



Global Green Growth Institute

The Council

Written Procedure

June 28, 2019

Decision on the FY2018 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 that the Council approve the FY2018 Audited Financial Statements,

Decides to approve the FY2018 Audited Financial Statements as attached as Annex 1; and

Takes note of the management letter and presentation of audit results submitted by the external auditing firm, as attached as Annex 2 and Annex 3.

/End

GLOBAL GREEN GROWTH INSTITUTE

Financial Statements

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

The Board of Directors
Global Green Growth Institute:

Opinion

We have audited the accompanying financial statements of Global Green Growth Institute("GGGI"), which comprise the statements of financial position as of December 31, 2018 and 2017 and the statements of comprehensive income (loss), changes in reserve and cash flows for the years then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GGGI as of December 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of GGGI in accordance with the ethical requirements that are relevant to our audit of the financial statements in Korea, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing GGGI's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate GGGI or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing GGGI's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 GGGI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on GGGI's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause GGGI to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 28, 2019

This report is effective as of March 28, 2019, 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, 2018 and 2017

(In USD)

	<i>Note</i>	2018	2017
Assets			
Cash and cash equivalents	4,5	\$ 18,601,689	13,799,259
Short-term financial assets	5	10,161,564	19,319,836
Other receivables	5	7,698	1,380
Accrued income	5	1,256,412	753,442
Other current assets	9	6,692,398	4,124,906
Total current assets		36,719,761	37,998,823
Property and equipment, net	6	1,111,420	411,389
Intangible assets	7	1,212,517	1,423,940
Long-term financial assets	5	694,018	780,606
Total non-current assets		3,017,955	2,615,935
Total assets		\$ 39,737,716	40,614,758
Liabilities			
Other payables	5	\$ 8,302,622	4,816,350
Deferred income	16	14,042,144	4,486,595
Total current liabilities		22,344,766	9,302,945
Total non-current liabilities		-	-
Total liabilities		\$ 22,344,766	9,302,945
Reserves			
Working capital	10	\$ 10,000,000	10,000,000
Retained surplus		7,392,950	21,311,813
Total reserves		17,392,950	31,311,813
Total liabilities and reserves		\$ 39,737,716	40,614,758

See accompanying notes to the financial statements.

Global Green Growth Institute
Statements of Comprehensive Income (Loss)

For the years ended December 31, 2018 and 2017

<i>(In USD)</i>	Note	2018	2017
Operating income			
Core funds	11	\$ 24,151,084	23,159,073
Earmarked funds	11	11,258,853	6,864,453
Total operating income		35,409,937	30,023,526
Operating expenditures	12	49,678,829	44,117,107
Net deficit from operating activities		(14,268,892)	(14,093,581)
Finance income	5,13	328,178	514,080
Finance costs	5,13	(194,192)	(129,752)
Other gain, net	14	216,043	189,330
Total deficit for the year		\$ (13,918,863)	(13,519,923)

See accompanying notes to the financial statements.

Global Green Growth Institute
Statements of Changes in Reserves

For the years ended December 31, 2018 and 2017

<i>(In USD)</i>	<u>Working Capital</u>	<u>Retained surplus</u>	<u>Total reserves</u>
Balance at January 1, 2017	\$ 10,000,000	34,831,736	44,831,736
Net deficit for the year	<u>-</u>	<u>(13,519,923)</u>	<u>(13,519,923)</u>
Total deficit	<u>-</u>	<u>(13,519,923)</u>	<u>(13,519,923)</u>
Balance at December 31, 2017	\$ <u>10,000,000</u>	<u>21,311,813</u>	<u>31,311,813</u>
Balance at January 1, 2018	\$ 10,000,000	21,311,813	31,311,813
Net deficit for the year	<u>-</u>	<u>(13,918,863)</u>	<u>(13,918,863)</u>
Total deficit	<u>-</u>	<u>(13,918,863)</u>	<u>(13,918,863)</u>
Balance at December 31, 2018	\$ <u>10,000,000</u>	<u>7,392,950</u>	<u>17,392,950</u>

See accompanying notes to the financial statements.

Global Green Growth Institute
Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(In USD)

	2018	2017
Cash flows from operating activities		
Net deficit for the year	\$ (13,918,863)	(13,519,923)
Adjustments for:		
Rental expenses	54,565	21,741
Depreciation	402,575	422,603
Amortization	919,260	878,739
Bad debt expense	193	-
Impairment of property and equipment	-	781
Losses on disposal of property and equipment	1,613	-
Finance expenses	148,198	43,673
Finance income	(294,291)	(479,915)
Gains on disposal of property and equipment	(5,674)	(2,073)
Changes in assets and liabilities:		
Other receivables	(6,511)	4,221
Accrued income	(502,972)	(435,741)
Other current assets	(2,534,337)	(1,581,285)
Other payables	3,478,106	(1,127,771)
Deferred income	9,555,549	330,440
Interest received	58,715	162,801
Net cash used in operating activities	<u>(2,643,874)</u>	<u>(15,281,709)</u>
Cash flows from investing activities		
Increase in leasehold deposits	(13,280)	(15,507)
Acquisition of property and equipment	(1,104,281)	(330,917)
Acquisition of intangible assets	(707,837)	(1,057,819)
Decrease of short-term financial instruments	9,267,511	5,666,736
Disposal of property and equipment	5,736	2,518
Decrease in leasehold deposits	58,897	-
Net cash provided by investing activities	<u>7,506,746</u>	<u>4,265,011</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Effects of exchange rate changes on cash and cash equivalents	(60,442)	3,383
Net increase(decrease) in cash and cash equivalents	<u>4,802,430</u>	<u>(11,013,315)</u>
Cash and cash equivalents at beginning	<u>13,799,259</u>	<u>24,812,574</u>
Cash and cash equivalents at end of year	<u>\$ 18,601,689</u>	<u>13,799,259</u>

See accompanying notes to the financial statements.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

1. Reporting Entity

Established as an international intergovernmental organization in 2012 at the Rio+20 United Nations Conference on Sustainable Development, the Global Green Growth Institute (GGGI) is dedicated to supporting and promoting strong, inclusive and sustainable economic growth in developing countries and emerging economies. GGGI member countries currently include Australia, Cambodia, Costa Rica, Denmark, Ethiopia, Fiji, Guyana, Hungary, Indonesia, Jordan, Kiribati, Laos, Mexico, Mongolia, Norway, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Republic of Korea, Rwanda, Senegal, Thailand, Tonga, United Arab Emirates, the United Kingdom, Vanuatu and Vietnam, and it is in the process of expanding its membership. GGGI works with partners in the public and private sector in developing and emerging countries around the world to put green growth at the heart of economic planning. GGGI has its headquarters in Seoul, Republic of Korea, and conducts operations in several countries in Asia, the Pacific, Latin America, the Middle East and Sub-Saharan Africa.

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, 2018 and 2017

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

Recognition and initial measurement

GGGI recognizes accounts receivable initially when they are originated and subsequently measures them at amortized cost. GGGI recognizes other financial assets when GGGI becomes a party to the contractual provisions of the instrument.

A financial asset (other than a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value and, for an item not at FVTPL, transaction costs that is directly attributable to its acquisition. An account receivable without a significant financing component is measured at its transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as amortized cost, FVOCI-debt investment, FVOCI-equity investment or FVTPL. A financial asset is not reclassified without a change of the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset which changes its business model is reclassified on a first day of the first reporting period after its change.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial portfolio which satisfies the definition of short-term trading or is evaluated its performance based on the fair value is measured at FVTPL.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

3. Significant Accounting Policies, Continued

(b) Non-derivative financial assets, continued

The following accounting policies apply to the subsequent measurement of financial assets.

	Subsequent measurement
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Derecognition of financial assets

GGGI derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, 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. If GGGI neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, GGGI determines whether it has retained control of the financial asset. If GGGI has not retained control, it derecognizes the financial asset and if GGGI has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

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.

Offsetting between financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the separate 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.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

3. Significant Accounting Policies, Continued

(c) Impairment of financial assets

Financial instruments and contract assets

GGGI measures loss allowances for the following financial assets at an amount equal to Expected credit losses ("ECLs"):

- Financial assets at amortized cost;

GGGI has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, GGGI considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on GGGI's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, GGGI assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and for debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Write-off

GGGI individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. GGGI expects no significant recovery from the amount written off. However, financial assets that are written off could be still be subject to enforcement activities in order to comply with GGGI's procedures for recovery of amounts due.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

3. Significant Accounting Policies, Continued

(d) 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	36 ~ 60
Leasehold improvement	24
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.

(e) Intangible assets

Intangible assets consist of purchased software licenses, software and any development cost for the software. 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.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

3. Significant Accounting Policies, Continued

(f) Impairment of non-financial assets

GGGI reviews 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.

(g) 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.

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).

(h) 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.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

3. Significant Accounting Policies, Continued

(i) 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.

(j) Operating income recognition

(i) Core funds (Un-earmarked funds)

Core funds are funds available for general use by GGGI, and include all core contributions and all other funds provided that are not earmarked funds. All core funds are credited to the General Fund. With regards to core funds, GGGI recognizes an asset (cash) and operating income when GGGI receive the contribution to be provided.

(ii) Earmarked funds

Earmarked funds are funds contributed to GGGI to finance specific activities that are identified in the agreement between GGGI and the donor. Earmarked funds can only be used for the purposes for which they are intended as set out in the respective donor agreement or as otherwise specifically agreed to by the donor.

For earmarked funds, GGGI recognizes an asset (cash or receivables) and liability (deferred income) on receipt of the firm commitment 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.

(k) 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.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

3. Significant Accounting Policies, Continued

(I) 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, 2018 and 2017

3. Significant Accounting Policies, Continued

(m) New standards or amendments not yet adopted

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for GGGI for annual periods beginning on or after January 1, 2019, and GGGI has not early adopted them.

IFRS 16 ‘Lease’

The following new standard has been published and are mandatory for GGGI for annual periods beginning on or after January 1, 2019, and earlier application is permitted; however, GGGI has not early adopted the new standard in preparing the separate interim financial statements.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are exemptions for the recognition of short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, under which lessors classify leases as finance or operating leases.

As of December 31, 2018, GGGI is in the process of analyzing on the basis of current circumstances and available information to assess the financial impact of adopting IFRS 16. GGGI will analyze more specific financial impacts based on additional information.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

4. Cash and Cash Equivalents

(a) Cash and cash equivalents as of December 31, 2018 and 2017 are summarized as follows:

<i>(In USD)</i>	2018	2017
Cash in banks	\$ 18,599,572	13,796,955
Cash on hand	2,117	2,304
	<u>\$ 18,601,689</u>	<u>13,799,259</u>

(b) Cash and cash equivalents denominated in foreign currencies as of December 31, 2018 and 2017 are as follows:

	2018		2017	
Foreign currency	Foreign currency amount	Translation into USD	Foreign currency amount	Translation into USD
AED	301,057	\$ 81,978	94,624	\$ 25,765
EUR	42,369	48,502	393,272	471,156
KRW	518,531,682	464,812	185,559,612	174,033
IDR	132,650,856	9,113	131,259,980	9,691
ETB	51,577	1,838	120,389	4,426
GBP	1,430	1,817	4,505	6,078
KHR	26,300	7	5,200	1
PHP	3,057	58	269	5
XOF	2,930	5	135,290	247
VND	454,000	20	4,662,000	206
RWF	4,063,214	4,721	6,541,807	7,800
		<u>\$ 612,871</u>		<u>\$ 699,408</u>

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

4. Cash and Cash Equivalents, Continued

(c) Currency exchange rates as of December 31, 2018 and 2017 are as follows:

<i>(In USD)</i>		December 31, 2018	December 31, 2017
Currency		Ending exchange rate	Ending exchange rate
AED	\$	0.272	0.272
EUR		1.145	1.198
KRW		0.001	0.001
IDR		0.0000687	0.0000738
ETB		0.036	0.037
GBP		1.270	1.349
KHR		0.0003	0.0002
PHP		0.019	0.020
XOF		0.002	0.002
VND		0.00038	0.00004
RWF		0.001	0.001

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

5. Financial Instruments

- (a) Categories of financial assets as of December 31, 2018 and 2017 are summarized as follows. GGGI has initially applied K-IFRS No. 1109 at January 1, 2018. Under the transition method chosen, comparative information is not restated.

		2018	2017	
		Financial assets measured at amortized cost	Cash and cash equivalents	Loans and receivables
(In USD)				
Current financial assets				
Cash and cash equivalents	\$	18,601,689	13,799,259	-
Short-term financial instruments		10,123,466	-	19,251,778
Other receivables		7,698	-	1,380
Current portion of leasehold deposits		38,098	-	68,058
Accrued income (*)		1,256,412	-	753,442
Sub-total	\$	30,027,363	13,799,259	20,074,658
Non-current financial assets				
Leasehold deposits	\$	694,018	-	780,606
	\$	30,721,381	13,799,259	20,855,264

- (*) Accrued income mainly consists of earmarked project income earned but yet to be received from the following donors, USD 966,053 from United Arab Emirates, USD 84,176 from Global Climate Fund, USD 30,854 from the Federal Ministry of the Environment, Nature Conservation, and Nuclear Safety (BMU), USD 26,847 from Italian Ministry for the Environment Land and Sea (IMELS) and USD 9,282 from GreenWin. It also includes the unrealized interest on cash and cash equivalents invested in accordance with the investment framework of GGGI as at the reporting date

The book value of financial assets measured at amortized cost approximates their fair value.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

5. Financial Instruments

- (b) Categories of financial liabilities as of December 31, 2018 and 2017 are summarized as follows: GGGI has initially applied K-IFRS No. 1109 at January 1, 2018. Under the transition method chosen, comparative information is not restated.

		2018	2017
		Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost
<i>(In USD)</i>			
Current financial liabilities			
Other payables (*)	\$	8,302,622	4,816,350

(*) Other payables 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 the reporting date. This includes accruals for employee severance benefits of USD 108,839 succeeded from the former K-GGGI (Korean Organization), payables to employees and consultants of USD 2,182,289 (which includes repatriation accrual related to International staff amounting to USD 1,182,678 and leave accrual USD 728,338) and payables to suppliers of USD 5,696,193 as at December, 31, 2018.

The book value of financial liabilities measured at amortized cost approximates their fair value.

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For the years ended December 31, 2018 and 2017

5. Financial Instruments, Continued

(c) Finance income and costs by categories

(i) Details of finance income by categories for the year ended December 31, 2018 are summarized as follows:

<i>(In USD)</i>	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total
Interest income	\$ 252,479	-	252,479
Gain on foreign currency transactions	33,887	-	33,887
Gain on foreign currency translations	25,568	16,244	41,812
	<u>\$ 311,934</u>	<u>16,244</u>	<u>328,178</u>

(ii) Details of finance income by categories for the year ended December 31, 2017 are summarized as follows:

<i>(In USD)</i>	Cash and cash equivalents	Loans and receivables	Financial liabilities measured at amortized cost	Total
Interest income	\$ 162,801	186,177	-	348,978
Gain on foreign currency transactions	34,165	-	-	34,165
Gain on foreign currency translations	33,564	92,180	5,193	130,937
	<u>\$ 230,530</u>	<u>278,357</u>	<u>5,193</u>	<u>514,080</u>

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For the years ended December 31, 2018 and 2017

5. Financial Instruments, Continued

(c) Finance income and costs by categories, continued

(iii) Details of finance costs by categories for the year ended December 31, 2018 are summarized as follows:

<i>(In USD)</i>	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total
Loss on foreign currency transactions	\$ -	45,994	45,994
Loss on foreign currency translations	123,787	24,411	148,198
	<u>\$ 123,787</u>	<u>70,405</u>	<u>194,192</u>

(iv) Details of finance costs by categories for the year ended December 31, 2017 are summarized as follows:

<i>(In USD)</i>	Cash and cash equivalents	Loans and receivables	Financial liabilities measured at amortized cost	Total
Loss on foreign currency transactions	\$ -	-	86,079	86,079
Loss on foreign currency translations	30,181	174	13,318	43,673
	<u>\$ 30,181</u>	<u>174</u>	<u>99,397</u>	<u>129,752</u>

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Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

6. Property and Equipment

(a) Details of property and equipment as of December 31, 2018 and 2017 are as follows:

(i) December 31, 2018

<i>(In USD)</i>		Acquisition cost	Accumulated depreciation	Carrying amount
Office equipment (*)	\$	2,056,313	(1,613,865)	442,448
Leasehold improvements		2,147,833	(1,520,445)	627,388
Vehicle		98,653	(57,069)	41,584
	\$	<u>4,302,799</u>	<u>(3,191,379)</u>	<u>1,111,420</u>

(ii) December 31, 2017

<i>(In USD)</i>		Acquisition cost	Accumulated depreciation	Carrying amount
Office equipment (*)	\$	1,811,188	(1,515,798)	295,390
Leasehold improvements		1,918,778	(1,808,028)	110,750
Vehicle		84,846	(79,597)	5,249
	\$	<u>3,814,812</u>	<u>(3,403,423)</u>	<u>411,389</u>

(*) Office equipment includes IT equipment and office furniture.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

6. Property and Equipment, Continued

(b) Changes in property and equipment for the years ended December 31, 2018 and 2017 are summarized as follows:

(i) December 31, 2018

<i>(In USD)</i>	Office equipment	Leasehold improvements	Vehicle	Total
Cost:				
Balance at January 1, 2018	\$ 1,811,188	1,918,778	84,846	3,814,812
Additions (*1)	395,694	667,003	41,584	1,104,281
Disposal	-	-	(27,777)	(27,777)
Retirement (*2)	(150,569)	(437,948)	-	(588,517)
Balance at December 31, 2018	<u>\$ 2,056,313</u>	<u>2,147,833</u>	<u>98,653</u>	<u>4,302,799</u>
Accumulated depreciation:				
Balance at January 1, 2018	\$ 1,515,798	1,808,028	79,597	3,403,423
Depreciation	246,961	150,365	5,249	402,575
Disposal	-	-	(27,777)	(27,777)
Retirement (*2)	(148,894)	(437,948)	-	(586,842)
Balance at December 31, 2018	<u>\$ 1,613,865</u>	<u>1,520,445</u>	<u>57,069</u>	<u>3,191,379</u>
Carrying amount:				
Balance at January 1, 2018	\$ 295,390	110,750	5,249	411,389
Balance at December 31, 2018	<u>\$ 442,448</u>	<u>627,388</u>	<u>41,584</u>	<u>1,111,420</u>

(*1) The acquisition of assets in 2018 includes 1) planned replacement of 230 laptops which were obsolete 2) purchase of office equipment, furniture and fittings due to the relocation of Seoul HQ office to a new floor in the existing building.

(*2) The assets disposed in 2018 was primarily due to relocation of Seoul HQ office and sale of a vehicle in UAE office.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

6. Property and Equipment, Continued

(b) Changes in property and equipment for the years ended December 31, 2018 and 2017 are summarized as follows, continued:

(ii) December 31, 2017

<i>(In USD)</i>	Office equipment	Leasehold improvements	Vehicle	Total
Cost:				
Balance at January 1, 2017	\$ 1,638,359	1,786,163	84,846	3,509,368
Additions	198,302	132,615	-	330,917
Disposal	(15,825)	-	-	(15,825)
Retirement (*)	(9,648)	-	-	(9,648)
Balance at December 31, 2017	<u>\$ 1,811,188</u>	<u>1,918,778</u>	<u>84,846</u>	<u>3,814,812</u>
Accumulated depreciation:				
Balance at January 1, 2017	\$ 1,178,513	1,759,673	66,881	3,005,067
Depreciation	361,532	48,355	12,716	422,603
Disposal	(15,380)	-	-	(15,380)
Retirement (*)	(8,867)	-	-	(8,867)
Balance at December 31, 2017	<u>\$ 1,515,798</u>	<u>1,808,028</u>	<u>79,597</u>	<u>3,403,423</u>
Carrying amount:				
Balance at January 1, 2017	<u>\$ 459,846</u>	<u>26,490</u>	<u>17,965</u>	<u>504,301</u>
Balance at December 31, 2017	<u>\$ 295,390</u>	<u>110,750</u>	<u>5,249</u>	<u>411,389</u>

(*) GGGI recorded USD 781 as impairment loss on property and equipment as of December 31, 2017.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

7. Intangible Assets

(a) Details of intangible assets as of December 31, 2018 and 2017 are as follows:

(i) December 31, 2018

<i>(In USD)</i>		Acquisition cost	Accumulated amortization	Carrying amount
Software	\$	4,434,679	(3,222,162)	1,212,517

(ii) December 31, 2017

<i>(In USD)</i>		Acquisition cost	Accumulated amortization	Carrying amount
Software	\$	3,729,569	(2,305,629)	1,423,940

(b) Changes in intangible assets for the years ended December 31, 2018 and 2017 are summarized as follows:

(i) December 31, 2018

<i>(In USD)</i>		Software
Cost:		
Balance at January 1, 2018	\$	3,729,569
Additions		707,837
Retirement		(2,727)
Balance at December 31, 2018	\$	<u>4,434,679</u>
Accumulated amortization:		
Balance at January 1, 2018	\$	2,305,629
Amortization		919,260
Retirement		(2,727)
Balance at December 31, 2018	\$	<u>3,222,162</u>
Carrying amount:		
Balance at January 1, 2018	\$	<u>1,423,940</u>
Balance at December 31, 2018	\$	<u>1,212,517</u>

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

7. Intangible Assets, Continued

(b) Changes in intangible assets for the years ended December 31, 2018 and 2017 are summarized as follows, continued:

(ii) December 31, 2017

(In USD)

		Software
Cost:		
Balance at January 1, 2017	\$	2,671,750
Additions		<u>1,057,819</u>
Balance at December 31, 2017	\$	<u><u>3,729,569</u></u>
Accumulated amortization:		
Balance at January 1, 2017	\$	1,426,890
Amortization		<u>878,739</u>
Balance at December 31, 2017	\$	<u><u>2,305,629</u></u>
Carrying amount:		
Balance at January 1, 2017	\$	<u><u>1,244,860</u></u>
Balance at December 31, 2017	\$	<u><u>1,423,940</u></u>

Global Green Growth Institute
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For the years ended December 31, 2018 and 2017

8. Employee Benefits

GGGI provides defined contribution retirement scheme to all employees that amount to 13% of each eligible employee's monthly base salary. The retirement savings scheme has been revised from 12% to 13% effective January 1, 2018.

GGGI's contribution related to defined contribution retirement scheme in 2018 and 2017 are as follows.

<i>(In USD)</i>	2018	2017
Expense related to post-employment benefit under defined contribution plan	\$ 1,254,570	1,162,353

9. Other Current Assets

Other current assets as of December 31, 2018 and 2017 are summarized as follows:

<i>(In USD)</i>	2018	2017
Advance payments	\$ 129,280	284,934
Prepaid expenses (*)	6,563,118	3,839,972
	\$ 6,692,398	4,124,906

(*) The amount includes the pre-payment for UNOPS contract for personnel expenses of USD 5,838,211 and prepaid housing allowance for staff along with the prepayment to the vendors of USD 568,331 as well as advance payments to suppliers of USD 156,576 based on GGGI policies and regulations.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

10. Reserves

Details of reserves as of December 31, 2018 and 2017 are as follows:

<i>(In USD)</i>	2018	2017
Working capital	\$ 10,000,000	10,000,000
Retained surplus (*)	7,392,950	21,311,813
	<u>\$ 17,392,950</u>	<u>31,311,813</u>

(*) The decision to draw down from the high level of reserves in 2017 and 2018 was approved by the Council through the approval of 2018/19 2018 Work Program and Budgets.

11. Operating Income

(a) Operating income for the years ended December 31, 2018 and 2017 are as follows:

<i>(In USD)</i>	2018	2017
Core funds	\$ 24,151,084	23,159,073
Earmarked funds	11,258,853	6,864,453
	<u>\$ 35,409,937</u>	<u>30,023,526</u>

(b) Details of operating income of core funds for the years ended December 31, 2018 and 2017 are as follows:

<i>(In USD)</i>	2018	2017
The Government of Australia (DFAT)	\$ 3,999,995	2,999,995
The Government of Denmark	3,224,647	3,148,565
The Ministry of Foreign Affairs of the Republic of Korea	10,000,000	10,000,000
The Norwegian Agency for Development Cooperation (NORAD)	2,048,123	1,963,949
The Government of the United Kingdom (DFID) (*1)	4,860,450	-
The Government of Indonesia	-	5,000,000
European Bank for Reconstruction and Development (EBRD))	-	46,564
GTCK	17,869	-
Total Core Fund Revenue	<u>\$ 24,151,084</u>	<u>23,159,073</u>

(*1) GGGI and the Department of International Development ("DFID") have signed the funding agreement for 2 years, 2017 and 2018. DFID's contributions will be in accordance with the disbursement schedule in the agreement.

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For the years ended December 31, 2018 and 2017

11. Operating Income, Continued

(c) Details of operating income of earmarked funds for the years ended December 31, 2018 and 2017 are as follows:

(In USD)	Grant Period		Total Pledged in Local Currency	Operating Income	
	Start	End		2018	2017
The United Arab Emirates Ministry of Foreign Affairs (*2)	Mar-11	Mar-19	USD 18,028,359	\$ 1,702,517	1,815,397
The Norwegian Ministry of Foreign Affairs - 'Indonesia Country Program 2016-2019'	Jan-16	Dec-19	NOK 178,000,000	5,838,109	3,974,337
The Norwegian Ministry of Foreign Affairs - 'Colombia Country Program 2017-2019'	Aug-17	July-19	NOK 27,103,000	1,428,717	327,074
The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)	Sep-11	June-17	EUR 4,987,287	-	1,170
Government of the Federal Republic of Germany (BMZ)	Nov-14	Jan-18	EUR 450,000	68,702	298,060
Green Climate Fund (GreenWin) for Global Climate Forum	Sep-15	Dec-18	EUR 98,875	35,495	28,149
Hungary for the Balkan Nationally Determined Contribution Trust Fund Project	May-17	Apr-19	HUF 80,000,000	194,827	72,946
Hungary for Uganda Water Resource Planning Project	Mar-18	July-19	HUF 73,000,000	19,973	-
Global Climate Forum - Readiness Vanuatu	April-17	May-18	USD 370,000	224,587	126,606
Green Climate Fund -Readiness Mongolia	Sep-17	Dec-18	USD 350,000	281,296	50,193
Green Climate Fund -Readiness Indonesia	June-18	Dec-19	USD 852,322	69,830	-
Green Climate Fund -Readiness Papua New Guinea	Feb-18	Feb-20	USD 677,427	116,344	-
Green Climate Fund -Readiness Rwanda	May-18	May-19	USD 600,000	230,070	-
Green Climate Fund -Readiness Thailand	May-18	May-19	USD 340,000	184,549	-
Green Climate Fund -Readiness Laos	May-18	Nov-19	USD 476,485	56,969	-
Green Climate Fund -Readiness Jordan	May-18	Nov-19	USD 660,000	45,579	-
GCF Consulting Service Contract for SAP Project	Sep-18	Mar-19	USD 214,954	162,974	-
Green Climate Fund - GCF Adaptation Workshop	Nov-18	Dec-18	USD 289,937	198,604	-

(*2) The UAE funding pledge is based on yearly or biennium work program and budget approval at Council/Assembly.

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11. Operating Income, Continued

(c) Details of operating income of earmarked funds for the years ended December 31, 2018 and 2017 are as follows, continued:

(In USD)	Grant Period		Total Pledged in Local Currency	Operating Income	
	Start	End		2018	2017
The Ministry for the Environment, Land and Sea of the Republic of Italy (IMELS) - 'Ethiopia Country Program 2017-2018'	Sep-17	Feb-19	EUR 100,000	\$ 61,362	7,648
The Ministry for the Environment, Land and Sea of the Republic of Italy (IMELS)- Rwanda, Field of Climate change	Jan-18	Jan-19	EUR 100,000	78,180	-
Netherland Contribution to the Project for Solar Home System market in Uganda	Jan-18	Feb-20	EUR 908,094	167,491	-
The Government of the Grant Duchy of Luxembourg - Enhancing Resilience to Climate Change through Solar Power Driven Access in Vanuatu	May-18	Sep-20	EUR 1,500,000	404	-
Korea International Cooperation Agency(KOICA) for Access to GCF in Lao PDR and PNG	Oct-18	June-19	USD 230,000	2,013	-
The United Nations Development Programme (UNDP) for PNG	Sep-18	Apr-19	USD 130,225	16,563	-
The United Nations Environment (UN Environment) PCA: GGKP	Oct-18	Aug-19	USD 125,000	31,820	-
Collaborative Research Agreement - GTC	Mar-18	Sep-18	KRW 50,000,000	11,343	-
Sub-total Earmarked Revenue				\$ 11,228,318	6,701,580

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11. Operating income, Continued

(c) Details of operating income of earmarked funds for the years ended December 31, 2018 and 2017 are as follows, continued:

(In USD)	Grant Period		Total Pledged in Local Currency	Operating Income	
	Start	End		2018	2017
Partnership Agreement Green Technology Center (GTC)- Latin American Regional Forum in Mexico	Sep-17	Dec-17	KRW 25,000,000	\$ (1,010)	23,213
Partnership Agreement GGGW 2017 – GTC-K	Oct-17	Dec-17	KRW 56,900,000	-	50,526
Hanwha Q CELLS- Energy Forum in Seoul	Oct-17	April-18	KRW 35,000,000	-	21,934
Hanwha Q cells- Energy Forum in Seoul (Oct 2018)	Oct-18	Jan-19	KRW 36,000,000	31,545	-
Hanwha Q CELLS-GGGI Event in Davos for 2017	Nov-16	May-17	USD 70,000	-	67,200
Sub-total Partnership Agreements				\$ 30,535	162,873
Total Earmarked Revenue				\$ 11,258,853	6,864,453

(d) Major in-kind contributions provided to GGGI are as follows:

Based on the Framework of Cooperation signed on December 4, 2013 between GGGI, the Incheon Metropolitan City and the 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.

Based on the project agreement with the Climate Change Commission (CCC) of Philippines and the letter from the Department of Trade & Industry (“DTI”) of Philippines, CCC and DTI provided GGGI an office space on 5th floor West Insula Building in Quezon City and on 3rd floor of UPRC Building in Makati City respectively.

Based on the Letter from the Ministry of Environment and Tourism (“MET”) of Mongolia, MET provided GGGI an office space on 1st floor of Mongol Us Building in Bayangol District, Ulaanbaatar.

Based on the MOU signed with Ministry of Population and Environment (Mope) of Government of Nepal, MOPE provided an office space on 2nd Floor, Building II – Community Forestry, Department of Forests Complex. Kathmandu.

Based on the MOU signed with Ministry of Natural Resources and Environmental Conservation (MONREC) of the Republic of the Union of Myanmar, MONREC provided an office space on the Ground Floor, Building 53, Nay Pyi Taw.

Based on the MOU signed with Ministry of Planning and Investment (MPI) of Government of Lao People’s Democratic Republic, MFI provided an office space on the 3rd Floor of the main building, Vientiane Capital.

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For the years ended December 31, 2018 and 2017

11. Operating income, Continued

(d) Major in-kind contributions provided to GGGI are as follows, continued:

Based on the contribution's agreement signed with Ministry of National Development of the Government of Hungary, the Ministry provided an office space on 1st floor of 13 Iskola Utca, Budapest.

Based on the Implementation agreement signed with Climate Change and Development Authority (CCDA) of Papua New Guinea, CCDA provided an office space on 3rd Floor, Savannah Heights, Dynasty Tower, Boroko 111, NCD.

Based on the MOU in Indonesia, the Government of Indonesia has provided various office as follows:

- Based on the MOU signed with Fiscal Policy Agency (FPA), Ministry of Finance Indonesia, FPA provided an office space on 5th floor, Wisma Bakrie, Kuningan.
- Based on the signed Cooperation Agreement, the National Institute of Public Administration of Republic of Indonesia provided an office space on 12th floor, Graha Mr, Menteng.
- Based on the letter received from PT Sarana Multi Infrastruktur (PT SMI), PT SMI provided an office space on 48th floor, Sahid Sudirman Center, Jakarta.
- Based on the letter received from "Badan Perencanaan Pembangunan Provinsi Kalimantan Timur", GGGI has been provided an office at Jl. Kasuma Bangsa No 2, Samarinda.
- Based on the letter received from "Gubernur Kalimantan Tengah", GGGI has been provided an office at Jl. Diponegoro #60, Palangka Raya.

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For the years ended December 31, 2018 and 2017

12. Operating Expenditures

- (a) Details of operating expenditures for the years ended December 31, 2018 and 2017 are as follows:

<i>(In USD)</i>	2018	2017
Salaries and wages	\$ 23,131,176	18,786,099
Allowances (home, education, relocation and others)	5,204,140	4,851,582
Employee benefits	1,254,570	1,162,353
Welfares	1,736,660	1,453,369
Outsourcing cost	7,680,352	8,314,486
Travel expense	3,951,318	3,152,869
Rental expenses	1,883,401	1,971,787
Transportation	18,900	22,276
Commissions	103,561	94,797
Professional fees	294,627	178,139
Depreciation	402,575	422,603
Amortization	919,260	878,739
Training expenses	263,265	328,367
Communication expenses	363,493	387,230
Repairs and maintenance expenses	283,273	289,128
Publication expenses	196,325	186,319
Conference expenses	1,062,567	942,963
Supply expenses	606,240	380,762
Others	323,126	313,239
	\$ 49,678,829	44,117,107

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12. Operating Expenditures, Continued

(b) Details of operating expenditures by nature for the years ended December 31, 2018 and 2017 are as follows:

(In USD)	Core		Earmarked		Total	
	2018	2017	2018	2017	2018	2017
Salaries and wages	\$ 18,838,184	16,338,213	4,292,992	2,447,886	23,131,176	18,786,099
Allowances (home, education, relocation and others)	4,738,753	4,514,838	465,387	336,744	5,204,140	4,851,582
Employee benefits	1,218,888	1,115,581	35,682	46,772	1,254,570	1,162,353
Welfares	1,423,729	1,262,208	312,931	191,161	1,736,660	1,453,369
Outsourcing cost	4,251,669	6,688,866	3,428,683	1,625,620	7,680,352	8,314,486
Travel expense	2,989,187	2,496,816	962,131	656,053	3,951,318	3,152,869
Rental expenses	1,657,332	1,580,558	226,069	391,229	1,883,401	1,971,787
Transportation	14,459	17,443	4,441	4,833	18,900	22,276
Commissions	73,292	74,765	30,269	20,032	103,561	94,797
Professional fees	223,881	132,104	70,746	46,035	294,627	178,139
Depreciation	325,873	380,596	76,702	42,007	402,575	422,603
Amortization	919,260	878,739	-	-	919,260	878,739
Training expenses	241,981	303,251	21,284	25,116	263,265	328,367
Communication expenses	331,099	356,372	32,394	30,858	363,493	387,230
Repairs and maintenance expenses	279,216	282,831	4,057	6,297	283,273	289,128
Publication expenses	170,615	151,601	25,710	34,718	196,325	186,319
Conference expenses	614,266	671,315	448,301	271,648	1,062,567	942,963
Supply expenses	541,358	330,428	64,882	50,334	606,240	380,762
Others	257,154	265,427	65,972	47,812	323,126	313,239
Overhead	(683,287)	(586,046)	683,287	586,046	-	-
	<u>\$ 38,426,909</u>	<u>37,255,906</u>	<u>11,251,920</u>	<u>6,861,201</u>	<u>49,678,829</u>	<u>44,117,107</u>

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For the years ended December 31, 2018 and 2017

12. Operating Expenditures, Continued

(c) Details of operating expenditures by country for the years ended December 31, 2018 and 2017 are as follows:

<i>(In USD)</i>	2018	2017
Global Programmatic (*1)	\$ 7,198,104	8,325,102
United Arab Emirates	1,343,964	1,485,088
Caribbean	25,744	-
China	639,173	575,376
Colombia	2,247,764	1,039,695
Costa Rica	38,040	104,176
Ethiopia	1,500,539	1,447,748
Fiji	1,430,555	708,714
United Kingdom	48,886	106,038
Kiribati	265,272	179,709
Hungary	194,818	73,004
Indonesia	5,898,456	3,967,299
India	565,871	197,193
Jordan	932,792	676,656
Cambodia	1,085,510	1,171,336
Lao People's Democratic Republic	865,096	657,177
Morocco	364,597	333,379
Mongolia	1,214,211	957,090
Mexico	296,424	471,027
Myanmar	599,172	498,753
Mozambique	574,559	537,190
Nepal	400,043	606,437
Pacific Region	200,087	68,951
Peru	647,325	755,959
Philippines	1,625,828	1,915,743
Rwanda	2,357,452	1,663,244
Senegal	1,043,590	1,064,753
Thailand	657,204	410,898
Uganda	1,219,221	1,055,343
Vietnam	1,151,447	994,350
Vanuatu	826,709	828,364
Burkina Faso	140,138	-
Guyana	132,042	-
Papua New Guinea	134,927	-
Qatar	179	-
Non-Programmatic: Management and Administration and Corporate Shared Cost (*2)	5,953,839	5,993,956
Non-Programmatic: Office of Director General (*2)	4,224,267	3,787,559
Non-Programmatic: Capital (*2)	1,634,984	1,459,800
	\$ 49,678,829	44,117,107

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

12. Operating Expenditures, Continued

(c) Details of operating expenditures by country for the years ended December 31, 2018 and 2017 are as follows, continued:

(*1) Global Programmatic includes the work of the Investment and Policy Solutions ("IPSD"), Green Growth Planning & Implementation ("GGP&I"), Strategy, Policy & Communications ("SPC") and Impact & Evaluation Unit ("IEU") performed widely across GGGI for supporting GGP&I through the development of service offerings and delivery of these through global programs.

(*2) The non-programmatic includes the work of the Office of the Director General ("ODG"), Operations Enabling Division ("OED") and Capital Projects, which guides, supports and enables the work of the programmatic divisions across GGGI.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

12. Operating Expenditures, Continued

(d) Details of operating expenditures of earmarked projects by donor for the years ended December 31, 2018 and 2017 are as follows:

(In USD)	Grant Period		Total Pledged in Local Currency	Operating Expenditures	
	Start	End		2018	2017
The United Arab Emirates Ministry of Foreign Affairs	Mar-11	Mar-19	USD 18,028,359	\$ 1,708,561	1,818,467
The Norwegian Ministry of Foreign Affairs					
- 'Indonesia Country Program 2016-2019'	Jan-16	Dec-19	NOK 178,000,000	5,828,636	3,967,298
The Norwegian Ministry of Foreign Affairs					
- 'Colombia Country Program 2017-2019'	Aug-17	July-19	NOK 27,103,000	1,427,442	327,741
The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)	Sep-11	June-17	EUR 4,987,287	-	1,195
Government of the Federal Republic of Germany (BMZ)	Nov-14	Jan-18	EUR 450,000	68,461	298,049
Green Climate Fund(GreenWin) for Global Climate Forum	Sep-15	Dec-18	EUR 98,875	35,592	28,158
Hungary for the Balkan Nationally Determined Contribution Trust Fund Project	May-17	Apr-19	HUF 80,000,000	194,818	73,003
Hungary for Uganda Water Resource Planning Project	Mar-18	July-19	HUF 73,000,000	19,973	-
Global Climate Forum					
- Readiness Vanuatu	Apr-17	May-18	USD 370,000	224,571	126,666
Green Climate Fund					
-Readiness Mongolia	Sep-17	Dec-18	USD 350,000	281,229	50,220
Green Climate Fund(GCF) - Readiness Indonesia	June-18	Dec-19	USD 852,322	69,820	-
Green Climate Fund(GCF) - Readiness Papua New Guinea	Feb-18	Feb-20	USD 677,427	116,351	-
Green Climate Fund(GCF) - Readiness Rwanda	May-18	May-19	USD 600,000	230,070	-
Green Climate Fund(GCF) - Readiness Thailand	May-18	May-19	USD 340,000	184,549	-
Green Climate Fund(GCF) - Readiness Laos	May-18	Nov-19	USD 476,485	56,969	-
Green Climate Fund(GCF) - Readiness Jordan	May-18	Nov-19	USD 660,000	45,579	-
GCF Consulting Service Contract for SAP Project	Sep-18	Mar-19	USD 214,954.23	162,974	-
Green Climate Fund(GCF) - GCF Adaptation Workshop	Nov-18	Dec-18	USD 289,937.13	196,608	-
The Ministry for the Environment, Land and Sea of the Republic of Italy (IMELS)					
-'Ethiopia Country Program 2017-2018'	Sep-17	Feb-19	EUR 100,000	61,362	7,648
The Ministry for the Environment, Land and Sea of the Republic of Italy (IMELS)- Rwanda, Field of Climate change	Jan-18	Jan-19	EUR 100,000	78,192	-
Netherland Contribution to the Project for Solar Home System market in Uganda	Jan-18	Feb-20	EUR 908,094	167,495	-

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

12. Operating Expenditures, Continued

(d) Details of operating expenditures of earmarked projects by donor for the years ended December 31, 2018 and 2017 are as follows, continued:

(In USD)	Grant Period		Total Pledged in Local Currency	Operating Expenditures	
	Start	End		2018	2017
				\$	
The Government of the Grand Duchy of Luxembourg - Enhancing Resilience to Climate Change through Solar Power Driven Access in Vanuatu	May-18	Sep-20	EUR 1,500,000	404	-
Korea International Cooperation Agency(KOICA) for Access to GCFin Lao PDR and PNG	Oct-18	June-19	USD 230,000	2,013	-
The United Nations Development Programme (UNDP) for PNG	Sep-18	Apr-19	USD 130,225	16,563	-
The United Nations Environment (UN Environment) PCA: GGKP	Oct-18	Aug-19	USD 125,000	31,820	-
Collaborative Research Agreement - GTC	Mar-18	Sep-18	KRW 50,000,000	11,343	-
Sub-total Earmarked Expenditures				\$ 11,221,395	6,698,445
Partnership Agreement Green Technology Center (GTC)- Latin American Regional Forum in Mexico	Sep-17	Dec-17	KRW 25,000,000	(1,010)	23,213
Partnership Agreement GGGW 2017 – GTC-K	Oct-17	Dec-17	KRW 56,900,000	-	50,551
Hanwha Q cells- Energy Forum in Seoul (Oct 2018)	Oct-18	Jan-19	KRW 36,000,000	31,535	-
Hanwha Q CELLS- Energy Forum in Seoul	Oct-17	April-18	KRW 35,000,000	-	21,791
Hanwha Q CELLS-GGGI Event in Davos for 2017	Nov-16	May-17	USD 70,000	-	67,201
Sub-total Partnership Agreements				\$ 30,525	162,756
Total Earmarked Expenditure				\$ 11,251,920	6,861,201

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

13. Finance Income and Finance Costs

(a) Details of finance income for the years ended December 31, 2018 and 2017 are summarized as follows:

<i>(In USD)</i>	2018	2017
Interest income	\$ 252,479	348,978
Gain on foreign currency transactions	33,887	34,165
Gain on foreign currency translations	41,812	130,937
	<u>\$ 328,178</u>	<u>514,080</u>

(b) Details of finance costs for the years ended December 31, 2018 and 2017 are summarized as follows:

<i>(In USD)</i>	2018	2017
Loss on foreign currency transactions	\$ 45,994	86,079
Loss on foreign currency translations	148,198	43,673
	<u>\$ 194,192</u>	<u>129,752</u>

(c) Details of finance income and costs by source of fund for the years ended December 31, 2018 and 2017 are summarized as follows:

<i>(In USD)</i>	Core fund		Earmarked fund	
	2018	2017	2018	2017
Finance Income:				
Interest income	\$ 251,771	347,224	708	1,754
Gain on foreign currency transactions	28,354	29,029	5,533	5,136
Gain on foreign currency translations	41,022	129,097	790	1,840
	<u>\$ 321,147</u>	<u>505,350</u>	<u>7,031</u>	<u>8,730</u>
Finance Costs:				
Loss on foreign currency transactions	\$ 30,348	68,981	15,646	17,098
Loss on foreign currency translations	141,991	42,276	6,207	1,397
	<u>\$ 172,339</u>	<u>111,257</u>	<u>21,853</u>	<u>18,495</u>

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

14. Other Gain (Loss)

Details of other gain (loss) for the years ended December 31, 2018 and 2017 are summarized as follows:

<i>(In USD)</i>	2018	2017
Other gain		
Sales on assets	\$ 5,675	2,074
Miscellaneous income (*)	217,502	188,729
	<u>223,177</u>	<u>190,803</u>
Other loss		
Loss on disposal of PPE	(1,613)	(781)
Donation	(5,000)	-
Miscellaneous expense	(521)	(692)
	<u>(7,134)</u>	<u>(1,473)</u>
	<u>\$ 216,043</u>	<u>189,330</u>

(*) Miscellaneous income comprises of tax refunds and honorarium payment and prior to adjustments for executives bonus and repatriation allowance.

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

15. Related Parties

(a) Governing Bodies

GGGI is governed by the Assembly, consisting of 29 member countries, which is responsible for electing Members to the Council, appointing the Director-General, considering and adopting amendments to the Establishment Agreement, advising on the overall direction of GGGI's work, reviewing progress in meeting GGGI's objectives, receiving reports from the Secretariat on strategic, operational and financial matters, and providing guidance on cooperative partnerships and linkages with other international bodies.

The Council is the executive board of GGGI and consists of no more than seventeen members, of which five are from contributing members and elected by the Assembly, five are from participating members and elected by the Assembly, five are experts or non-state actors appointed by the Council, the host country which holds a permanent seat on the Council, and the Director-General without voting right. Members of the Council serve for two year terms.

The Council is responsible for directing the activities of GGGI, under guidance of the Assembly. This includes nominating a Director-General for appointment by the Assembly, approving GGGI's strategy, annual work program and budget and reviewing the results, monitoring and evaluation framework, approving audited financial statements, approving the admission of new members to the Advisory Committee, approving the criteria for country program selection, approving the membership of the sub-committees of the Council and any other functions delegated by the Assembly.

(b) Key Management Compensation

Key management personnel of GGGI are the Director-General, the Deputy Director-General, and two Assistant Director-Generals as they have the authority and responsibility for planning, directing and controlling the activities of GGGI.

Key management compensation comprised the following:

(In USD)

		2018	2017
Salaries and bonus	\$	834,790	1,054,349
Allowance		294,928	276,648
Employee benefits		107,439	107,413
	\$	<u>1,237,157</u>	<u>1,438,410</u>

Global Green Growth Institute
Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

16. Deferred Income

Details of deferred income of projects by donor for the year ended December 31, 2018 and 2017 are as follow:

(In USD)

	2018	2017
The Government of Denmark	\$ 3,025,215	-
The Government of the United Kingdom	3,808,500	-
Total Deferred Income from Core Contribution(*)	\$ 6,833,715	-
The Norwegian Ministry of Foreign Affairs-'Indonesia Country Program 2016-2019'	2,562,463	3,143,849
The Norwegian Ministry of Foreign Affairs- 'Colombia Country Program 2017-2019'	378,384	569,451
Government of the Federal Republic of Germany (BMZ)	-	69,443
Green Climate Fund (GreenWin) for Global Climate Forum	-	26,213
Hungary for the Balkan Nationally Determined Contribution Trust Fund Project and Uganda Water Resource Planning Project	285,115	209,749
The Ministry for the Environment, Land and Sea of the Republic of Italy (IMELS) for Ethiopia and Rwanda	-	51,184
Netherland Contribution to the Project for Solar Home System market in Uganda	163,596	-
Green Climate Fund (GCF) for Readiness Indonesia, PNG, Vanuatu, Mongolia, Rwanda, Thailand, Laos and Jordan	705,505	416,700
Green Climate Fund (GCF) - GCF Adaptation Workshop	76,836	-
The Government of the Grand Duchy of Luxembourg for Vanuatu and Senegal	1,723,534	-
Korea International Cooperation Agency (KOICA) for Lao PDR, PNG, Solomon Islands and Vanuatu	947,987	-
The United Nations Development Programme (UNDP) for PNG	74,595	-
The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)- Evidence-based policies in Fiji	19,586	-
The United Nations Environment (UN Environment) PCA: GGKP	61,930	-
Hanwha Q cells- Energy Forum in Seoul (Oct 2018)	744	-
Collaborative Research Agreement - GTC	54,036	6
Activity Agreement with the Royal Embassy of Denmark- regarding feasibility of commercialization of biogas in India	54,118	-
SK Corporation for Korean Peninsula Study	100,000	-
Total Deferred Income from Earmarked Contribution	\$ 7,208,429	4,486,595
Total Deferred Income	\$ 14,042,144	4,486,595

(*) Deferred income consists of core contributions paid in advance to 2019 financial year, amounting to USD 6,833,715 which include USD 3,025, 215 (DKK 20,000,000) from Denmark and USD 3,808,500 (GBP 3,000,000) from DFID.

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March 28, 2019

Management and Program Sub-Committee
Global Green Growth Institute
19F Jeongdong Bldg, 15-5 Jeongdong, Jung-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, 2018, 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 GGGI’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 15, 2018 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
 - Delegation of Authority
 - Rules for the Procurement of Goods, Works and Firm Services



Management and Program Sub-Committee
Global Green Growth Institute
March 28, 2019
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- 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 ICT & Facilities and Finance department and reviewed the related documentation. According to the policy, ICT & Facilities department and the Finance department are to conduct physical count of the assets on a semi-annual basis to ensure completeness and existence of the assets listed in the system.

Observation

Based on interviews, we did not note any exceptions. We noted that GGGI, including the 29 country offices, performed the physical counts of all assets in June and December 2018, on a semi-annual basis in compliance with the Finance Policies and Procedural Manual, 4.6.1 Physical Count with the supervision of ICT & Facilities department. We also noted that the asset reports from country offices have been signed-off as per the Delegation of Authority, submitted by the offices with approvals from the respective Country Representatives, reviewed by ICT & Facilities department manager, approved by Head of Technology Services and reported to the Assistant Director-General of Finance & Corporate Services for approval, and any other asset findings or discrepancies have been reflected in the final asset report and delivered to the Finance Department for final imputation in the ERP.

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 June, November and December report on Contributions which are 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 Assistant Director-General of Finance & Corporate Services for approval. The monthly report prepared by the Finance department is shared with the Division Heads for their review.



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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

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 closing activities.

Bank Transactions

To test the procedures and policies related to bank transactions including Bank openings/closures, Bank reconciliation, Petty cash and Credit card usage, we interviewed with the Finance and Treasury department and reviewed the related documentation. We tested all bank reconciliation performed in May, October 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 HR department and obtained the list of currently active consultants to select samples for testing.

Observation

Based on our interview with HR 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 15 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 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 transactions 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.



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Global Green Growth Institute
March 28, 2019
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Procurement

To test the procurement procedures and policies, we interviewed the Procurement department and also obtained the procurement list during 2018 to select samples as part of our testing. We selected 29 samples, including total 9 transactions from contract value between USD 100,001 and USD 200,000, total 3 transactions from contract value above USD 200,001, 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 the Delegation of Authority, evaluations conducted by procurement committee and other documents related to procurements.

KPMG reviewed procurements that had been selected as samples and carried out in accordance with the Procurement policy of GGGI.

Observation

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

In January 2018, GGGI rolled out the pilot for the two country offices, Rwanda and Indonesia, to delegate the authority to pay all invoices to vendors below USD 10,000. We did not note any exceptions as a result of observation of Indonesia office.

This communication is intended solely for the information and use of 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 GGGI 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.



Global Green Growth Institute

FY2018 Audit

KPMG Samjong Accounting Corp.

May 2, 2019

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I. Audit Scope Overview

Scope of work

- Audit of the financial statements for the year end December 31, 2018

Applicable standards

- International Financial Reporting Standards
- International Standards on Auditing

Other terms of engagement

- Issuance of Management Letter

I. Audit Scope Overview, continued

Scope	GGGI Policies	Procedures
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	<i>Finance Regulations</i> <i>Finance Policies and Procedures Manual</i>	As part of our audit of the financial statements, we have evaluated the design and implementation of controls over journal entries as well as obtained an understanding of the activities for the preparation of financial statements.
Assessment of the administrative guidelines prepared and provided by GGGI and internal procedures are adhered to	<i>Individual Consultants Policies and Procedures</i> <i>Disbursements – Travel and Outsourcing expenses</i> <i>Delegation of Authority Manual</i>	We have performed testing procedures on related documents selected on a sample basis.
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.	<i>Procurement</i>	We have performed testing procedures on related documents selected on a sample basis.
Follow-up on previous audit and review recommendations		There were no recommendations provided in 2017.

II. Audit Timeline and Deliverables

Audit Report	<ul style="list-style-type: none">● Audit fieldwork:<ul style="list-style-type: none">- Interim audit: November 28 to 30, 2018- Year-end audit: February 18 to 28, 2019● Draft audit report<ul style="list-style-type: none">- Deliver draft by March 21, 2019● Final audit report<ul style="list-style-type: none">- Deliver final audit report on March 28, 2019
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 21, 2019● Receive comments from management by March 22, 2019● Final management letter<ul style="list-style-type: none">- Deliver final letter on March 28, 2019

III. Significant Findings from the Audit – Significant Audit Areas

Based on our understanding of the entity's business, industry and environment (including internal controls), we have identified the following risks that may result in a material misstatement (error) in the financial statements. We have planned and performed audit procedures in response to such risks:

Significant audit area	Audit procedures	Results
Revenue recognition	<ul style="list-style-type: none">• Reviewed related documents (e.g. agreements with donors etc.)• Conducted interviews with relevant personnel to understand basis of transactions• Vouched supporting documents to verify compliance with GGGI's revenue recognition policy	Based on procedures performed, we did not note any significant exceptions.
Accounting for in-kind contributions received from donors - Revenue and expenses (footnote disclosures)	<ul style="list-style-type: none">• Reviewed related documents (e.g. agreements with donors etc.)• Conducted interviews with relevant personnel to understand basis of transactions	Based on procedures performed, we did not note any significant exceptions.

III. 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

IV. 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 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	

V. Fraud Risks

Fraud Risks	Impact on Financial Statements	Planned Audit Approach	Findings
Risk of Management Override of Controls	Persuasive	<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
Presumed fraud risk in revenue recognition	Completeness and existence of Revenue and related expenses Accuracy of deferred income	<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

VI. 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(s) including representations required by the International Standards on Auditing.

VII. 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.

VIII. Other Audit Services

Indonesia Program	GCF Readiness and Preparatory Support Grant
<ul style="list-style-type: none">▪ Norwegian Ministry of Foreign Affairs▪ International Standards on Auditing (ISA 805)▪ 2018 Financial Report▪ Last audit performed in March 2019▪ Deliver final audit report on March 28, 2019	<ul style="list-style-type: none">▪ Green Climate Fund ("GCF")▪ International Standards on Auditing (ISA 805)▪ 2018 Financial Report▪ Audit performed in March 2019▪ Deliver final audit report on March 28, 2019

IX. New Pronouncements

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the identifying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

IFRS 16 replaces existing guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective from 1 January 2019. Before then, companies will need to analyze their leases, and make new estimates and calculations that will need to be updated periodically.



Thank you

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