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**Global Green Growth Institute**  
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## **Discussion paper: GGGI offices and presence**

This paper provides an analysis of issues associated with GGGI's offices beyond headquarters in Seoul. It summarizes the current status, identifies key challenges, and recommends criteria for addressing this issue in the future.

### **I. Current status**

1. GGGI's approach to providing technical assistance to partner countries involves embedding experts and staff alongside partner country officials. This is particularly important at the start of project, where a close working relationship is essential to building a role as a trusted advisor. As GGGI's role in a country deepens, the number of staff on the ground typically expands, often necessitating a separate physical location to provide administrative and program support.
2. Today, GGGI has offices and an operational presence in a number of countries. In addition to its Seoul Headquarters, GGGI maintains offices in Copenhagen, Abu Dhabi and London. Each of these offices incurs financial costs for GGGI, as shown in Annex A.
3. In addition, GGGI has operational presences (one or more people working, either as staff or consultants) in Addis Ababa, Beijing, Hanoi, Phnom Penh, Pretoria, Jakarta, Manila, Mexico City, New Delhi and Ulan Bator. Some of these countries are GGGI members; others are not yet members. This list is expected to grow as GGGI embeds staff in partner countries, as shown in Annex B.
4. The Abu Dhabi and Copenhagen offices were set up through agreements signed under K-GGGI.<sup>1,2</sup> GGGI's Agreement with Denmark states that "GGGI shall establish a GGGI regional office in Copenhagen, serving as a knowledge sharing and technology center."<sup>3</sup> Similarly, GGGI's MOU with the United Arab Emirates states that the GGGI will establish "a GGGI regional office covering the Middle East and Northern Africa in

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<sup>1</sup> Article 17, paragraph 2 (Transitional Provisions) of the Establishment Agreement states: "Upon the entry into force of this Agreement, the rights, obligations, undertakings, existing branch/regional offices (footnote) and property of the Organization above shall devolve to the GGGI in accordance with any necessary processes of that body." The footnote states that "On the issue of devolvement of the GGGI's regional offices, consultation with the governments of Denmark and the United Arab Emirates will be necessary."

<sup>2</sup> Neither the Denmark nor UAE agreements specify the exact countries that would be covered, or not covered, by their regional offices.

<sup>3</sup> See Article 5, section B.

5. Abu Dhabi (Masdar City) to serve as a knowledge sharing and training center of the region in the field of green growth.”<sup>4</sup>
6. GGGI’s London office was established through the approval of the budget for K-GGGI at the 5<sup>th</sup> Board of Directors meeting on 31 March 2011, when the then-Executive Director mentioned that regional offices will be opened in Copenhagen, Abu Dhabi and London.
7. The Facilitative Sub-Committee (FSC) of the Council decided to open a liaison office in Songdo, Incheon City, Republic of Korea, at the 7<sup>th</sup> meeting of the FSC in Jakarta, Indonesia, on 15 September 2013.
8. GGGI’s business model, particularly in GGP&I, emphasizes a strong on-the-ground presence for delivery of technical advisory and capacity building services. As noted above, and as stated in the FY2014 proposed budget, GGGI plans to have operational presences in Brazil, Cambodia, China, Colombia, Ethiopia, India, Indonesia, Jordan, South Africa, Mexico, Mongolia, Pacific Islands, Peru, Philippines, Rwanda, and Vietnam. In some cases, the countries are members or signatory states, while in other cases they are partners but have not yet joined or expressed interest in joining GGGI.

## II. Challenges

9. According to the Agreement on the Establishment of the GGGI (Establishment Agreement), authority to establish branch offices rests with the Assembly. Article 6 of the Establishment Agreement states: “Branch offices or other subsidiary organs of the GGGI may be established if the Assembly so decides as required to support its activities.” The Secretariat has taken the view that the adjectives— such as *branch*, *regional* or *hub*— can mislead about functions performed and are not helpful in resolving questions related to offices outside of Headquarters and has increasingly tended to use simply the word “offices.”
10. Still, the current approach has raised a number of challenges for IO-GGGI. Foremost is the absence of privileges and immunities in jurisdictions outside of the Republic of Korea, where GGGI has a host country agreement.
11. In Abu Dhabi, GGGI’s office is protected under the MOU signed with K-GGGI. In both Denmark and the UK, because no host country agreement is in place, GGGI must apply national employment legislation instead of its own internal employment rules. International organizations normally have the right to make their own employment rules and are not required to comply with national employment legislation. GGGI must reimburse income taxes for all C classification employees across the organization where these are required to be paid either by host governments or national governments, including for Korean nationals based in Korea.
12. The absence of legal protection for GGGI staff and property in countries outside the host country means that GGGI may have unspecified and material risk exposure with regard to visas, legal protections for the staff, offices, properties, financial liability, and other areas.

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<sup>4</sup> See section 2.2, 2.3 and 2.4 of the MOU.

13. GGGI also faces an ongoing need to balance growth in potential offices and the operational realities of a business model based on embedding staff in partner governments against growing financial constraints. The need to strike an appropriate balance is particularly acute with regard to privileges and immunities (P&I) and taxes, which exacerbate GGGI's financial challenges, as projected tax reimbursement levels are highest overall in jurisdictions that are not ODA eligible countries and with a significant staff presence, such as Korea, the UK and Denmark.<sup>5</sup>



### III. Proposed approach

16. The Secretariat proposes to take the following approach. First, notwithstanding Article 6, paragraph 2 of the Establishment Agreement, offices outside headquarters shall henceforth generally be referred to without an adjective; GGGI shall have a headquarters and offices. This shall apply as well to offices that have been established in Abu Dhabi, Copenhagen and London.

17. The Secretariat recognizes that GGGI's current approach to offices and operational presences, established under K-GGGI, is not sustainable for IO-GGGI. GGGI must be recognized as an international organization in the jurisdictions where it operates or has physical presence in terms of employees, consultants or property, and must have appropriate legal status in its partner countries as well as appropriate legal protection for its staff and property.

18. The Secretariat proposes to make best efforts to have P&I agreements with the existing offices, particularly Denmark, the UAE and the UK. GGGI will seek to reach a host country agreement (HCA) with these countries as a priority, with a particular focus on P&I protections, including tax exemption for GGGI employees.

19. GGGI will also seek to have host country agreements (HCA) including P&I with other member countries, giving priority to the members with GGGI staff or operations such as Ethiopia and Indonesia.



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<sup>5</sup> The UAE is also not an ODA-eligible country but it does not impose an income tax.

21. For the partner countries that are currently not GGGI members or signatory states, GGGI will encourage membership for countries where it has an operational presence. A “physical presence,” where appropriate, will be deemed to be an “office” for the purpose of negotiating a host country agreement, e.g., in India, where GGGI staff will be located.
22. For non-member countries where GGGI operates, GGGI will also seek to include in its MOUs sufficient reassurances for legal protection of staff and property, pending negotiation of a host country agreement and Privileges & Immunities agreement. An alternative would be to not locate GGGI staff outside non-member countries, an approach taken by some international organizations; however, this would necessitate a fly-in, fly-out approach, which is generally less effective than the model of embedding staff. Taking into account the current situation, with GGGI staff already operating in-country in non-member countries, this would be difficult for GGGI to achieve.
23. The Secretariat further proposes to undertake a systematic review and assessment of its current and projected liabilities (e.g., taxes) and risk exposure in each of the jurisdictions where it currently operates or plans to operate according to the FY2014 budget following approval. The Secretariat will report to the Council on this assessment by the end of the first quarter of 2014.
24. In the future, GGGI will only open offices in countries that are signatory to the Establishment Agreement and have concluded P&I agreements with GGGI.

**Annexes:**

- A. Current and projected budgets for London, Copenhagen and UAE offices
- B. Proposed Country ‘Presences’

Annex A. Current and projected budgets for London, Copenhagen and UAE offices<sup>6</sup> (all amounts are in USD)

Line item	London Office				Copenhagen Office				UAE Office			
	2013 Approved	2014	2015	2016	2013 Approved	2014	2015	2016	2013 Approved	2014	2015	2016
Personnel	114,000	42,536	44,663	46,896	41,000	70,000	73,500	77,175	33,000	100,348	105,365	110,634
Subcontracts/ Outsourcing	99,000	115,880	121,674	121,674								
Travel		13,500	13,500	15,000								
Training and conferences		3,000	3,000	3,000					75,000			
Communication	114,000	55,500	55,000	61,189	11,000	11,000	11,000	11,000		41,200	45,320	49,852
Supplies and maintenance		18,120	18,000	19,977		25,000	27,000	28,000	393,000	79,480	40,000	42,000
Rent	352,000	209,409	210,000	250,000	60,000	50,000	50,000	50,000	164,000	430,000	473,000	520,300
Other costs	231,000	193,847	192,000	140,000	30,000	2,000	2,000	2,000		10,000	11,000	12,100
In house services cost												
<b>Total</b>	<b>910,000</b>	<b>651,792</b>	<b>657,837</b>	<b>657,736</b>	<b>142,000</b>	<b>158,000</b>	<b>163,500</b>	<b>168,175</b>	<b>665,000</b>	<b>661,028</b>	<b>674,685</b>	<b>734,886</b>

**London Office**

- Personnel includes 50% salary of Office Manager.
- Outsourcing includes temporary administrative work to cover leave, etc., ad hoc legal requirements, including related to immigration & UK employment legislation, fit out costs.
- Travel cost assumes 3 trips year, at USD4500 per trip, including flight, accommodation & per diem, average stay of 5 days.
- Training includes training and related cost for 1 staff member.
- Supply includes stationery, postage & printing costs, cleaning, utilities, building maintenance.
- Other costs include insurance, etc., commissions, service charge.

<sup>6</sup> Source: Draft Workplan and Budget 2014-2016 (as of 7 November 2013).

**Copenhagen Office**

- Personnel includes cost of admin and 10% salary of a Director.
- Supply includes stationery, postage & printing costs, cleaning, utilities, building maintenance.
- Other costs include insurance, etc., commissions, service charge.

**UAE Office**

- 7% of total personnel cost

## Annex B. Proposed Country 'Presences'

No.	Region	Country	Proposed Budget (\$ million)			GGGI Member	'Presence' <sup>7</sup>
			2014	2015E	2016E		
1	South East Asia and Pacific (SEAP)	Vietnam	~\$1.15m	\$1.7m	\$1.8m	Yes	GGGI team in Vietnam: 1 country representative + 0.25 staff
2		Cambodia	~\$0.8m	\$1.2m	\$1.3m	Yes	GGGI team in Cambodia: 1 country representative + 1 staff
3		Thailand	\$0.8m	\$1.2m	\$1.2m	No	GGGI team in Thailand: 1 country manager
4		Philippines	\$1m	\$1.6m	\$1.6m	Yes	Country representative + 3 staff
5		Indonesia	\$3m	\$3m	\$3m	Yes	GGGI team in Indonesia: 1 country representative + 7 staff
6		Pacific Islands	\$0.5m	\$0.5m	\$0.5m	N/A	GGGI team on the ground: 2 staff (after project graduation to delivery)
7	North East and Central Asia (NECA) + India	Mongolia	~\$1.2m	\$1.3m	\$1.5m	Yes	GGGI team in Mongolia: country representative + 2 staff
8		China	~\$1.2m	\$1.5m	\$2m	No	GGGI team in China: country representative + 2 staff (after graduation to delivery)
9		Kazakhstan <sup>8</sup>	€346,200 <sup>1</sup>	-	-	No	GGGI team on the ground: 1 local consultant
10		Aral Sea: Water/GG	\$150,000	TBC	TBC	No	GGGI team: 0.5 staff in Seoul
11		India	\$1.7m	\$2.1m	\$2.8m	No	GGGI team in India: 1 Country manager + 4 staff
12	Sub-Saharan Africa (SSA)	Ethiopia	\$4.5m	\$5m	\$5m	Yes	GGGI team in Ethiopia: 1 Country representative + 9 staff
13		East Africa Community	~\$0.5m	\$0.8m	\$1.2m	N/A	GGGI team on the ground: 1 country representative (shared with Rwanda in 2014) + 0.5 staff (only after project graduates to delivery)
14		Rwanda	~\$0.9m	\$1.2m	\$1.5m	Yes	GGGI team in Rwanda: 1 country representative + 1.5 staff
15		South Africa	~\$0.4m	\$1.2m	\$1.5m	No	GGGI team on the ground: 1 country representative
16	Middle East and North Africa (MENA)	Jordan	\$0.8m	\$0.8m	\$0.8m	No	GGGI team on the ground: Director (10%)+ 1 staff Support staff: 0.25
17		UAE	\$2.3m	\$2.3m	\$2.3m	Yes	GGGI team on the ground: Director (50%) + 1 country representative + 3 staff
18		MENA GG Planning	\$1.4m	\$1.4m	\$1.4m	N/A	Project will be supported by the UAE office
19	Latin America (LA)	Mexico	~\$0.65m	\$1.2m	\$1.2m	Yes	GGGI team in Mexico: 0.5 country representative + 2 staff
20		Colombia/Amazon Basin	~\$0.75m	\$1.25m	\$1.25m	No	GGGI team in Colombia: 1 country representative + 1 staff
21		Peru	~\$1.3m	\$1.7m	\$1.7m	No	GGGI team in Peru: 0.5 country representative + 2 staff
22		Brazil	~\$0.6m	\$1.3m	\$1.3m	No	GGGI team in Brazil: 1 country representative + 1 staff

<sup>7</sup> Source: Draft Work Plan and Budget 2014-2016 (as of 7 November 2013).

<sup>8</sup> Project to be completed in 2014. Proposed budget is approx. \$ 0.5m.