

**Global Green Growth Institute**  
Fifth session of the Council  
Seoul, 19-20 June 2014

## **Decision on the revisions to the FY2014 work plan and budget**

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 Global Green Growth Institute;

*Further recalling* the approval of the FY2014-16 work plan and budget in C/4/DC/3; and,

*Taking note* of the discussions held and recommendations made by the Program Sub-Committee, Audit & Finance Sub-Committee and the Facilitative Sub-Committee of the Council regarding the revisions to the FY2014 work plan and budget;

1. *Approves* the proposed FY2014 budget of USD 47.2 million as the final budget for FY2014; and,

2. *Approves* the deposit of carryover funds from the FY2014 budget into a financial reserve, at an amount determined by the Director-General.

## Proposed Revised Budget 2014

### A. Introduction

1. The Council had approved USD 56.7 million budget for the financial year 2014, with a condition to delay budget of approximately USD 9.5 million until there is more certainty on revenues. In view of current cash flows constraints in Q2 and Q3 of 2014, the Secretariat proposes to consider the “delayed budget” of USD 47.2 million as the revised budget for 2014. This does not change the current austerity measures in place, which will continue until the liquidity situation eases.
2. Since the Work Plan and Budget 2014-2016 was based on a full proposed budget of USD 56.7 million, the revised downward budget will have implications in meeting the Key Performance Indicators (KPIs) and associated targets. The Secretariat will revise the set of KPIs and advise the Council accordingly.
3. The following section highlights the key changes proposed in the core and earmarked funding portions of the revised budget.

### B. Core Funding

4. **Deferral of Commitments from 2013:** Commitments worth USD 1.58M, funded by core, that were part of the 2013 budget but continued in 2014 due to various operational delays. Therefore, they were deferred to be spent in the first 3 months of 2014 and had to be included in the 2014 financial books for accountancy purposes. Given the deferrals necessary in expenditure by the cash flow constraints, it will not be possible to fulfill the full program agreed in the December Council by the end of 2014.
5. **Uzbekistan/Aral Sea Country Program:** Uzbekistan/Aral Sea scoping work was completed in quarter one of 2014 but did not lead to a viable project. Weak political buy-in for a project on green growth and limited potential to engage the government at the right level has led GGGI management to conclude that it would not be in GGGI’s interest to further pursue a project in Uzbekistan at this time. USD 74,000 out of the USD 150,000 approved in the WPB was transferred to the Mongolia project and reported to the AFSC. With the closure of the program, the Secretariat would like to request transfer of an additional USD 26,000 unspent amount to be transferred to Mongolia. This is a budgetary change. It has no cash flow implications, as all disbursements are subject to current austerity measures agreed by the Facilitative Sub-Committee.
6. **Indonesia Country Program:** The Indonesia GIMs Project will require funding of USD 261,077 from core budget to ensure its continuation in 2014. This can be absorbed within the overall ceiling determined by the Council for the Indonesia Country Program once the financial situation eases.

7. **East African Community Program:** The East African Community (EAC) scoping project supports the EAC region in developing a regional renewable energy policy plan. Recently, the EAC headquarters in Arusha, Tanzania, informed GGGI of their plan to have a country-led approach that builds up to a regional renewable energy policy master plan, with national renewable energy plans being developed as the first step towards a regional plan. GGGI is therefore putting the technical EAC project activities on hold, pursuing only the capacity building and knowledge sharing activities and partnerships with others until the nature and timing of collaboration at the regional level is agreed. The approved budget for this project in 2014 is **USD 450, 000**. The Secretariat would like to inform that **USD 50,000** will be kept for continuous collaboration with EAC in 2014 in the areas of knowledge sharing and capacity building, while the additional sum of around **USD 330,000** unspent amount will be transferred to the Rwanda project.
8. **Green Growth Best Practices (GGBP):** GGGI, European Climate Foundation (ECF) and the Climate Development and Knowledge Network (CDKN) have co-sponsored the GGBP since September 2012. GGGI, as the leading implementation organization, has agreed to receive funds from ECF (EUR 255,000) and CDKN (GBP 352,516) as earmarked funding for GGBP. The specific activities<sup>1</sup> supported by ECF and CDKN were expected to be completed by December 2013. As a result, earmarked funding contribution was not programmed in the 2014 work plan and budget. After the peer review of the GGBP draft report, the GGBP Steering Committee decided to extend research activities until April 2014 to allow for deeper analysis and move the launch date from March to June 2014. There will be additional months of outreach before the project is finally wrapped up in August 2014. Disbursement of ECF and CDKN proportions of the fund would also be delayed accordingly. To reflect this change, the Secretariat proposes both ECF and CDKN funds, totaling USD 443,000, be included in the revised 2014 budget as earmarked funding. This will be in addition to the USD 425,000 core contribution from GGGI, already approved by the Council.
9. **Transfer of Privileges and Immunities (P&I) responsibilities:** For operational efficiency, the Secretariat proposes to transfer full responsibilities of P&I from Strategy, Policy and Communications (SPC) to the Legal Department of the Management and Administration (M&A) Division. This will result in a transfer of approximately USD 121,296 from the SPC budget to the Legal Department.

### C. Earmarked Funding

10. **Kazakhstan Country Program:** The project in Kazakhstan has been approved by the funding source EBRD in early May 2014, with expected disbursement of funds in early June 2014. Due to the late start of the project, some activities and expenses will roll into calendar year 2015.
11. **Thailand Country program:** The Council-approved budget for the Thailand Country Program for 2014 was USD 804,490. Owing to a one month delay in finalization of the MoU with BMU, the budget has been revised downward to USD 760,583.

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<sup>1</sup> Specific activities funded by ECF and CDKN are: honorarium and workshop expenses for 75 authors, costs for overall report production including a professional editor, publication layout and printing, costs for website development, and some outreach activities. GGGI core funding mostly supports personnel, administrative and operational costs, and outreach activities.

12. **Jordan Country Program:** The Council-approved budget is USD 784,427, but due to the delay in finalizing of the MoU with BMU, the actual budget is now USD 588,162.
  
13. **Peru Country Program:** There has been an increase of USD 100,000 in the BMU funded Forestry Project in Peru, bringing the total Peru Country Program portfolio to USD 1,100,000. This increase is owing primarily to a faster than expected delivery of the Peru-Forest project.