



Global Green Growth Institute

The Council
Written Procedure
September 13, 2018

Decision on GGGI Overhead

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;

Recalling Council Decision on the Work Program and Budget 2015-2016 [C/6/DC/5] which approved that as part of GGGI's cost recovery mechanism to ensure core resources do not subsidize earmarked projects, funding partners who are not GGGI's core contributing members will be charged between 7 to 13% overhead cost, dependent on individual agreements with donors;

Further recalling Article 9.2 of the GGGI Finance Policies and Procedures which provides that GGGI shall apply the agreed overhead percentage to all projects funded by earmarked funds;

Taking note of the increasing number of GGGI's activities funded by earmarked resources;

Noting the need to better define 'overhead' as a percentage of the total expenditures of GGGI, not as a percentage of core funds alone;

Desirous that the overhead rate charged on earmarked projects should closely approximate the real rate for a full cost recovery so that there is no subsidy of core resources to earmarked projects;

Taking note of the recommendations by the Management and Program Sub-Committee (MPSC) at its Eighth Meeting held on July 5, 2018¹,

¹ Summary of the Eighth Meeting of the Management and Program Sub-Committee [MPSC/2018/22]

Consistent with GGGI's Disclosure Policy [C/5/DC/2], this document will be disclosed on the GGGI Website upon its approval by the Council, and its classification will be changed from "For Official Use" to "General Distribution".

1. *Approves:*
 - a) a pass-through earmarked rate or management cost of 7% for GGGI's core donors;
 - b) an overhead rate of 15% on earmarked contributions from donors who are not a GGGI core donor;
 - c) a new definition of overhead or non-programmatic costs, namely, as a share of GGGI's total expenditures;
2. *Authorizes* the Director-General to approve rates other than those set out in 1. (a) and (b) above in cases where the donor is prevented by binding policies or regulations to agree to GGGI's pass-through or overhead rates, taking into consideration the value and complexity of the project;
3. *Calls upon* the Institute to reach a target of 15% overhead, as a percentage of total expenditures, by year 2023; and
4. *Calls upon* the Institute to revise the Finance Policies and Procedures as appropriate.