



**Global Green Growth Institute**  
Sixth Session of the Assembly and  
Tenth Session of the Council  
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Addis Ababa, Ethiopia

## **Partnership and Resource Mobilization Action Plan: Issues Paper**

In July 2017, the Institute committed to developing a Partnership and Resource Mobilization Action Plan (the Action Plan) and sharing an outline for the Action Plan with the Assembly and Council at their Sixth and Tenth sessions, and the full document in April 2018, with the Management and Program Sub-Committee (MPSC) and subsequently with Council in October 2018.

This issues paper has been prepared to inform the Action Plan and structured in four parts:

- (a) a review of GGGI's current funding model, including the recommendations of GGGI's recent evaluations;
- (b) funding scenarios for GGGI's Work Plan and Budget 2019-2020, and the impact of each on programming;
- (c) actions to strengthen resource mobilization in the short-term to secure funding for the next biennium; and
- (d) possibilities beyond the current funding model that could be considered for setting GGGI on a sustainable path in the context of the Strategy 2030 to commence in 2020.

Members of the Assembly and the Council of invited to discuss:

- (a) scenarios, their assumptions, and implications – and suggestions for selection of scenarios for further exploration; and
- (b) options and possibilities beyond the current funding model – and suggestions for further analysis.

## I. Introduction

1. There is a growing demand for GGGI's services in its Member and partner countries. Since the signing of the Agreement on the Establishment of GGGI at the Rio+20 Conference in 2012, GGGI has expanded from 12 original signatories to 27 Members and signatories, with a further 11 countries and regional organizations in the process of accession – including Colombia, Lao PDR, Morocco, Myanmar, and Uganda, where GGGI already has programs in addition to the European Union [MPSC/2017/29]. Furthermore, in-country programming has expanded to 25 countries over the same period.
2. GGGI's programs rely on its country presence embedded in partner governments, a vantage point, from which GGGI supports its partner countries integrate green growth models into their national and subnational development plans and investment proposals. GGGI anchors its programs and activities to partner country's actions to achieve their Nationally Determined Contributions (NDCs) to the Paris Agreement and the Sustainable Development Goals (SDGs). Within this context, the Strategic Outcomes outlined in the *Refreshed Strategic Plan 2015-2020* [MPSC/2017/28/REV], enable GGGI to demonstrate strong and tangible results-focus, relevance, and alignment of its operations to Member and partner country's aspirations.
3. GGGI's core operations are supported entirely by voluntary contributions, differentiating it from many other international organizations that are funded through assessed contributions. GGGI's current funding model is based on core contributions for both in-country and global programmatic and non-programmatic work, and earmarked contributions for specific projects. While GGGI will continue to pursue increased core contributions, these are not anticipated to increase in the medium-term. Emphasis will be placed on increasing earmarked funding from a very low base, guided by GGGI's Refreshed Strategic Plan 2015-2020, Thematic Strategies, and Country Planning Frameworks (CPFs). Many of GGGI's earmarked funding concluded in 2016, with no new earmarked commitments signed in the same year. Moreover, except for Norwegian earmarked 2016-2020 funding for Indonesia that was signed in 2015, most of GGGI's new earmarked commitments signed since 2013 has been limited to conferences and events.
4. GGGI is also looking to review possible options over the longer term to strengthen the predictability and stability of its funding model and for GGGI to gain access additional resources for green growth implementation plans of its partner countries.
5. The issues paper invites Members to discuss the following questions:
  - a. Scenarios, their assumptions, and implications – and suggestions for selection of scenarios for further exploration;
  - b. Options and possibilities beyond the current funding model – and suggestions for further analysis.
6. This discussion will inform the development of GGGI's Partnership and Resource Mobilization Action Plan (the Action Plan) with the objective to (a) review and strengthen GGGI's financing model; and (b) identify opportunities and a path for setting its operations on a sustainable path. The Action Plan will complement the Refreshed Strategic Plan 2015-2020 and inform the preparation of GGGI's Strategy 2030.

## II. GGGI's current funding model

### A. Resource mobilization performance 2013-2017

7. GGGI's current funding model is based on core (unrestricted) from Members and earmarked (restricted) funding from Members, partner countries, and partner organizations. Article 12 of the Agreement on the Establishment of GGGI ("Establishment Agreement") governs GGGI's funding model as follows:
1. *The GGGI shall obtain its financial resources through:*
    - a. *voluntary contributions provided by Members;*
    - b. *voluntary contributions provided by non-governmental sources;*
    - c. *the sale of publications and other revenue;*
    - d. *interest income from trusts;*
    - e. *any other sources in accordance with the financial rules to be adopted by the Assembly by consensus.*
  2. *Members are encouraged to support the GGGI and ensure its financial stability through voluntary annual contributions of core funding, active engagement in its activities or other appropriate means.*
8. Core funds comprise of all contributions made by Members credited to GGGI's General Fund in accordance with the Financial Regulations (Regulation 6.1). The funding is flexible and pays for ongoing commitments and obligations. Currently GGGI has seven Members that provide core contributions – Australia, Denmark, Indonesia, Korea, Mexico, Norway, and the United Kingdom.
9. Between 2013 and 2016, core contributions from Members increased from USD 25.1 million to USD 42.7 million. Core receipts have averaged USD 30.0 million a year over this period. In 2015, the United Kingdom additionally transferred its 2014/2015 and 2015/2016 contributions and one-off GBP 4.0 million performance payment for the establishment of new operational presence and program in Least Development Countries (LDCs). In 2016, Indonesia transferred its 2015 and 2016 contributions, and Qatar transferred its 2014 contribution to GGGI.

Table 1. Core contributions received, 2013-2017

	2013	2014	2015	2016	2017 <sup>1</sup>
Australia	4,873,995	5,000,000	4,715,734	4,759,107	3,000,000
Denmark	5,205,000	5,075,682	4,761,633	4,437,157	2,700,000
Indonesia	-	-	-	9,999,995	5,000,000
Korea, Republic of	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Mexico	-	-	-	500,000	500,000
Norway	-	10,032,747	4,943,733	1,997,005	1,963,949
Qatar	5,000,000	-	-	4,999,980	-
United Kingdom	-	-	15,117,203	6,029,939	5,000,000
Total	25,078,995	30,108,429	39,538,303	42,723,183	28,163,949

<sup>1</sup>Forecast.

Source: GGGI staff.

10. Earmarked funds finance specific programs, projects, or activities. Earmarked funds can only be used for the purposes for which they are intended as per the agreement between the resource partner(s) and GGGI. Earmarked funds are kept separate and apart from the General Fund funded by core resources. In accordance with Financial Regulation 6.3. In accordance with Financial Regulation 6.3(d), GGGI charges a minimum overhead percentage for dedicated trust funds and earmarked funds, with the value determined by the

Council. Such overhead charge has ranged between 7-13%, which is used to finance GGGI's services to prepare, management, control, and monitor earmarked programs.

11. Compared with other similar international organizations, GGGI has a relatively low share of earmarked funding as a share of its total budget. Between 2013 and 2016, the annual earmarked spending increased from USD 6.5 million to USD 8.9 million; however, the levels of annual earmarked spend for in-country operations (i.e. total earmarked excluding funding to support conferences) has remained at around USD 8.5 million. Over this period, earmarked funding GGGI operations in seven countries (Ethiopia, Jordan, Mongolia, Peru, Thailand, United Arab Emirates [UAE], Viet Nam). However, many of these agreements concluded in 2016.<sup>1</sup>

Table 2. Earmarked spend, 2013-2017

Program / project		2013	2014	2015	2016	2017 <sup>1</sup>
<b>Country programming sub-total</b>		<b>5,776,868</b>	<b>8,734,628</b>	<b>8,789,233</b>	<b>8,316,924</b>	<b>8,200,000</b>
EBRD	Kazakhstan	300,964	138,665	-	-	-
Germany/BMUB	Ethiopia, Jordan, Peru, Thailand	1,566,337	873,572	1,310,429	1,024,678	-
Green Climate Fund	Mongolia	-	-	-	-	150,000
	Mozambique	-	-	-	-	- <sup>2</sup>
	Papua New Guinea	-	-	-	-	- <sup>2</sup>
	Rwanda	-	-	-	-	- <sup>2</sup>
	Vanuatu	-	-	-	-	150,000
Hungary	Balkan Trust Fund	-	-	-	-	100,000
Italy	Ethiopia	-	-	-	-	- <sup>2</sup>
Netherlands	Uganda	-	-	-	-	- <sup>2</sup>
Norway	Colombia	-	-	-	-	700,000
	Ethiopia	829,564	1,556,245	2,229,638	2,277,707	-
	Indonesia	1,517,435	3,133,708	3,039,220	2,466,457	5,100,000
Netherlands	Uganda	-	-	-	-	-
Switzerland / SDC	Mongolia, Peru, Viet Nam	321,569	307,706	281,114	511,986	-
United Arab Emirates	UAE, Morocco/MENA	758,169	2,724,732	1,928,831	2,036,096	2,000,000
United Kingdom/DFID	Ethiopia	482,830	-	-	-	-
<b>Global programming sub-total</b>		<b>690,219</b>	<b>1,488,498</b>	<b>416,850</b>	<b>421,654</b>	<b>30,000</b>
CDKN	GGBP	385,038	111,576	-	-	-
European Commission	Green Win	-	-	2,958	36,585	30,000
ECF	GGBP	90,561	254,611	572	-	-
Germany/BMZ	Green Invest	-	645	115,435	10,138	-
Korea, Republic of/KOICA	Capacity Development	-	-	297,895	374,931	-
WRI	New Climate Economy	214,620	1,121,666	-	-	-
<b>Conferences sub-total</b>		<b>-</b>	<b>172,622</b>	<b>-</b>	<b>171,982</b>	<b>90,000</b>
ASEIC	GGGWeek 2016	-	-	-	4,487	-
EWP	GGGWeek 2016	-	-	-	-	-
GTC-K	International Conference 2014	-	90,945	-	-	-
	GGGWeek 2017	-	-	-	-	20,000
Hanhwa Q Cells	GGGWeek 2016	-	-	-	50,001	-
	Davos	-	-	-	58,524	70,000
Korea, Republic of	International Conference	-	36,177	-	-	-
KEPCO	GGGWeek 2016	-	-	-	4,444	-
Korea, Republic of/KOICA	Capacity Development	-	-	-	-	-
	International Conference 2014	-	45,500	-	-	-
	GGGWeek 2016	-	-	-	30,000	-
KEI	GGGWeek 2016	-	-	-	20,000	-
<b>Earmarked total</b>		<b>6,467,087</b>	<b>10,395,748</b>	<b>9,206,095</b>	<b>8,910,560</b>	<b>8,320,000</b>

1. Forecast.

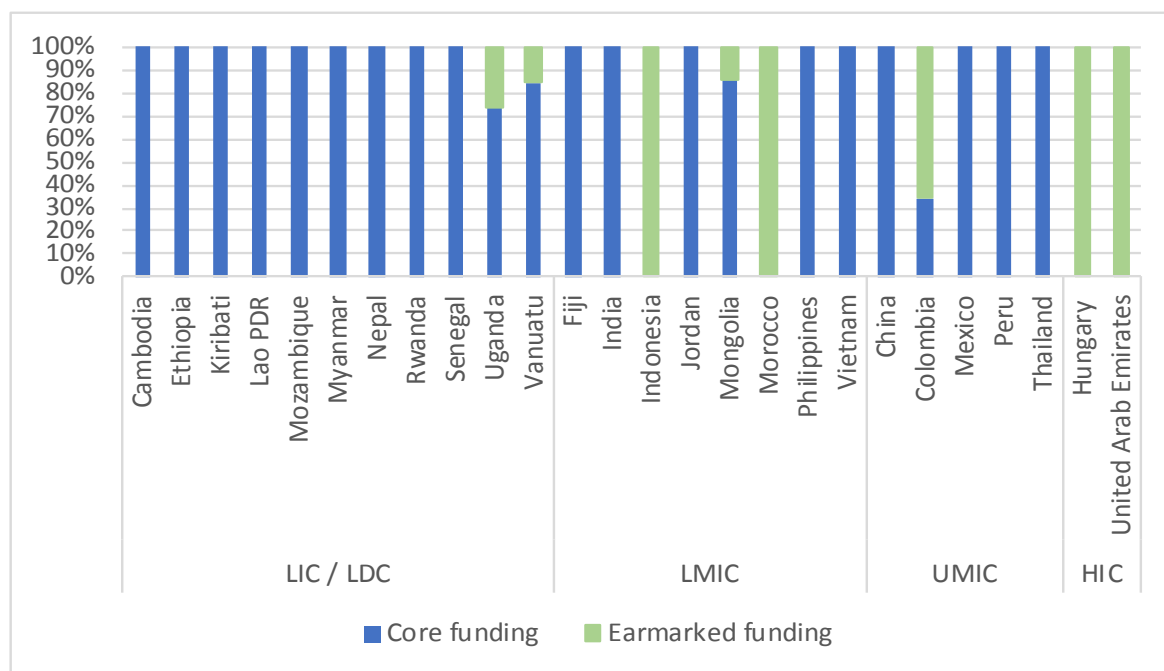
2. Disbursement of Netherlands earmarked funding for Uganda to commence in December 2017; Disbursement of Italy earmarked funding for Ethiopia expected to commence in December 2017; Disbursement of GCF earmarked funding for Mozambique, Papua New Guinea, and Rwanda expected to commence in January 2018.

Source: GGGI staff.

<sup>1</sup> Germany's funding for Ethiopia, Jordan, Peru, and Thailand; Norway's funding for Ethiopia; and Swiss funding for Mongolia, Peru, and Viet Nam.

12. GGGI is aiming to secure more earmarked funding, country programs have traditionally been funded entirely by core or earmarked funding. In 2016, Indonesia, Morocco, and UAE are entirely funded by one resource partner: Colombia and Indonesia by Norway, and Morocco and UAE programs by the UAE. This is changing gradually under the Work Program and Budget for 2017-2018 under GGGI’s renewed resource mobilization efforts, e.g. Colombia, Mongolia, and Vanuatu, where the combination of core and earmarked funding is available for GGGI’s programs with new streams of earmarked funding (Figure 1).

Figure 1. Core and earmarked contributions for country programs, 2018 (forecast)



Note: GGGI’s Work Program and Budget 2017-2018 classifies Jordan as an upper-middle income country as on July 1, 2016, the World Bank classified Jordan in this income group. On July 1, 2017, the World Bank classified Jordan as a lower middle income country.  
Source: GGGI staff.

**B. Recent evaluations of GGGI’s funding model**

13. Recent evaluations of GGGI have highlighted the need to focus greater attention to partnerships and resource mobilization, by both headquarters and country teams in a coordinated manner. The *Danish Appraisal for core contribution to Global Green Growth Institute 2017-2019*<sup>2</sup> recommends GGGI share a range of budget scenarios with the Council to inform discussions on the Strategy and WPB. The *Independent Evaluation of GGGI’s Progress against the Strategic Plan 2015-2020* [MPSC/2017/25A] recommends GGGI to consider alternative business models, which could lead to long-term sustainability, sharpen its approach to resource mobilization, and invest in partnerships. Annex 1 presents these recommendations and GGGI’s Management Response.

<sup>2</sup> Appraisal Report for Appraisal of Danish core contribution to GGGI 2017-19, Ministry of Foreign Affairs, Denmark, June 2017.

14. The remainder of this issues paper responds to these recommendations, presenting:
- a. Scenarios for the medium-term, based on transparent assumptions, that will inform the discussion for the WPB 2019-2020;
  - b. Actions to sharpen GGGI's approach to resource mobilization, including approaching the private sector and foundations; and
  - c. Possibilities beyond the current funding model that could set GGGI on a sustainable path in the context of the Strategy 2030 to be commenced in 2020.

### III. Funding scenarios for WPB 2019-2020

15. Over GGGI's first five years as an international organization, operations have grown steadily as thematic, investment, and country teams have been put in place. GGGI's operations has matched contributions and is forecast to absorb GGGI's surplus by end 2018/early 2019 following the Council's approval of one off increase in spending for WPB 2017-2018.
16. GGGI has developed three medium-term funding scenarios to inform discussion for the formulation of WPB 2019-2020. The three scenarios reflect (a) the resource mobilization targets in GGGI's Refreshed Strategic Plan 2015-2020, together with (b) a low, and (c) modest growth. The scenarios reflect the uncertainty regarding GGGI's core and earmarked funding even with an explicit funding agreement, contributions can be affected by changes in national development assistance budgets. Table 3 presents a summary of the programmatic and non-programmatic spend under each scenario.

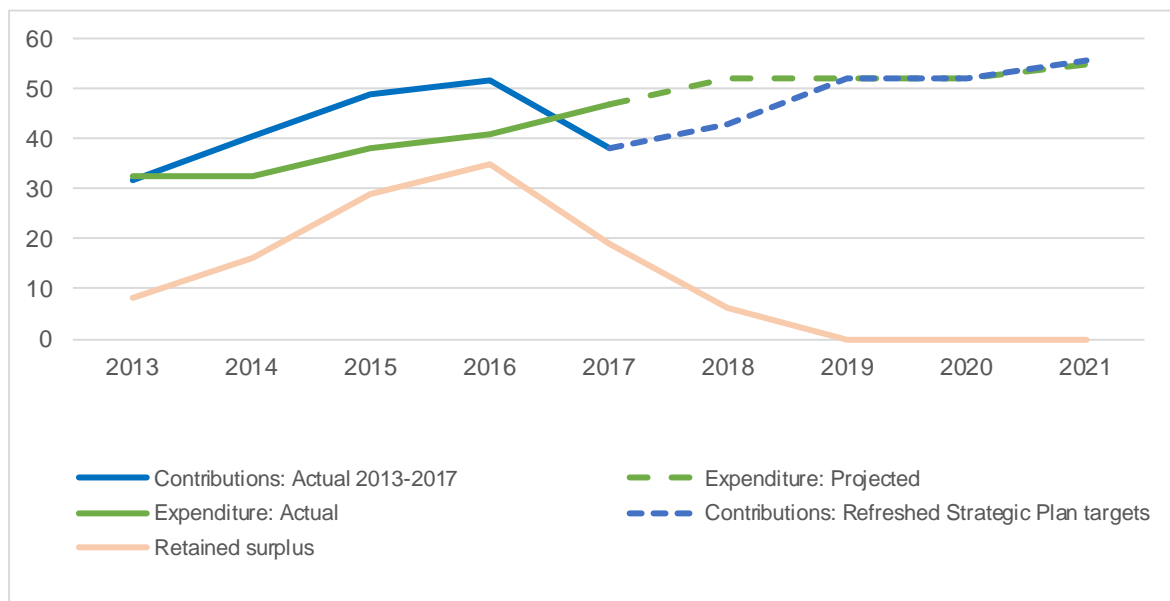
Table 3. Programmatic and non-programmatic spend under different scenarios

	2020 levels		
	Low scenario	Refreshed Strategic Plan	Modest Growth Scenario
Core	25.0	30.0	30.0
Of which programmatic	17.5	21.0	21.0
Of which non-programmatic	7.5	9.0	9.0
Earmarked	10.0	20	30.0
Of which programmatic	8.7	17.4	26.1
Of which non-programmatic	1.3	2.6	3.9
<b>Total</b>	<b>35.0</b>	<b>50.0</b>	<b>60.0</b>
<b>Of which programmatic</b>	<b>26.2</b>	<b>38.4</b>	<b>47.1</b>
<b>Of which non-programmatic</b>	<b>8.8</b>	<b>11.6</b>	<b>12.9</b>

#### A. Refreshed Strategic Plan 2015-2020 Scenario

17. GGGI's Refresh Strategic Plan 2015-2020 [MPSC/2017/28/REV] sets revised resource mobilization targets for 2020. The target is a resource envelop of USD 50 million a year by 2020, comprised of USD 30 million in core contributions and USD 20 million in earmarked contributions. This target represents a 25% increase of total receipts, and a 50% increase in earmarked receipts, compared with 2014 levels. This target will be achieved by sustaining and strengthening engagement with current resource partners, diversifying our sources of funding, and building improved capacity to support business development both at headquarters and in country offices.

Figure 3. GGGI funding and expenditure trend, 2017-2021



18. Under this scenario, core funding is expected to same at the same levels for the following reasons:

- a. Most GGGI Members that are high-income countries, currently provide core funding, namely Australia, Denmark, Korea, Norway, and the United Kingdom.
- b. The number of GGGI's Members that are emerging providers of development cooperation is not expected to increase nor are the contributions expected to increase from existing Members in this category (i.e. Indonesia, Mexico, and Qatar).
- c. Non-members currently in a process of accession to GGGI are not anticipated to provide core funding in the short to medium-term. Of those in accession to GGGI, only the European Union (EU) is a traditional provider of ODA.<sup>3</sup>

19. While doubling the annual earmarked spending by 2020 to USD 20 million compared with 2014 levels (i.e. USD 10 million) is ambitious, it is considered achievable. Earmarked funding has been primarily driven growth in the total official development assistance in the multilateral and bilateral aid system, and particularly by the global rally behind green growth objectives and the Agenda 2030. Between 2013 and 2016, GGGI secured an average of one earmarked contribution a year (Table 4). Efforts since 2016 demonstrate that GGGI can scale up earmarked resource mobilization, including with new resource partners (e.g. Green Climate Fund, Hungary, Italy, and Netherlands).

<sup>3</sup> See Recommendation for a Council Decision authorizing the negotiations on an agreement between the European Union and the Global Green Growth Institute, COM(2017) 175 final, [http://eur-lex.europa.eu/resource.html?uri=cellar:a62bc86c-5b39-11e7-954d-01aa75ed71a1.0012.02/DOC\\_1&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:a62bc86c-5b39-11e7-954d-01aa75ed71a1.0012.02/DOC_1&format=PDF)

Table 4. New earmarked commitments, excluding conferences and events, 2013-2017

	Pre 2013	2013	2014	2015	2016	As of August, 2017
Value	17,000,000	8,000,000	1,630,000	23,000,000	0	5,300,000 [Annual target USD 10 million]
Number of commitments	10	1	2	2	0	6 [Target 10]

20. A target of a USD 20 million in annual earmarked spending in 2020 could be achieved through a gradual increase of earmarked commitments to value of USD 15 million in 2018, and USD 20 million in 2019.<sup>4</sup> This translates to new annual commitments of approximately USD 600,000 and USD 800,000 for each of GGGI's current country programs in 2018 and 2019 respectively. This scenario would enable GGGI to maintain its current level of in-country and global operations.

### B. Low Scenario

21. The low scenario assumes annual core funding of USD 25 million and annual earmarked disbursements of USD 10 million. This dramatic reduction in core would correspond with only one contributing member halting payment of its annual USD 5 million core contribution, or reductions in contributions from several Members that currently provide core funding. Achieving annual earmarked disbursement of USD 10 million per year would require maintaining new earmarked commitments of USD 8 million year in 2018 and 2019.<sup>5</sup> This translates to approximately USD 350,000 in new annual next commitments for each of GGGI's current country programs.

22. Under this scenario, USD 26.2 million would be available for programming compared with USD 38.4 million in 2018, based on the assumptions outlined in the preceding paragraphs. This would require GGGI to scale down its 2017 level of in-country and global operations by 32%. Implications of such a reduction would include (a) reduction in core funding for programs in current operations by a third, implying a reduced pipeline of projects in the WPB 2019-2020 program cycle; and (c) no expansion of GGGI programs to countries in process of accession.

### A. Modest Growth Scenario

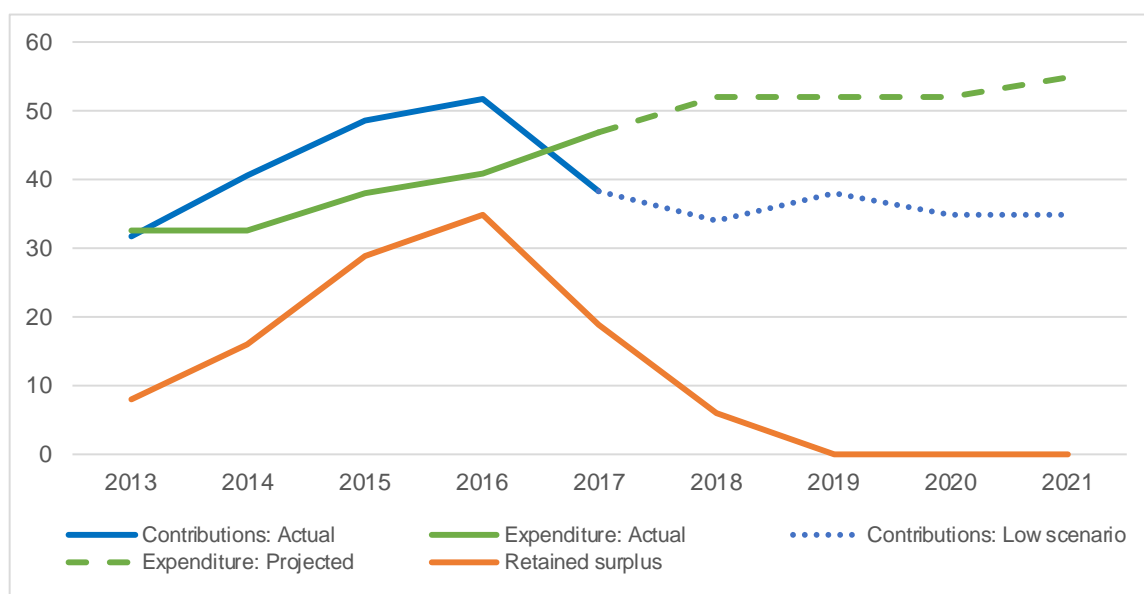
23. The modest growth scenario assumes annual core funding of USD 30 million (i.e. current 2017/2018 levels) and annual earmarked disbursements of USD 30 million. As for the Refreshed Strategic Plan 2015-2020 scenario, core funding is expected at current levels for the reasons outlined in paragraph 16, without any reductions in the current commitments.

<sup>4</sup> This is based on three assumptions (a) earmarked commitments average 2 years with equal spending in each year, (b) earmarked spending begins the year after commitments are made, and (c) continuation of UAE's annual earmarked contribution of USD 2.5 million for activities in UAE and the Middle East and North Africa (MENA) region.

<sup>5</sup> Based on the assumptions (a) earmarked commitments average 2 years with equal spending in each year, (b) earmarked spending begins the year after commitments are made, and (c) continuation of UAE's annual earmarked contribution of USD 2.5 million for activities in UAE and MENA.

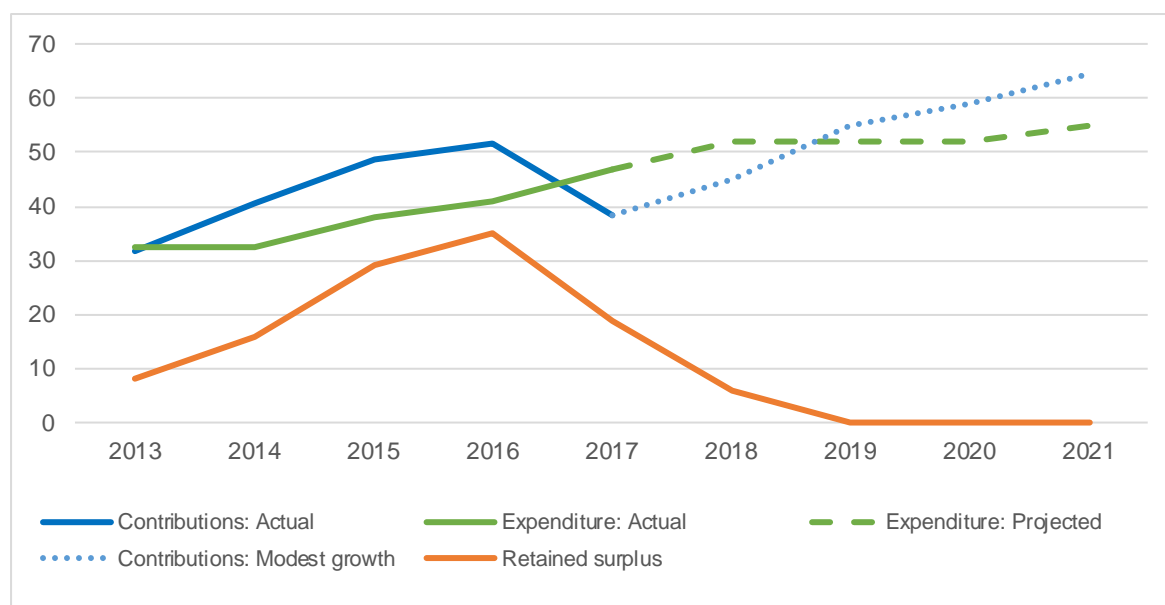


Figure 4. Gap in expenditure trend and low scenario, 2017-2021



24. Achieving annual earmarked disbursement of USD 30 million per year would require increasing new earmarked commitments from the current USD 8.9 million in 2016 to USD 20 and USD 35 million year in 2018 and 2019, respectively.<sup>6</sup> This translates to new annual commitments of approximately USD 800,000 and USD 1.4 million for each of GGGI’s current country programs in 2018 and 2019 respectively.

Figure 5. Budget space created by the modest growth scenario, 2017-2021



<sup>6</sup> Based on the assumptions (a) earmarked commitments average 2 years with equal spending in each year, (b) earmarked spending begins the year after commitments are made, and (c) continuation of UAE’s annual earmarked contribution of USD 2.5 million for activities in UAE and MENA.

25. Under this scenario, USD 47.1 million would be available for programming compared with USD 37.5 million in 2017, based on the assumptions outlined in the preceding paragraphs. The high scenario would enable GGGI to increase its 2017 level of in-country and global operations by 22%, maintaining GGGI's current growth trajectory. This modest growth path would (a) enable GGGI program initial activities in the partner countries embarking on accession processes, (b) facilitate continued progress in the current partner countries to bring the current programs to fruition in terms of bankable projects and national financing vehicles, and (c) enhance and leverage core funded programs with additional earmarked funding to support modest growth in the all countries of operation.

## **VI. Actions to strengthen resource mobilization**

### **A. Reforming GGGI's business model**

26. **Designing earmark-funded projects.** The work program and budget process includes improvements to the allocation of program budgets and staff resources. The proposed changes, outlined in the proposed Work Program and Budget Revamp [A/2017/3-C/2017/3], aim to use GGGI's core resources more effectively – and existing GGGI staff – to predominantly execute the programs and leverage earmarked funding in line with Member and partner country goals and GGGI's strategic outcomes. At present, GGGI's WPB process allocates 100% of core to GGGI's projects in the WPB 2017-2018 and encourages country teams – separately - mobilize resources to fund in entirely new and additional projects and activities. The separation of core and earmarked funded projects has resulted in earmarked funding bringing on board consultants and new staff rather than using existing staff resources. In going forward, GGGI aims to maximize use of its internal resources and expertise to implement both core and earmark-funded projects and to shape co-funded projects with the objective to harness true partnerships and collaboration.

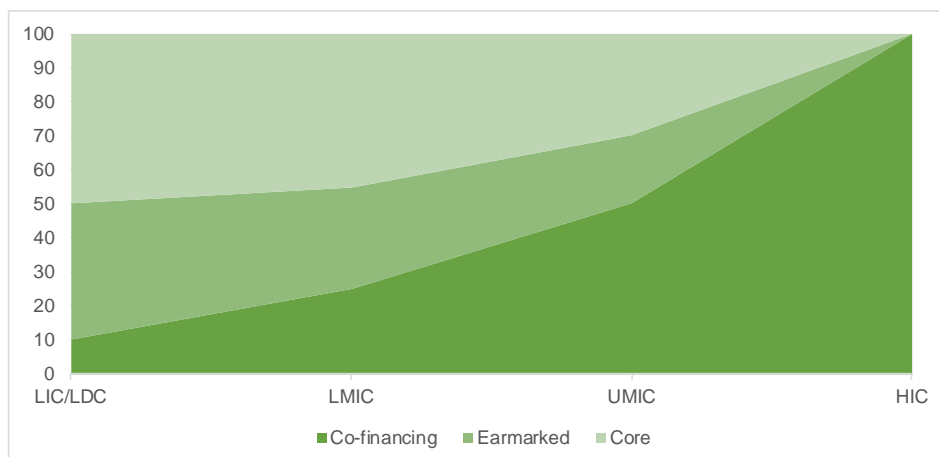
27. **Introducing counterpart co-funding for all countries with GGGI operations.** Counterpart funding is proposed to be determined as an increasing share of the total project costs based on the partner countries' macroeconomic and fiscal capacity (defined through GNI/capita).<sup>7</sup> Counterpart funding constitutes a conventional funding mechanism of development programs. Under the Financing for Development Addis Ababa Action Agenda,<sup>8</sup> the global community has accentuated emphasis on self-funding of programs to achieve the objectives of the Agenda 2030 on Sustainable Development through increased allocation of fiscal resource to implementation of programs. To advance the green growth agendas, counterpart funding enables partner countries tangibly demonstrate their commitment to these objectives, as called upon in GGGI's Establishment Agreement.

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<sup>7</sup> The World Bank gross national income (GNI) per capita, calculated using the World Bank Atlas method. <https://datahelpdesk.worldbank.org/knowledgebase/topics/19280-country-classification>.

<sup>8</sup> Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda), United Nations, [www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA\\_Outcome.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf)

Figure 6. **Indicative levels of core, earmarked, co-financing and in-kind funding** as percent of total program resources



28. **Reviewing GGGI’s overheads and charge back costs.** While GGGI charges an overhead, resource partners have diverging positions on how much of the overhead costs they are willing to fund. Most development agencies have set policies for overhead charges carefully determined accounting for acceptance, affordability, and the real cost recovery of corporate management services required for prudent preparation, implementation, monitoring and reporting on earmarked funded projects. For example, the Green Climate Fund establishes a 10 percent ceiling on overheads. GGGI proposes to review its overhead charges against its peer agencies and draft a policy for consideration of its member countries.

### B. Sharpening GGGI’s opportunity identification

29. **Mapping resource mobilization opportunities – both traditional ODA provides and foundations – to create a diversified resource base.** GGGI will take a strategic approach to identify strategic alignment with resource partners. For example, among other sources, using the OECD Development Statistics and information obtained directly from the aid providers, GGGI can map which traditional and emerging providers of development cooperation are active in GGGI Member and partner countries. Similarly, using data such as *SDG funders*<sup>9</sup> mapping can be conducted for philanthropies. Based on the mapping, GGGI can identify resource partners global, regional, and country strategies, and develop actions and assess alignment with GGGI’s thematic strategies and CPF.

30. Country teams will correspondingly map on-the-ground features of the aid programs delivered by these partners to green growth objectives and develop a forward-looking partnership plans to support GGGI’s country business plans that reflect GGGI’s agreed ongoing and future programs in terms of its four thematic areas. Country teams will carry out discussion with planning functions of the respective governments to develop a shared view of the country program funding and create the enabling environment for the government to support GGGI’s country-based resource mobilization program with the objective to harness maximum resources for GGGI’s partner countries for the implementation of their green growth plans.

<sup>9</sup> <http://sdgfunders.org>

31. **Refining GGGI's Project Cycle Management (PCM) to assure high-quality proposals.** GGGI's PCM manual was launched in April 2017 to provide clear guidance for the development of earmarked proposals. However, changes will be introduced to ensure central quality oversight to ensure that all (core, earmark, and co-funded) proposals are aligned with GGGI's priorities and of high quality.
32. **Training to build institutional capacity for results-based management.** A critical factor for resource mobilization is that programmatic teams to define impact pathways / theories of change based on the principles of results-based management and write winning proposals that clearly demonstrate the value addition, value for money, and scalability of GGGI's pioneering interventions. Effective training of project managers will be conducted in 2018 to ensure constant improvement in the quality and efficiency of GGGI proposals and results reporting with clear measurable indicators and targets.

### C. Building partnerships

33. **Re-activating the Donor Consultative Group as a platform for knowledge sharing on green growth programs and opportunities for partnership.** The DCG serves as a forum to support dialogue between GGGI and its resource partners to inform partnerships and programming, and complement dialogue on GGGI's strategic directions and WPB through the Council. The DCG provides a forum to engage with current and potential resource partners on a periodic basis, including back-to-back with the Global Green Growth Week (GGGWeek).
34. **Re-activating the Advisory Committee as a virtual forum for engaging with the private sector and other international initiatives.** The Establishment Agreement provides for an Advisory Committee as a forum on public-private cooperation on green growth and the linkages between GGGI and other international and initiatives. Previously, the Council decided to defer the appointment of the Advisory Committee as part of GGGI's governance reforms in 2014.

### VI. Possibilities beyond the current funding model

35. This section includes four areas proposed for future analysis with the objective to review longer term possibilities for GGGI to strengthen the predictability and stability of its funding model and for GGGI to gain access additional resources for green growth implementation plans of its partner countries. The proposals are in line with the Independent and the Danish evaluations on GGGI and are provided to evoke thought. At this stage, GGGI seeks Council views to embark on the further analysis to conceptualize these possibilities, including assess their feasibility and viability, road maps and implementation measures, and implications for GGGI.
36. **Mandate letters.** Where risks are acceptable for private sector financing, these do not call for GGGI's support. Thus, central to GGGI's mandate is to identify high risk-high return initiatives and to de-risk these investments to attract private sector and traditional financiers. A mandate letter from financiers of projects or project sponsors authorizes an entity such as GGGI to carry out origination and due diligence work to design the financial structure of the project, its technical, economic, financial features, and enables

identification of risks in a bankable project and to develop a risk allocation framework and mitigation arrangements to de-risk the investments by various parties, thus enabling its funding to be arranged. In consultation with private sector financiers and financing partners, a framework for mandate letters is proposed to be developed through additional analysis assessment of implications to GGGI.

37. **Replenishable fund.** Explore the possibility of a GGGI replenishable fund along the lines of the vertical funds,<sup>10</sup> and the concessional funding mechanisms of the multilateral development banks. A replenishable fund would enable joint contribution renewal rounds and save resources currently vested in separate independent renewal processes of contribution contracts. A replenishable fund can eliminate the risk of divergence in GGGI's results focus and unoptimized sharing of guidance to the GGGI's management; and improve efficiencies through concerted guidance to GGGI by donors, increase the number of donors and contributions from the participating members; and enhance the profiling of GGGI as a more mature agency with a stable place in the green growth donor architecture.
38. **Endowment.** Introduce a concept of endowment<sup>11</sup> using reserves as GGGI's contribution in tandem with paid-in additional contributions beyond core contributions from its member countries with an objective of expanding sustainable funding for GGGI. An iteration of the endowment option could be to assess the viability of a challenge fund that might also attract private sector philanthropic and corporate social responsibility funding, and be used to urge partner countries further pursue their ambitions for green growth, in cases where the countries demonstrate readiness and commitment for rapid advancement toward low carbon societies through application of green growth models.
39. **Private Sector Project Funding.** Bundling of bankable projects with those of the regional development banks (MDBs) for improved use of the MDB's balance sheets through funding across geographies, thus improving the overall risk on MDBs, as guided by the G20 Finance Ministerial Agenda;<sup>12</sup> and to review options for a joint thematic bond for green growth.

## VI. Next steps

40. Members of the Assembly and the Council of invited to discuss: (a) the scenarios, their assumptions, and implications – and suggestions for selection of scenarios for further exploration; and (b) options and possibilities beyond the current funding model – and suggestions for further analysis. Based on the feedback from Members, GGGI will develop deeper analysis for the MPSC in April 2018 to support preparation of the WPB 2019-2020.

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<sup>10</sup> Vertical funds are financing mechanisms that support to specific development domains with mixed funding sources. Examples include funding Global Environment Facility (GEF) – established in 1991 under World Bank management with the UN Development Programme (UNDP) and the UN Environment Programme (UNEP) as original implementing partners; the Global Alliance for Vaccines and Immunization (GAVI); the Global Fund for AIDS, Tuberculosis and Malaria (GF); the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), Global Fund to Fight AIDS, Tuberculosis, and Malaria (Global Fund) and the GAVI Alliance (GAVI).

<sup>11</sup> An endowment fund is an investment fund established that makes consistent withdrawals from invested capital. The capital in endowment funds, often used by universities, nonprofit organizations, churches and hospitals, is generally utilized for specific needs or to further a specific operating process.

<sup>12</sup> [http://www.g20chn.org/English/Documents/Current/201607/t20160728\\_3091.html](http://www.g20chn.org/English/Documents/Current/201607/t20160728_3091.html)

## Recommendations of Recent Evaluations of GGGI

## A. Independent Evaluation of Progress against the Strategic Plan 2015-2020

Recommendation	Management Response
<p><b>GGGI should consider alternative business models which will lead to long-term sustainability</b></p> <p>The current model of receiving donor funding for both core and earmarked has limited scope for growth. Alternative sources of funding such as fee for service, endowments, and commissions should be explored as part of long-term business models. The overall responsibility should be with DGs with input from different teams.</p>	<p>Agree.</p> <p>GGGI's management recognizes this issue and have been exploring alternative models of funding.</p> <p>GGGI is currently ramping up its earmarked resource mobilization efforts with a central role for country teams in mobilizing resources to deliver the Country Planning Frameworks (CPFs).</p> <p>GGGI will hold further consultations with relevant partners and stakeholders and develop a clear strategy for moving toward a more sustainable funding model, incorporating alternative sources of financing.</p> <p>Timeline: April 2018</p> <p>Responsible: Director of SPC</p>
<p><b>GGGI must sharpen its approach to resource mobilisation</b></p> <p>Until relatively recently responsibility for resource mobilisation was diffuse. Progress in defining a clearer model for seeking new funding sources has been made but needs additional emphasis, resources and senior management time. GGGI should aggressively explore funding opportunities from non-traditional sources (foundations, High Net Worth Individuals and the private sector and university endowment funds, pension funds). GGGI should define a clear role for their Council in supporting fundraising efforts.</p>	<p>Agree.</p> <p>GGGI has started work on strengthening resource mobilization efforts, particularly in relation to increasing and strengthening earmarked funding efforts.</p> <p>Until recently, the Office of the Director General (ODG) was running all resource mobilization activities from the headquarters. GGGI is now moving to a more decentralized model of resource mobilization, with country teams responsible for resource mobilization efforts to deliver their CPFs. ODG will support resource mobilization efforts through coordination and capacity building.</p> <p>GGGI has not sought funding from private sector and HNIs in the past, therefore the organization is not currently geared in that direction.</p> <p>Management recognizes the need to explore alternative sources of funding and have already started to assess opportunities. GGGI will develop an approach to targeting private sector funding going forward, with careful consideration of conflicts of interests.</p> <p>Timeline: Table RM Action Plan by April 2018</p> <p>Responsible: Director of SPC</p>
<p><b>GGGI should invest in partnerships with organizations that recognize its added value and comparative advantage.</b></p> <p>GGGI has initiated formal and informal partnerships. It has not crystalized the opportunity to collaborate systematically with specific partners, especially in GGGI's role in project preparation. For partnership to be successful GGGI needs to clearly define its role and avoid the pitfall of being perceived as providing "free consulting". Furthermore, GGGI should leverage its status as UN observer to influence the green growth debate, at the global level and also to forge partnerships.</p>	<p>Agree.</p> <p>The Management Team agrees that GGGI must improve efforts to obtain co-funding or payment for services. This is closely linked to the drive to increase earmarked funding. In cases where GGGI is the preferred provider of services relating to green growth, countries should fund or co-fund depending on their level of resources.</p> <p>However, it must be recognized that GGGI is not equivalent to a consulting firm. As an international organization, it is important to remain neutral and independent.</p> <p>Timeline: Table RM Action Plan by April 2018</p> <p>Responsible: Director of SPC</p>

## B. Danish Appraisal for core contribution to Global Green Growth Institute 2017-19

Recommendation	Management Response
<p>11. Develop and share with its governance bodies a range of different budget scenarios and their associated risks and consequences on activity levels, staffing and strategic direction of the organisation.</p>	<p>Agree.</p> <p>GGGI is beginning to develop a probability and scenario based model in projecting its future earmarked and core revenues. This will be used in developing a range of different budgeting scenarios from the next biennium onwards.</p> <p>Timeline: Q1, 2018</p> <p>Responsible: Director SPC, Head of Finance</p>