted for as changes in accounting estimates.

(g) Impairment of non-financial assets

GGGI are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

GGGI estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then GGGI estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Non-derivative financial liabilities

GGGI recognizes financial liabilities in the statement of financial position when GGGI becomes a party to the contractual provisions of the financial liability.

At the date of initial recognition, financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

3. Significant Accounting Policies, Continued

(h) Non-derivative financial liabilities, continued

GGGI derecognizes a financial liability from the statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(i) Employee benefits

For defined contribution plans, when an employee has rendered service to GGGI during a period, GGGI recognizes the contribution payable to a defined contribution plan in exchange for that service as an accrued expense, after deducting any contributions already paid. If the contributions already paid exceed the contribution due for service before the end of the reporting period, GGGI recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

(j) Foreign currency translation

Foreign currency transactions are initially recorded using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period are recognized in profit or loss in the period in which they arise.

(k) Operating income recognition

(i) Core funds (Unearmarked funds)

Core funds are funds by GGGI with no consideration provided directly in return to the donor. These resources are available for general use by GGGI.

With regards to core funds, GGGI recognizes an asset (cash or receivable) and operating income at the earlier of cash received or formal acknowledgement/agreement of the contribution to be provided (unless the agreement specifies a later contribution start date).

(ii) Earmarked funds

These funds are subject to a specific purpose declared by the donor(s), or with their authority. The funds can only be used for purposes for which they are intended as per the donor agreements.

For earmarked funds, GGGI recognizes an asset (cash or receivable) and liability (deferred income) at the earlier of cash received or formal acknowledgement/agreement of the contribution to be provided (unless the agreement specifies a later contribution start date). The liability is reduced and operating income is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the surveys of work performed. However, when the outcome of the transaction involving the rendering of services cannot be estimated reliably, operating income shall be recognized only to the extent of the expenses recognized that are recoverable.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

3. Significant Accounting Policies, Continued

(l) Finance income and finance costs

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(m) Financial risk management

Financial risk factors

GGGI is exposed to a variety of financial risks derived from events in the external financial markets: market risk (including changes in currency exchange rates); liquidity risk; and interest rate risk. GGGI seeks to actively minimize potential adverse effects arising from these exposures.

The Director General has overall responsibility to maintain a risk-management system to manage and control financial and other types of risks including the identification, evaluation, and measurement of possible impact on GGGI, and the selection and maintenance of various solutions to mitigate risks.

(i) Market risk

- **Currency risk**

Currency risk primarily arises on voluntary contributions receivable in currencies other than United States Dollar. The main currencies giving rise to foreign currency risk are the Euro, Pound Sterling, Norwegian Kroner and Danish Kroner. At present, to minimize the foreign exchange exposure, GGGI converts its contributions receivable in other currencies immediately to USD upon the receipt of contribution.

- **Interest rate risk**

There is no significant short-term exposure to changes in interest rates, as cash and cash equivalents are held as cash in hand and there are no interest-bearing liabilities.

(ii) Liquidity risk

Liquidity risk is minimized by maintaining sufficient funds as cash in hand to meet short-term liabilities.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

4. Cash and Cash Equivalents

(a) Cash and cash equivalents as of December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|-----------------|---------------|-------------|
| Cash in banks | \$ 21,801,922 | 14,822,853 |

(b) Cash and cash equivalents denominated in foreign currencies as of December 31, 2014 and 2013 are as follows:

(In USD, except for other foreign currency)

| Foreign currency | 2014 | | 2013 | |
|-------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | <u>Foreign currency amount</u> | <u>Translation into USD</u> | <u>Foreign currency amount</u> | <u>Translation into USD</u> |
| AED | 308,043 | \$ 83,848 | 559,778 | \$ 152,402 |
| DKK | 350 | 57 | 103,205 | 19,092 |
| EUR | 50,000 | 60,795 | 1,358,948 | 1,875,278 |
| KRW | 195,577,846 | 177,928 | 521,515,927 | 494,187 |
| IDR | 5,620,300 | 451 | - | - |
| ETB | 115,694 | 5,660 | - | - |
| GBP | - | - | 114,652 | 189,112 |
| NOK | - | - | 9,139,053 | 1,502,882 |
| | | <u>\$ 328,739</u> | | <u>\$ 4,232,953</u> |

(c) Currency exchange rates as of December 31, 2014 and 2013 are as follows:

| <i>(In USD)</i> | <u>December 31, 2014</u> | <u>December 31, 2013</u> |
|-----------------|-----------------------------|-----------------------------|
| Currency | Ending exchange rate | Ending exchange rate |
| AED | \$ 0.272 | 0.272 |
| DKK | 0.163 | 0.185 |
| EUR | 1.216 | 1.380 |
| KRW | 0.001 | 0.001 |
| IDR | 0.0000806 | 0.0000800 |
| ETB | 0.049 | 0.052 |
| GBP | 1.553 | 1.649 |
| NOK | 0.134 | 0.164 |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

5. Financial Instruments

(a) Categories of financial assets as of December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | 2014 | | 2013 | |
|-------------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|
| | Cash and cash equivalents | Loans and receivables | Cash and cash equivalents | Loans and receivables |
| Current financial assets | | | | |
| Cash and cash equivalents | \$ 21,801,922 | - | 14,822,853 | - |
| Leasehold deposits | - | - | - | 439,923 |
| Other receivables | - | 9,497 | - | 67,000 |
| Accrued income | - | - | - | 85,600 |
| Sub-total | \$ 21,801,922 | 9,497 | 14,822,853 | 592,523 |
| Non-current financial assets | | | | |
| Leasehold deposits | \$ - | 693,607 | - | 117,401 |
| | \$ 21,801,922 | 703,104 | 14,822,853 | 709,924 |

(b) Categories of financial liabilities as of December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | 2014 | | 2013 | |
|--------------------------------------|---|-----------|---|-----------|
| | Financial liabilities measured at amortized cost | | Financial liabilities measured at amortized cost | |
| Current financial liabilities | | | | |
| Other payables (*) | \$ | 2,948,131 | | 3,914,991 |

(*) Other payable represent amounts due to donors, vendors, employees and others for support and/or services received prior to year-end, but not paid for as at reporting date.

The Korea Energy Management Corporation (KEMCO) returned USD 290,669(KRW 319,416,992), the unspent funds of GGGI's East Asia Climate Program (2010 – 2012) to GGGI in November 2014. The unspent funds of USD 290,669 will be transferred to the Ministry of Foreign Affairs, Republic of Korea in 2015.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

5. Financial Instruments, Continued

(c) Finance income by categories

(i) Details of finance income by categories for the year ended December 31, 2014 are summarized as follows:

| <i>(In USD)</i> | <u>Cash and cash equivalents</u> | <u>Loans and receivables</u> | <u>Financial liabilities measured at amortized cost</u> | <u>Total</u> |
|--|--------------------------------------|----------------------------------|---|----------------|
| Interest income | \$ 3,588 | 35,098 | - | 38,686 |
| Gain on foreign currency transactions | | 15,135 | 72,419 | 87,554 |
| Gain on foreign currency translations | <u>67,889</u> | <u>2</u> | <u>5,008</u> | <u>72,899</u> |
| | <u>\$ 71,477</u> | <u>50,235</u> | <u>77,427</u> | <u>199,139</u> |

(ii) Details of finance income by categories for the year ended December 31, 2013 are summarized as follows:

| <i>(In USD)</i> | <u>Cash and cash equivalents</u> | <u>Loans and receivables</u> | <u>Financial liabilities measured at amortized cost</u> | <u>Total</u> |
|--|--------------------------------------|----------------------------------|---|----------------|
| Interest income | \$ 37,278 | 25,899 | - | 63,177 |
| Gain on foreign currency transactions | - | 197,559 | - | 197,559 |
| Gain on foreign currency translations | <u>90</u> | <u>-</u> | <u>7,472</u> | <u>7,562</u> |
| | <u>\$ 37,368</u> | <u>223,458</u> | <u>7,472</u> | <u>268,298</u> |

(iii) Details of finance costs by categories for the year ended December 31, 2014 are summarized as follows:

| <i>(In USD)</i> | <u>Cash and cash equivalents</u> | <u>Loans and receivables</u> | <u>Financial liabilities measured at amortized cost</u> | <u>Total</u> |
|--|--------------------------------------|----------------------------------|---|----------------|
| Loss on foreign currency transactions | \$ - | 2,022 | 113,037 | 115,059 |
| Loss on foreign currency translations | <u>102,729</u> | <u>33,383</u> | <u>5,216</u> | <u>141,328</u> |
| | <u>\$ 102,729</u> | <u>35,405</u> | <u>118,253</u> | <u>256,387</u> |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

5. Financial Instruments, Continued

(c) Finance income by categories, continued

(iv) Details of finance costs by categories for the year ended December 31, 2013 are summarized as follows:

| <i>(In USD)</i> | <u>Cash and cash equivalents</u> | <u>Loans and receivables</u> | <u>Financial liabilities measured at amortized cost</u> | <u>Total</u> |
|---------------------------------------|----------------------------------|------------------------------|---|----------------|
| Loss on foreign currency transactions | \$ - | 1,817 | 170,870 | 172,687 |
| Loss on foreign currency translations | 79,567 | 3,364 | - | 82,931 |
| | <u>\$ 79,567</u> | <u>5,181</u> | <u>170,870</u> | <u>255,618</u> |

(d) The carrying amount and the fair value of financial instruments as of December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | <u>2014</u> | | <u>2013</u> | |
|-------------------------------|------------------------|-------------------|------------------------|-------------------|
| | <u>Carrying amount</u> | <u>Fair value</u> | <u>Carrying amount</u> | <u>Fair value</u> |
| Financial assets | | | | |
| Cash and cash equivalents | \$ 21,801,922 | 21,801,922 | 14,822,853 | 14,822,853 |
| Leasehold deposits | 693,607 | 693,607 | 557,324 | 557,324 |
| Other receivables | 9,497 | 9,497 | 67,000 | 67,000 |
| Accrued income | - | - | 85,600 | 85,600 |
| Total financial assets | <u>\$ 22,505,026</u> | <u>22,505,026</u> | <u>15,532,777</u> | <u>15,532,777</u> |
| Financial liabilities | | | | |
| Other payables | \$ 2,948,131 | 2,948,131 | 3,914,991 | 3,914,991 |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

6. Property and Equipment

(a) Details of property and equipment as of December 31, 2014 and 2013 are as follows:

(i) December 31, 2014

| <i>(In USD)</i> | | <u>Acquisition cost</u> | <u>Accumulated depreciation</u> | <u>Carrying amount</u> |
|------------------------|----|-------------------------|---------------------------------|------------------------|
| Office equipment | \$ | 1,982,333 | (881,515) | 1,100,818 |
| Leasehold improvements | | 1,740,751 | (1,740,751) | - |
| Vehicle | | 84,846 | (32,942) | 51,904 |
| | \$ | <u>3,807,930</u> | <u>(2,655,208)</u> | <u>1,152,722</u> |

(ii) December 31, 2013

| <i>(In USD)</i> | | <u>Acquisition cost</u> | <u>Accumulated depreciation</u> | <u>Carrying amount</u> |
|------------------------|----|-------------------------|---------------------------------|------------------------|
| Office equipment | \$ | 973,359 | (591,013) | 382,346 |
| Leasehold improvements | | 1,740,751 | (1,740,655) | 96 |
| Vehicle | | 84,846 | (15,973) | 68,873 |
| | \$ | <u>2,798,956</u> | <u>(2,347,641)</u> | <u>451,315</u> |

(b) Changes in property and equipment for the years ended December 31, 2014 and 2013 are summarized as follows:

(i) December 31, 2014

| <i>(In USD)</i> | | <u>January 1, 2014</u> | <u>Acquisition</u> | <u>Depreciation</u> | <u>Impairment</u> | <u>Other</u> | <u>December 31, 2014</u> |
|------------------------|----|------------------------|--------------------|---------------------|-------------------|----------------|--------------------------|
| Office equipment | \$ | 382,346 | 1,012,364 | (290,699) | (2,093) | (1,100) | 1,100,818 |
| Leasehold improvements | | 96 | - | (96) | - | - | - |
| Vehicle | | 68,873 | - | (16,969) | - | - | 51,904 |
| | \$ | <u>451,315</u> | <u>1,012,364</u> | <u>(307,764)</u> | <u>(2,093)</u> | <u>(1,100)</u> | <u>1,152,722</u> |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

6. Property and Equipment, Continued

(ii) December 31, 2013

| <i>(In USD)</i> | January 1, 2013 | Acquisition | Disposals | Depreciation | December 31, 2013 |
|------------------------|----------------------------|--------------------|------------------|---------------------|------------------------------|
| Office equipment | \$ 466,406 | 151,975 | - | (236,035) | 382,346 |
| Leasehold improvements | 46,368 | - | - | (46,272) | 96 |
| Vehicle | 51,957 | 28,635 | - | (11,719) | 68,873 |
| | \$ 564,731 | 180,610 | - | (294,026) | 451,315 |

7. Intangible Assets

(a) Details of intangible assets as of December 31, 2014 and 2013 are as follows:

(i) December 31, 2014

| <i>(In USD)</i> | Acquisition cost | Accumulated amortization | Carrying amount |
|-----------------|-----------------------------|-------------------------------------|----------------------------|
| Software | \$ 1,064,895 | (271,212) | 793,683 |

(ii) December 31, 2013

| <i>(In USD)</i> | Acquisition cost | Accumulated amortization | Carrying amount |
|-----------------|-----------------------------|-------------------------------------|----------------------------|
| Software | \$ 232,169 | (96,548) | 135,621 |

(b) Changes in intangible assets for the years ended December 31, 2014 and 2013 are summarized as follows:

(i) December 31, 2014

| <i>(In USD)</i> | January 1, 2014 | Acquisition | Disposals | Amortization | December 31, 2014 |
|-----------------|----------------------------|--------------------|------------------|---------------------|------------------------------|
| Software | \$ 135,621 | 832,726 | - | (174,664) | 793,683 |

(ii) December 31, 2013

| <i>(In USD)</i> | January 1, 2013 | Acquisition | Disposals | Amortization | December 31, 2013 |
|-----------------|----------------------------|--------------------|------------------|---------------------|------------------------------|
| Software | \$ 113,691 | 86,338 | - | (64,408) | 135,621 |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

8. Employee Benefits

Defined contribution plans

GGGI provides defined contribution plans for certain eligible employees. GGGI provides pension funds that amount to 12 percent of each eligible employee's monthly base salary. The post-employment benefits are paid to employees from the pension deposit.

GGGI's contribution related to defined contribution plans for the years 2013 and 2014 are as follows.

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|--|--------------|-------------|
| Expense related to post-employment benefit under defined contribution plan | \$ 1,112,337 | 276,826 |

9. Other Current Assets and Other Current Liabilities

(a) Other current assets as of December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|------------------|-------------------|----------------|
| Advance payments | \$ 24,276 | 64,488 |
| Prepaid expenses | <u>617,295</u> | <u>251,677</u> |
| | <u>\$ 641,571</u> | <u>316,165</u> |

(b) Other current liabilities as of December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|-----------------|-------------|----------------|
| Withholdings | \$ - | 86,380 |
| Others | <u>-</u> | <u>28,028</u> |
| | <u>\$ -</u> | <u>114,408</u> |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

10. Operating Income

(a) Operating income for the years ended December 31, 2014 and 2013 are as follows:

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|-----------------|----------------------|--------------------|
| Core funds | \$ 30,305,919 | 25,078,995 |
| Earmarked funds | 10,395,748 | 6,467,087 |
| Others | <u>29,340</u> | <u>-</u> |
| | <u>\$ 40,731,007</u> | <u>31,546,082</u> |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

10. Operating Income, Continued

(b) Details of operating income for the years ended December 31, 2014 and 2013 are as follows:

| <i>(In USD)</i> | 2014 | 2013 |
|---|----------------------|-------------------|
| Core funds (*1) | | |
| The Government of Australia | \$ 5,000,000 | 4,873,995 |
| The Government of Denmark | 5,075,682 | 5,205,000 |
| The Ministry of Foreign Affairs of The Republic of Korea | 10,000,000 | 10,000,000 |
| The State of Qatar | - | 5,000,000 |
| The Norwegian Agency for Development Cooperation (Norad) for 2013 | 5,000,000 | - |
| The Norwegian Agency for Development Cooperation (Norad) for 2014 | 5,032,747 | - |
| Incheon Metropolitan City (Korea) | 197,490 | - |
| Sub-total | \$ 30,305,919 | 25,078,995 |
| Earmarked funds (*2) | | |
| Swiss Agency for Development and Cooperation (SDC) | 307,706 | 321,569 |
| The United Arab Emirates Ministry of Foreign Affairs | 2,724,732 | 758,169 |
| The Norwegian Ministry of Foreign Affairs - 'Country Program for Ethiopia 2013~2015' | 1,556,245 | 829,564 |
| The Norwegian Ministry of Foreign Affairs - 'Indonesia Country Program 2012-2014' | 3,133,708 | 1,517,435 |
| European Bank for Reconstruction and Development | 138,665 | 300,964 |
| The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) | 873,572 | 1,566,337 |
| The Department for International Development (DFID -UK) | - | 482,830 |
| World Resources Institute - 'New Climate Economy Project' | 1,121,666 | 214,620 |
| Climate and Development Knowledge Network (CDKN) | 111,576 | 385,038 |
| European Climate Fund (ECF) | 254,611 | 90,561 |
| International Conference 2014 - ROK | 36,177 | - |
| International Conference 2014 - KOICA | 45,500 | - |
| International Conference 2014 - GTC-K | 90,945 | - |
| Government of the Federal Republic of Germany | 645 | - |
| Sub-total | \$ 10,395,748 | 6,467,087 |
| Others (*3) | | |
| Residual asset from K-GGGI | \$ 466,810 | - |
| Swiss Agency for Development and Cooperation (SDC) | (437,470) | - |
| Sub-total | \$ 29,340 | - |
| | <u>\$ 40,731,007</u> | <u>31,546,082</u> |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

10. Operating income, Continued

(*1) Core funds

(i) In 2014, The Government of Denmark approved a Danish grant at the amount of DKK 90,000,000 to GGGI during the period from 2014 to 2016. GGGI received the first installment of DKK 28,000,000 (to USD 5,075,682) in 2014. The second disbursement of DKK 29,000,000 and the final disbursement in the amount of DKK 29,000,000 will be disbursed in 2015 and in 2016 respectively. The government of Denmark agrees to contribute DKK 1,500,000 and DKK 2,500,000 for the purpose of strategy advisor and reviews and studies.

(ii) The Ministry of Foreign Affairs, the Republic of Korea provided the core funding of USD 10,000,000 to GGGI in 2014. The financial support of USD 5,000,000 was processed based on the Memorandum of Understanding on Cooperation between GGGI and MOFA of the Republic of Korea in 2013 and USD 5,000,000 based on the agreement on the Establishment of GGGI

(iii) Norwegian Ministry of Foreign Affairs ("NMFA") contributed USD 10,000,000 of core funding in 2014 based on the Multi-year core funding agreement 2013-2014 on Green growth cooperation between NMFA and GGGI. In addition, NMFA provided the financial support of USD 32,747 to GGGI for the second Internal Working Group Meeting

(iv) Based on the Framework of Cooperation signed on December 4, 2013 between GGGI, the Incheon Metropolitan City and Incheon Free Economic Zone Authority, the Incheon City and Incheon Free Economic Zone provided GGGI an office space on the 23rd floor of the G-tower. In June 2014, Incheon Metropolitan City contributed USD 200,000 to GGGI for the purpose of office equipment purchase for GGGI Songdo office.

(v) Australia Department of Foreign Affairs and Trade ("DFAT") provided a one year financial contribution of core (unrestricted) funding of USD 5,000,000 based on the funding agreement that GGGI and Australia Department of Foreign Affairs and Trade ("DFAT") signed in November 2014.

(vi) The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department of International Development ("DFID") has signed the MOU on core funding of GBP 14,762,000 for the year of 2014 to 2017 in November 2014

(*2) Earmarked funds

(i) In 2012, GGGI and Swiss Agency for Development and Cooperation ('SDC') signed an agreement for USD 875,000 to formalize a framework of cooperation during the period from October 1, 2012 to June 30, 2014. In 2014, GGGI and Swiss Agency for Development and Cooperation ('SDC') signed a separate agreement to formalize a framework of cooperation and to facilitate collaboration between the parties. SDC committed USD 1,000,000 to GGGI during the period from 1 July 2014 to June 30, 2016. GGGI recognized USD 307,706 as operating income from the earmarked fund in 2014.

(ii) The United Arab Emirates Ministry of Foreign Affairs ("UAE") and GGGI signed MOU in 2011. The objective of the MOU is to facilitate collaboration between UAE and GGGI to promote programs and joint activities in promoting green growth in UAE. Financial support to GGGI during the period from 2011 to 2013 in the amount of USD 5,000,000 per annum. The MOU was automatically renewed for the additional three years according to Article V.1 in the MOU and earmarked operating income of USD 2,724,732 was recognized in 2014.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

10. Operating Income, Continued

(*2) Earmarked funds, continued

(iii) The Kingdom of Norway will contribute a total amount of up to NOK 45,828,000 related to 'Green Growth Institute Country Program for Ethiopia 2013~2015'. The first tranche amounting to USD 2,235,163 was disbursed in 2013 and USD 2,715,000 was disbursed in 2014. GGGI recognized USD 1,556,245 as operating income from the earmarked fund in 2014.

(iv) GGGI and European Bank for Reconstruction and Development have signed a contract related to establishing a National Green Growth Plan in Kazakhstan. This service is expected to be provided from July 2011 to December 2015. Total contract fee amounts to EUR 1,500,000 and GGGI received USD 185,228 and recognized USD 138,665 as operating income from the earmarked fund in 2014.

(v) In 2012, GGGI signed a service agreement related to 'Indonesia Country Program' with the Kingdom of Norway. The planned project period was from October 2012 to December 2014. Meanwhile, GGGI and the Kingdom of Norway has entered the cost extension of 3 month for this agreement until 31 March 2015. The contract amount in aggregate is NOK 36,597,000, and USD 3,120,269 was disbursed in 2014. GGGI recognized USD 3,133,708 as operating income from the earmarked fund in 2014.

(vi) On behalf of the New Climate Economy ('NCE') project, World Resources Institute ('WRI') offered a sub-agreement between the GGGI and WRI on October 2, 2013 to support the New Climate Economy project as it tests the positive impact of low carbon investment. The total amount of this sub-agreement is USD 1,399,005 and GGGI recognized USD 1,121,666 as operating income from the earmarked fund in 2014.

(vii) Climate & Development Knowledge Network and GGGI has signed a service agreement related to 'support for the Green Growth Best Practice Initiative –AAGL-0014' which amounts to EUR 424,000 for the period from November 2012 to February 2014 and GGGI recognized USD 111,576 as operating income from the earmarked fund in 2014.

(viii) The European Climate Foundation has approved a grant to GGGI in the amount of EUR 255,000 subject to the terms and conditions of the grant agreement from January 1, 2013 to May 31, 2014 and GGGI recognized USD 254,611 as operating income from the earmarked fund in 2014.

(ix) The Ministry of Strategy and Finance, Republic of Korea and Ministry of Environment, Republic of Korea have supported the GGGI International Conference – "The Nexus between the Creative Economy and Green Growth" held in November 2014 by making direct payment of KRW 20,000,000 respectively to subcontractors of GGGI. GGGI accordingly recognized earmarked operating income of USD 36,177.

(x) Korea International Cooperation Agency ("KOICA") and GGGI signed a MOU in 2014 for the GGGI International Conference - The Nexus between the Creative Economy and Green Growth. The contribution of KRW 50,000,000 received from KOICA and GGGI recognized USD 45,500 as earmarked operating income.

(xi) In 2014, Partnership agreement between GGGI and GTC-K was entered in to on October 24, to provide support to the GGGI International Conference - The Nexus between the Creative Economy and Green Growth. GTC-K provided an amount of KRW 100,000,000 and GGGI recognized USD 90,945 as operating income from the earmarked fund.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

10. Operating Income, Continued

(*2) Earmarked funds, continued

(xii) The Government of the Federal Republic of Germany and GGGI have agreed to cooperate for the purpose of supporting the Green Invest (BMZ-No.2014.7932.8) project for which the Government is to grant an earmarked fund for this project. Total contract fee amounts to EUR 450,000.

(xiii) In February 2014, GGGI received USD 15,086 from DFID for the project of "Advancing the Climate Resilience Agenda in Ethiopia". DFID committed for an amount not exceeding GBP 900,000 and GGGI spent USD 1,363,574 in total for the project expenditure from February 2012 to March 2013.

(*3) Others

(i) As described in Note 14, upon the dissolution of K-GGGI, the assets of K-GGGI were transferred to GGGI on April 17, 2014

(ii) In 2012, GGGI and Swiss Agency for Development and Cooperation ("SDC") signed an agreement to formalize a framework of cooperation. SDC granted USD 875,000 to GGGI during the period from October 1, 2012 to June 30, 2014. In order to consistently recognize the contributions from SDC as the deferred income, core funds of USD 437,470 recognized in 2012 has been transferred into deferred income in 2014.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

11. Operating Expenditures

Details of operating expenditures for the years ended December 31, 2014 and 2013 are as follows:

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|---|----------------------|-------------------|
| Salaries and wages | \$ 10,242,448 | 6,901,796 |
| Allowances (home, education, relocation and others) | 2,888,028 | 2,589,898 |
| Employee benefits | 1,112,337 | 276,826 |
| Welfares | 915,515 | 817,489 |
| Outsourcing cost | 10,461,032 | 13,378,092 |
| Travel expense | 1,687,789 | 3,018,226 |
| Rental expenses | 1,891,481 | 1,673,124 |
| Transportation | 16,573 | 22,433 |
| Commissions | 197,111 | 584,736 |
| Professional fees | 344,711 | 248,939 |
| Depreciation | 307,764 | 294,026 |
| Amortization | 174,664 | 64,408 |
| Training expenses | 49,672 | 108,395 |
| Communication expenses | 300,178 | 316,866 |
| Repairs and maintenance expenses | 166,087 | 28,090 |
| Publication expenses | 150,743 | 258,214 |
| Conference expenses | 542,149 | 1,462,600 |
| Supply expenses | 349,662 | 181,703 |
| Others | 456,954 | 277,869 |
| | <u>\$ 32,254,898</u> | <u>32,503,730</u> |

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

12. Finance Income and Finance Costs

(a) Details of finance income for the years ended December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|---------------------------------------|-------------------|----------------|
| Interest income | \$ 38,686 | 63,177 |
| Gain on foreign currency transactions | 87,554 | 197,559 |
| Gain on foreign currency translations | <u>72,899</u> | <u>7,562</u> |
| | <u>\$ 199,139</u> | <u>268,298</u> |

(b) Details of finance costs for the years ended December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|---------------------------------------|-------------------|----------------|
| Loss on foreign currency transactions | \$ 115,059 | 172,687 |
| Loss on foreign currency translations | <u>141,328</u> | <u>82,931</u> |
| | <u>\$ 256,387</u> | <u>255,618</u> |

13. Other Gain (Loss)

Details of other gain (loss) for the years ended December 31, 2014 and 2013 are summarized as follows:

| <i>(In USD)</i> | <u>2014</u> | <u>2013</u> |
|-------------------------|-------------------|--------------------|
| Other gain | | |
| Miscellaneous income | \$ <u>204,115</u> | <u>130,821</u> |
| Other loss | | |
| Impairment loss on PPE | (2,093) | - |
| EACP refund to KOICA(*) | - | (1,995,207) |
| Miscellaneous expenses | <u>(20,004)</u> | <u>(43,138)</u> |
| | <u>(22,097)</u> | <u>(2,038,345)</u> |
| | <u>\$ 182,018</u> | <u>(1,907,524)</u> |

(*) The amount is the refund to KOICA based on the agreement between KOICA and GGGI to refund the remaining balance of contribution received from KOICA that has not been expensed during the last year.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

14. Comprehensive Acquisition

The rights, obligations, undertaking, existing regional offices, assets and liabilities of K-GGGI (Korean Organization) devolved to GGGI (International Organization) without consideration in accordance with "Agreement on the Establishment of the Global Green Growth Institute" on December 29, 2012. However, K-GGGI (Korean Organization) is required to retain basic properties until K-GGGI (Korean Organization) is dissolved in accordance with Articles of Incorporation. Therefore, the basic properties amounting to KRW500,000,000 was devolved to GGGI (International Organization) upon K-GGGI (Korean Organization)'s dissolution in 2014

Transferred assets to GGGI (International Organization) at fair value as of on April 17, 2014 is as follows:

| <i>(In USD)</i> | <u>Amount</u> |
|--------------------|-------------------|
| Assets | |
| Current assets | \$ 244,188 |
| Non-current assets | <u>222,622</u> |
| | <u>\$ 466,810</u> |

 **SAMJONG**

Global Green Growth Institute 2014 Audit Results

April 20, 2015

2014 Audit Results

1. Audit team
2. Audit scope overview
3. Audit timeline and deliverables
4. Significant findings from the audit
5. Other matters
6. Fraud risks
7. Material written communications between KPMG and management
8. Independence
9. Regulatory and Accounting update

1. Audit team



2. Audit scope overview

| | |
|---|---|
| Scope of work | <i>Audit of the financial statements for the year end December 31, 2014</i> |
| Applicable financial reporting framework | <i>International Financial Reporting Standards</i> |
| Applicable auditing standards | <i>International Standards on Auditing</i> |
| Other terms of engagement | <p><i>Issuance of Management Letter covering the following items:</i></p> <ul style="list-style-type: none"> • Assessment of the internal control systems and their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained • Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to • Assessment of the adequacy of the systems of control over procurement of supplies, equipment and services, hereunder verify whether guidelines regarding procurement are followed under the condition that GGGI shall provide proper procurement documents to KPMG. This assessment will be performed by testing related documents based on sample basis. • Follow-up on previous audit and review recommendations • Management comments/response to audit findings and recommendations |

2. Audit scope overview, continued

| Scope | GGGI Policies | Procedures |
|---|---|---|
| <ul style="list-style-type: none"> • Assessment of the internal control systems and their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained | Finance Regulations Finance Policies and Procedures Manual | <ul style="list-style-type: none"> • As part of our audit of the financial statements, we will evaluate the design and implementation of controls over journal entries as well as obtain an understanding of the activities for the preparation of financial statements. |
| <ul style="list-style-type: none"> • Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to | Individual Consultants Policies and Procedures Disbursements – Travel and Outsourcing expenses Interim Delegation of Authority Manual | <ul style="list-style-type: none"> • This assessment will be performed by testing related documents based on sample basis. |
| <ul style="list-style-type: none"> • Assessment of the adequacy of the systems of control over procurement of supplies, equipment and services, hereunder verify whether guidelines regarding procurement are followed under the condition that GGGI shall provide proper procurement documents to KPMG. | Procurement | <ul style="list-style-type: none"> • This assessment will be performed by testing related documents based on sample basis. |
| <ul style="list-style-type: none"> • Follow-up on previous audit and review recommendations | | <ul style="list-style-type: none"> • During our assessment for FY2014, we will observe and verify whether the recommendations provided in the previous year has been reflected. |

3. Audit timeline and deliverables

| | |
|-------------------|--|
| Audit Report | <ul style="list-style-type: none"> • Audit fieldwork: <ul style="list-style-type: none"> - Interim audit: December 10 to 12, 2014 - Year-end audit: February 9 to 13, 2015 • Draft audit report <ul style="list-style-type: none"> - Deliver draft by March 16, 2015 • Final audit report <ul style="list-style-type: none"> - Deliver final hard copies by April 10, 2015 |
| Management Letter | <ul style="list-style-type: none"> • Conduct testing in conjunction with the financial statement audit • Draft management letter <ul style="list-style-type: none"> - Deliver draft by March 16, 2015 • Receive comments from management by March 31, 2015 • Final management letter <ul style="list-style-type: none"> - Deliver final letter by April 10, 2015 |

4. Significant findings from the audit – significant audit areas

| Significant audit areas | Description | Results |
|----------------------------------|---|--|
| Financial statement presentation | As IFRS is principle-based on focused more on profit-oriented organizations, significant management judgments are necessary in applying IFRS for a non-profit organization like GGGI. | Presentation of certain financial accounts has been revised to better reflect GGGI's operation as a non-profit organization. |
| Operating income recognition | Compared with profit organizations, transactions may not be complex but call for significant management judgment in analyzing the donation and service agreements. | Based on our review of the related documents and interviews conducted with relevant personnel, we did not note any significant exceptions. |

4. Significant findings from the audit – other

| Communication matters | Description |
|--|-------------|
| Related Party Transactions | None |
| Litigations, Claims, and Assessments | None |
| Illegal Acts or Fraud | None |
| Non-compliance with Laws and Regulations | None |
| Significant Difficulties Encountered During the Audit | None |
| Disagreements with Management | None |
| Other Findings or Issues Relevant Regarding Oversight of the Financial Reporting Process | None |
| Significant control deficiencies | None |
| Uncorrected audit misstatements | None |

5. Other matters – Management letter

| Scope | GGGI Policies |
|---|---|
| <ul style="list-style-type: none"> Assessment of the internal control systems and their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained | Finance Regulations Finance Policies and Procedures Manual |
| <ul style="list-style-type: none"> Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to | Individual Consultants Policies and Procedures Disbursements – Travel and Outsourcing expenses Interim Delegation of Authority Manual |
| <ul style="list-style-type: none"> Assessment of the adequacy of the systems of control over procurement of supplies, equipment and services, hereunder verify whether guidelines regarding procurement are followed under the condition that GGGI shall provide proper procurement documents to KPMG. | Procurement |
| <ul style="list-style-type: none"> Follow-up on previous audit and review recommendations | |

In our management letter dated April 9, 2015, we have described the procedures performed over the above scope of work. We did not note any significant exceptions as a result of our procedures.

6. Fraud risks

| Fraud Risks | Impact on Financial Statements | Planned Audit Approach | Findings |
|---|---|---|------------------------|
| Presumed fraud risk in revenue recognition (operating income) | <i>Completeness and existence of Revenue and related expenses</i> <i>Accuracy of Deferred income</i> | <ul style="list-style-type: none"> Review of revenue recognition Vouch supporting documentation over receipts of funds and disbursement of expense (sample base) Journal entry test work | "No matters to report" |
| Risk of Management Override of Controls | All | <ul style="list-style-type: none"> Audit of significant accounting estimates Testing of journal entries and adjustments at period-end and throughout the fiscal year | "No matters to report" |

7. Material communications between KPMG and management

- There were no material communications between KPMG and management other than the written representations provided by management.
- Management representation letter includes representations required by the International Standards on Auditing.

8. Independence

KPMG did not perform any non-audit services or other relationships that may reasonably be brought to bear on independence. In our professional judgment, we are independent with respect to Global Green Growth Institute, as that term is defined by *Act on External Audits of Corporations* and in the IESBA *Code of Ethics for Professional Accountants*.

9. Regulatory and Accounting update

IAS 32, 'Financial Instruments: Presentation' (Amendment)

- The amendments clarified the application guidance related to 'offsetting a financial asset and a financial liability' and is effective from January 1, 2014.

IFRS 15, 'Revenue from Contracts with Customers'

- Effective for annual periods beginning on or after January 1, 2017
- The new standard provides application guidance on numerous related topics, including warranties and licenses. It also provides guidance on when to capitalize the costs of obtaining a contract and some costs of fulfilling a contract (specifically those that are not addressed in other relevant authoritative guidance – e.g. for inventory)
- For some entities, there may be little change in the timing and amount of revenue recognized. However, arriving at this conclusion will require an understanding of the new model and an analysis of its application to particular transactions. In addition, all entities will be subject to extensive new disclosure requirements.

Thank you.

Hwang, Jae Nam, Partner, jaenamhwang@kr.kpmg.com
Lee, Hyun Kyung, Director, hyunkyunglee@kr.kpmg.com

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KPMG Samjong Accounting Corp.

P.O. Box 1989
GangNam-gu

10th Floor, Gangnam Finance Center,
152 Teheran-ro,
Gangnam-gu, Seoul 135-984
Republic of Korea

Tel. 82.2.2112.0100
Fax 82.2.2112.0101
www.kr.kpmg.co.kr

April 9, 2015

Management and Program Sub-Committee
Global Green Growth Institute
19F Jeongdong Bldg, 15-5 Jeongdong-gu, Seoul

Ladies and Gentlemen:

We have completed our audit of the financial statements of Global Green Growth Institute (“GGGI”), as of and for the year ended December 31, 2014, in accordance with International Standards of Auditing (ISAs). As part of our audit, we considered GGGI’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of GGGI’s internal control. Our assessment was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

We are presenting you with our management letter providing our observations and findings on the following items as indicated in the audit engagement letter dated October 7, 2014 and identified the following areas as to test GGGI’s compliance with internal regulations and policies:

- As part of our audit of the financial statements, we evaluate the design and implementation of controls over journal entries as well as obtain an understanding of the activities for the preparation of financial statements.
- For the purpose of providing this management letter regarding the assessment of the internal control systems and their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained, we have included the following areas to provide our observations and findings:
 - Finance Regulations
 - Finance Policies and Procedures Manual
- Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to:
 - Finance Policies and Procedures Manual
 - Individual Consultants Policies and Procedures
 - Disbursements – Travel and Outsourcing expenses

- Assessment of the adequacy of the systems of control over procurement of supplies, equipment and services, hereunder verify whether guidelines regarding procurement are followed under the condition that GGGI shall provide proper procurement documents to KPMG. This assessment will be performed by testing related documents based on sample basis.
 - Procurement
- Follow-up on previous audit and review recommendations
- Management comments/response to audit findings and recommendations

Our observation and findings of the above areas are as follows:

Fixed Assets and Intangible Assets

To test the procedures and policies related to Fixed Asset and Intangible Assets, we conducted interviews with the IT and Finance department and reviewed the related documentation. According to the policy, I.T Department/Facilities Manager and the Finance Department are to conduct physical count of the assets to ensure completeness and existence of the assets listed in the system. We re-performed the asset count by selecting 25 samples from the asset list to verify the existence of the asset.

Observation

Based on our sample test, we did not note any exceptions. We have noted though that while the IT department separately tags each asset when the purchased assets arrives at the offices, the exact location of the asset is not documented in the asset list or in another document. Therefore, only the I.T Department/Facilities Manager is able to identify the location of the asset. We also noted that asset physical count reports are not received from the satellite offices.

Recommendation

We understand that there may be difficulties in documenting the location of all the assets due to their specific character. However, for better management of the assets, GGGI might add the location of important assets or assets to be counted frequently in particular. Also, as indicated in the internal policy, the satellite offices should also perform physical count of assets located at the respective offices and deliver the results report to the HQ office.

Revenue and Receivables

To test the policies and procedures related to Contributions, we interviewed the Finance department and obtained the list of contributions received during the year to select samples for testing. We reviewed the August and October report on Contributions in Arrears which is prepared by the Finance department on a monthly basis.

Observation

Based on our sample test, we did not note any exceptions. We noted that the initial agreement is reviewed by the Legal department and reported to the Deputy Director-General for approval. The monthly report prepared by the Finance department is shared with the Division Heads for their review.

Financial Reporting and Closing Activities

We have reviewed the closing activities during the course of our audit of the financial statements and conducted interviews with the relevant officers and staffs in-charge of each significant accounts. We also referred to the Finance Policies as a basis for the closing guidelines of GGGI.

Observation

Finance module was still in transition to new ERP implementation. The roles and responsibilities of each finance team member were not fully documented however the overarching process for closing activities are described in the finance policies.

Recommendation

Once ERP is implemented, we recommend for GGGI to develop a detailed manual which is aligned with the new ERP system, in addition to the Finance Policies and Procedures, covering significant activities performed by the Finance department so that in case of change in personnel the succeeding person may refer to user manual to understand the core functions to reduce the risk of hand-overs.

Bank Transactions

To test the procedures and policies related to bank transactions including Bank opening, Bank reconciliation, Petty cash and Credit card usage, we interviewed with Finance and Treasury department and reviewed the related documentation. We selected 18 Bank reconciliation reports in November and December to test compliance with the GGGI's finance policy, and obtained the related documentation.

Observation

Based on the procedures performed, we found no material exceptions. We found the sufficient explanations and evidences on the documentation given to us regarding the each subsection of the bank transaction.

Individual consultants

To test the policies and procedures related to individual consultants, we interviewed the Procurement department and obtained the list of currently active consultants to select samples for testing.

Observation

Based on our interview with Procurement department, we found that the hiring process is in compliance with the internal policy and the contracted individual consultants are compensated based on the guideline presented in the regulation. To corroborate the information obtained from the interview, we selected 5 individual consultants to vouch the supporting documentations and found no exceptions.

Disbursements – Travel and Outsourcing expenses

To review the disbursement policies and procedures we selected the Travel and Outsourcing accounts as the population to select samples for testing. Travel includes the transportation, accommodation and per diem costs incurred by the employees and Outsourcing includes costs incurred for consulting projects and individual consultants. Samples were selected using specific item test method. We selected 25 journal entries from the general ledger and vouched supporting documentations to test compliance with the disbursement regulations.

Observation

We did not note any exceptions as a result from our testing procedures.

Procurement

To test the procurement procedures and policies, we interviewed the Procurement department and also obtained the procurement list during 2014 to select samples as part of our testing. We selected 25 samples (5 samples per criteria) and inspected written procurement request to check whether the procurements are related to the GGGI's projects, and also vouched supporting documents such as contracts signed as per DoA, evaluations conducted by procurement committee and other documents related to procurements.

KPMG reviewed procurements that had been designated as samples and carried out in accordance with the rule of GGGI. Through this document verification.

Observation

Based on our interview and sample tests, we found that the procurement process is compliance with the Procurement rules. The contracted procurements are compensated based on the guideline presented in the rule. We did not note any exceptions as a result from our testing procedures.

Follow-up on previous audit and review recommendations are as follows:

Bank Reconciliation and closing activities

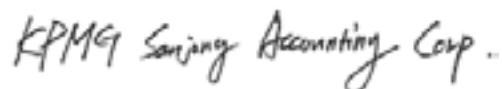
In our management letter dated March 25, 2014, we had provided our observations in the bank reconciliation procedures and closing activities of GGGI. Both observations were related to limitations of the current financial reporting system, eMAX. GGGI has been working to implement a new ERP system, Unit 4 to remediate the observations noted. The implementation of the new ERP was not completed as of the date of this management letter.

We have reviewed the bank reconciliation procedures which was performed on a monthly basis by the Treasury department and did not note the exceptions we observed in the prior year.

This communication is intended solely for the information and use of management and the Management and Program Sub-Committee, and is not intended to be and should not be used by anyone other than these specified parties.

We express our appreciation to the officers and employees of the Company for the courtesy and assistance given to us during our audit. Should you have any question regarding the matters presented herein, we shall be pleased to discuss them with you.

Very truly yours,



KPMG Samjong Accounting Corp.

The Company's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Management Response to Fixed Assets and Intangible Assets

We agree with the observation and recommendation. We will implement the documentation of important assets' locations and continue to conduct physical count of assets in accordance with the Finance Policies and Procedures.

Management Response to Financial Reporting and Closing Activities

We agree with the observation and recommendation. The existing roles and responsibilities are currently being aligned with each of the team member's roles and responsibilities within the scope of the ERP finance module. Since the ERP finance module was in the development stage in 2014, the updated roles and responsibilities along with the detailed user manual will be finalized as soon the ERP finance module is fully developed and implemented in the third quarter of 2015.



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