



DG Progress Report to GGGI Council and Assembly

October 6, 2020 (Final)



DG Re-appointed for a 2nd term



On September 25, the GGGI Assembly decided to re-appoint me for a second 4-year term as Director- General of GGGI, and I accepted the offer. I am grateful to the GGGI Council and Assembly for the trust and confidence placed in me and I am committed to serve GGGI to the best of my abilities in the coming four years.

Looking back on my first term, external and internal evaluations confirm that GGGI has evolved and matured into strong and trusted partner for our Members. At the end of 2019 we had mobilized over USD 1.5 billion in green and climate finance for green investments to implement the green transition in our Members. Despite the challenges posed by the COVID-19 pandemic, we project to surpass USD 2 billion in 2020, with significant leverage of private sector investors. Our impact pathway evaluations for [Mongolia](#) and [Viet Nam](#) demonstrate that our projects collectively support the green transition coherently. Our green policy work is becoming more sharply focused and more impactful, as witnessed by the government's adoption of, for example, a higher feed-in-tariff for biomass-generated electricity sales to the grid in Viet Nam following GGGI's recommendation.

2020 dominated by the COVID-19 pandemic

The COVID-19 pandemic this year, as well as the wildfires still raging in California, or Cyclone Idai in Mozambique, wildfires in Australia, and heatwaves across the globe in 2019 – these are but some of the most prominent markers of the unprecedented and pervasive sustainability crisis that is threatening our planet, our health and our way of life.

Late last year, we had expected our program of support for more ambitious NDCs to the Paris Agreement for over 20 countries to be our top priority for 2020. There is so little time left to bend the curve to the NetZero2050 target that we need to fight the climate crisis. Instead, all our lives have been disrupted by the COVID-19 health crisis that has caused an unprecedented global economic crisis, with the end not yet in sight.

The climate crisis has not gone away, however, and we are continuing our support for more ambitious NDCs as best we can. Noteworthy is the [Campaign for Blue Skies and NetZero2050](#) in the Republic of Korea, initiated by GGGI. The campaign aims to increase public awareness of the climate crisis and build public support for more ambitious climate action by the ROK government. It now has over [35 partners](#), including embassies as well as civil society organizations and the private sector.

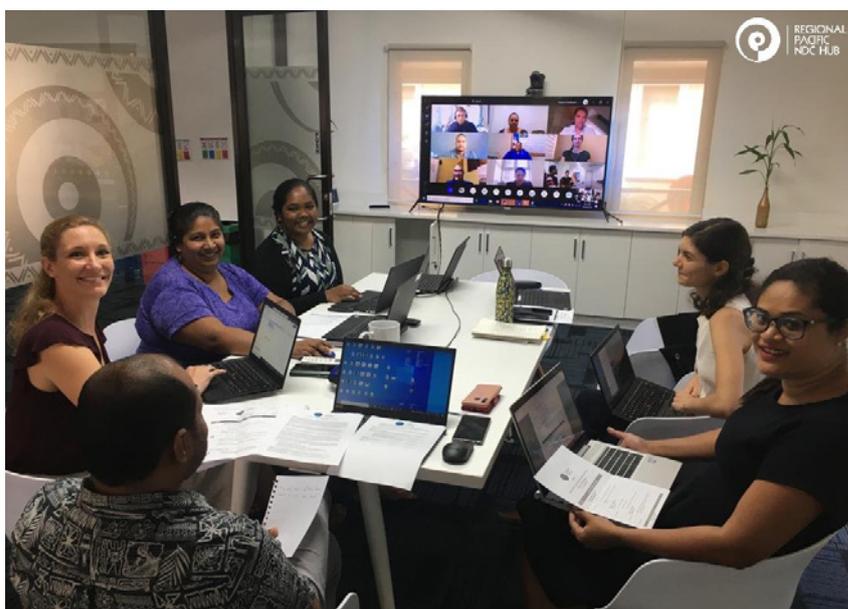
[GGGI was well-prepared to weather the COVID crisis and adapt to the New Normal.](#) We had invested in online systems and processes, in equipment and bandwidth and that enabled us to shift to remote work conditions relatively smoothly. By and large our international staff remained in their duty stations, and those that left have returned. Not all our government partners were as well prepared and some slowing down of our joint work was inevitable. I am impressed, however, by the agility of many of our partners that have adjusted to this New Normal. Consultations online, virtual workshops and conferences, virtual signing ceremonies, working from home and at all hours to

accommodate the time zones of our partners. We must recognize that it was stressful and has taken a toll on our staff and on our partners, but overall, I believe we are managing to press on and continue to achieve results effectively. In some areas we are surprising ourselves and we are finding that the New Normal is more effective than our previous way of working. I cannot imagine, for example, to ever going back to traveling as much as I had considered necessary, even inevitable, in the past 40 years of my international career.

While the COVID-19 pandemic has affected all of us hugely, and slowed down our work, it is also an unprecedented opportunity to Build Back Better. The resources mobilized to fight the COVID-19 induced economic crisis must now also be used to green the recovery and generate green jobs, to accelerate the green transition, and to fight the climate crisis. That is the silver lining. In the [WPB 2021-2022](#), supports to Members to green their COVID recovery has been systematically integrated into the planning for the next biennium.

GGGI recognized this early and has developed project ideas and proposals since March 2020 and shared these with our Members and with donors. We also published a report on the green jobs potential of climate action ([GGGI Technical Report 12, June 2020](#)), a report on the potential to green the COVID-19 recovery ([GGGI Technical Report 13, July 2020](#)) and drafted a policy brief on green deals for emerging and developing economies (find it [here](#)). As a result, we are in the final stages of approval of a number of grants that directly respond to greening the recovery in SIDS and LDCs, and have submitted a number of additional proposals to support a green recovery in other member countries.

GGGI itself was affected in mid-2020 when two of our core contributing members (Korea and UK) informed us that COVID-19 related budget pressures led to decisions to reduce core support for GGGI in 2020 more than USD6 million. GGGI management responded to these cuts through a package of immediate 2020 expenditure reductions, as well as the development of a third “MINUS” scenario in the draft 2021-22 Work Program and Budget (WPB). The MINUS scenario shows how management proposes to allocate core resources in the absence of UK core support (as announced in June).of a third “MINUS” scenario in the draft 2021-22 Work Program and Budget (WPB). The MINUS scenario shows how management proposes to allocate core resources in the absence of UK core support (as announced in June).



UK announces intent to reinstate core support to GGGI



We do acknowledge the continuing strong support from our contributing members for GGGI's work. The government of Korea has budgeted to return to the former level of core support in 2021, as well as an additional amount to make up for the reduction in 2020 (still to be confirmed by parliament). Discussions with the Danish and Norwegian government to renew, and possibly increase, core support are proceeding positively and will most likely lead to a decision before the Council and Assembly meeting. Finally, [UK Foreign Secretary Dominic Raab conveyed in a meeting](#) with GGGI President and Chair Ban Ki-moon on September 29 the intent of his government to reinstate core support to GGGI in 2020 and 2021, at a level of GBP 2 million in each year, ahead of a longer term decision on core support. In summary, GGGI's management now projects core resources in 2021-22 at a level in between the MINUS and BASE scenarios.

At the same time, GGGI has been successful in signing an increasing number of agreements for earmarked projects with an increasing number of donors. Virtually all of these are bespoke projects developed by GGGI at the invitation of a donor, rather than competitive procurement for projects developed by others. In other words, the current portfolio of earmarked projects is very well aligned with the agreed Country Planning Frameworks in the respective countries and with our GGGI WPB and Strategy. It does not lead to fragmentation of our work, but instead leads to an expansion or scaling up of the work GGGI initiated with its core resources. We are on track to sign new earmarked project agreements in 2020 worth over USD 60 million, providing a solid foundation for the period covered in WPB 2021-22.

We have also developed a new modality, in between core and project earmarked resources, referred to as "programmatically earmarked funding". Programmatically earmarking of resources to a specific geography or programmatic solutions enables the donor to tie the funding more directly to its own policy objectives while allowing GGGI more flexibility in implementation than project earmarked resources. We have signed a [first programmatic earmarked agreement with New Zealand](#), for support of low-carbon development planning in the Pacific and are in the final stages of such an agreement with Denmark. We believe that going forward this modality may address some of the key challenges experienced with the mobilization of core resources.





First Mid-Year CRF Report



While program implementation has suffered delays due to the COVID-19 pandemic, we are still managing solid results, as you will be able to read in the first [Mid-year CRF Report over 2020](#), developed at the request of the Council. A key conclusion I draw from this report, together with the IEU evaluation of our [green investment work in 2019](#), is that there is emerging evidence that our green investment work is maturing and coming of age. We see growing numbers of investment projects in a growing number of countries, increased participation of private sector investors, and a number of programmatic solutions that we believe lend themselves to scaling up in coming years. I believe that is very strong support for GGGI's ability to deliver on its mission. Together with strong policy results, the mobilization of about USD 2 billion in green finance for our members during my first term, is a strong foundation to build upon in coming years. We will target to mobilize at least another USD 3 billion during my second term as GGGI DG to kickstart our journey to implement [Strategy 2030](#).

Work Program and Budget 2021-22



The key document before the Council at the meeting on October 28 is the first WPB prepared under the new Strategy 2030 and the associated Roadmap. While the overall methodology and approach in this WPB is the same as last time, based on envelope budgets for the country allocations of core resources, some new elements are linked to Strategy 2030 and the Roadmap. We are introducing “programmatic solutions” to sharpen and focus our programmatic interventions and to enable scaling up of successful green solutions. This also allows us to analyze more transparently where the programmatic investments are prioritized in each region. We have also asked all country teams to develop projections and targets for the Strategic Outcomes their work will advance. While this is not yet fully mature, the [WPB 2021-22](#) now includes country and project level impact targets which will enable GGGI to track its results, outcomes and impacts more transparently. Combined with the development of impact pathways at country level – in essence a country level theory of change – I believe this is a key step forward in GGGI's results-based management journey.

The WPB presents three scenarios:

- **MINUS:** the minimum amount of core and earmarked resources we were confident to receive when preparing the WPB in July-September – added into the document when we were confronted with the reductions implemented by the UK and ROK governments, at the request of MPSC;
- **BASE:** the level of core resources GGGI received in 2019 with an increased, realistic projection of earmarked resources; and
- **PLUS:** a growth scenario based on the annual core resource growth targets as well as a more optimistic scenario for the earmarked resources – still based on GGGI's project pipeline.

Based on the most recent information management projects that resource availability will be in between the MINUS and BASE scenarios. Once the Council approves the WPB, management will

prepare an operational budget for 2021 based on the Council’s decision. If the WPB is approved as proposed that implies that all budgets will be at least those indicated in the MINUS scenario, and that additional resources will be allocated strategically, following the direction set in the WPB BASE and PLUS scenarios.

Conclusion



In summary, I believe GGGI continues to be in an excellent position to support the green transition of its members and start implementation of Strategy 2030. Not least thanks to the strong support by GGGI’s contributing members, as well as a growing group of additional donors, GGGI is in a strong financial position to implement WPB 2021-22. Despite the slow-down caused by the COVID-19 pandemic, GGGI’s results are strong. We are well positioned to support our members to Build Back better, to accelerate the green transformation and commit to ambitious climate action, while generating a growing number of green jobs that benefit all in society, but particularly vulnerable and resource-poor groups.

I have thoroughly enjoyed collaborating with so many of you, in our member governments, our partners and GGGI staff, during my first four years at GGGI. I am pleased that our joint efforts are showing such strong results and would like to thank all of you once more for your support and friendship!

[Strategy 2030](#), the Roadmap and WPB 2021-22 lay out the direction and priorities for the coming years. I look forward to working with all of you to implement these plans to accelerate the green transition that we all, and our planet, so desperately need.





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