



Global Green Growth Institute

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 E-Consultations Item #2

Report on Programs and Operations

PURPOSE/ACTION REQUIRED

Members of the Assembly and/or Council will be invited to:

<input checked="" type="checkbox"/> Take note of the Report on Programs and Operations
<input type="checkbox"/> Approve _____

<input checked="" type="checkbox"/> Provide feedback
<input type="checkbox"/> Other (please specify) _____

CONTEXT/BACKGROUND

The first-year implementation of the 2021-22 Work Program progressed by operationalizing 161 projects across 39 countries, three multi-country and regional programs, and eight global/thematic programs. The Council approved GGGI’s Work Program and Budget for 2021-2022 at its 13th Session on October 28, 2021 [[C/2020/DC/11](#)].

SUMMARY

Despite the persisting COVID-19 conditions, GGGI remains on a healthy financial and programmatic delivery path. In 2021 GGGI’s program is comprised of 161 projects across 39 countries out of which 151 projects are reported “on track” at the mid-year point, with 13 already concluded.

Most corporate targets such as delivery of policy outputs and resource mobilization for 2021 are on track. Progress on investment mobilization is not in line with the target. This was addressed through the GGGI Large-Scale Project Challenge, which increased the green investment pipeline by over \$3.5 Billion. While the green investment mobilized in 2021 is expected to be around \$500 million (against a \$700 million target), green investment mobilized in 2022 is expected to exceed \$1 billion, resulting in an expectation that GGGI will meet or exceed the investment target for the 2021-22 biennium.

Other significant new developments reported here relate to:

- Accelerated engagement with MDBs.
- Korea Green New Deal Fund – a trust fund at GGGI.
- Innovative work on Green Hydrogen.
- New regional / multi-country projects.

Report on Programs and Operations

Overview of 2021 Work Program and Progress on Implementation

1. The first-year implementation of the 2021-22 Work Program progressed by operationalizing 161 projects across 39 countries, three multi-country and regional programs, and eight global/thematic programs.
2. Overall, GGGI's results are progressing towards the 2021 end of year performance indicators except the green investment mobilization. Reflecting the consolidated program delivery results by the end of June, our policy advisory outputs was 42 or 60% of the 2021 target (70), adopted green growth policies was 16 or 64% of the end of year target (25), advisory outputs on green investment decisions was 21 or 42% of the 2021 target (50). Policies delivered and adopted by the end of June include Cambodia's Sustainable City Strategic Plan for the seven secondary cities, St. Lucia's completed enhanced NDC, Kiribati NDC Implementation Roadmap and Investment Plan, Tonga's Second NDC, and UAE's Air Quality Strategy for the UAE and Sustainable Finance Network.
3. The midterm review of green investment mobilization progress highlighted the need for action at the end of the second quarter. Total green investments mobilized by the end of June were USD 25.4 million or 3.6% of the targeted USD 700 million for 2021. Investment results concluded by the end of June reflect Morocco's used tire value chain material recovery sector set-up (USD 10 million), PNG's Credit Guarantee Corporation set-up and capitalization to support local agribusiness (USD 15 million), and Vanuatu's National Green Energy Fund capitalization (USD 0.4 million). To address the poor progress on green investment mobilization, GGGI management launched the GGGI Large Scale Project Challenge, described in the next section.
4. Although the investment commitment mobilized by end of June is considered "at risk", GGGI is advancing a portfolio of 37 projects in 2021, with a total size of USD 824 million. The average size is USD 22 million and, after adjustment for delivery risk, the expected total value for completion in 2021 is USD 500 million, considerably improved from the mid-year result, but not meeting the 2021 target. A large project was concluded in August: an investment commitment of USD 276 million for the InBev/Bavaria Rooftop Solar PV System project which has increased the current total green investment mobilized to USD 301 million, equivalent to 43% of target.
5. GGGI's ongoing support to Members and Partners on building capacity to access the Green Climate Fund (GCF) is progressing in 2021 with a sharp focus on enhancing Direct Access by our Members and Partners. GGGI is working with Direct Access Entities (DAEs) or those in the process of accreditation in Indonesia, Vanuatu, Morocco, Philippines, Mozambique, Rwanda, Fiji, Guyana, Colombia, and Ethiopia to improve their project concept notes to strengthen the chances of advancing into full funding proposals. GGGI's role as delivery partner of GCF readiness projects is continuously expanding with the addition of 18 readiness proposals across 17 countries, worth USD 25.1 M in the pipeline this year. The total cumulative readiness portfolio of GGGI now comprises 58 projects across 29 countries, with a total value of USD 51.9M. GGGI has so far completed 15 GCF readiness projects including four in 2021.

COVID-19, New Normal and Green Recovery

6. All GGGI country operations and staff continued to be directly or indirectly impacted this year by the COVID pandemic, with lockdowns, travel restrictions, etc. GGGI Latin America and Africa regions have been severely affected, while in Asia, countries like India and Indonesia were hit the most (with

the latter team suffering two casualties associated with the pandemic). While GGGI continued to strengthen its connectivity infrastructure at the office and remotely between staff and partners, several measures were initiated to ensure staff protection vis-a-vis COVID. An Open Forum Townhall meeting is held weekly by the COVID task force headed by the ADG OED, which constantly monitors the COVID situation in countries of operation and reports directly to the Management for quick decision making. Most staff to use Flexible Work Arrangements while many staff still work remotely. The provision under staff rules limiting working from outside the country of duty station to only 20 days per year was suspended when it became apparent that some staff would have to work remotely for longer periods. Also, GGGI's experience of FWA over the past months in terms of programmatic output and financial performance have demonstrated that FWA has not had a negative impact on institutional performance. GGGI's Management has pledged to revisit the rules on FWA, as many organizations prepare for what will be the New Normal, post-COVID. Staff have requested greater flexibility and more opportunities to work from home and/or have hybrid working arrangements. The current discussion is framed around some key-questions, in particular, where GGGI should position itself as a modern agile organization on the flexible working arrangements spectrum taking into account both organizational needs (e.g., implications on GGGI's business model) as well as the needs of staff (e.g., efficiency, life/work balance).

7. Implementation of recovery efforts put in place by countries in 2020 was hampered by the persistence of the pandemic in 2021 and the impact especially on recorded revenue and employment loss. The situation will become more complicated if there continues to be a widening gap in vaccination levels between developed and developing countries. As highlighted in key-reports published earlier in the year, there is need for a shared vision for "building back better" which essentially means recovery and sustainable growth accompanied by a global roll out of vaccines and a clear delivery plan to meet the net-zero stepped-up commitments made by the G7. Some of the recommendations to be addressed during the COP26 in Glasgow also, include actions like supporting a global target for the protection of 30% of land and ocean areas by 2030, setting a collective goal to raise annual investment by 2% of GDP above the pre-pandemic level for this decade and beyond, committing to an introduction of a strong price on carbon and eliminating fossil fuel subsidies by 2025, combined with setting clear targets for zero carbon power and road transport, while protecting vulnerable countries in this transition. Regarding the financing of the transition, this must include measures such as strengthening global tax cooperation by increasing the level of corporate transaction tax, working more with the private sector to tackle investment risks, alleviating the debt crisis of developing nations, widening financial options for low-income and vulnerable countries, as well as committing to doubling climate financing, and elevating contributions by the MDBs.
8. While all GGGI's work is fully aligned with its members' green recovery agenda as part of tackling the pandemic crisis together with decisive climate action, GGGI is directly supporting 13 separate green recovery initiatives in Mexico, Peru, Colombia, Burkina Faso, Rwanda, Mongolia, OECS, Fiji, Hungary, Senegal, Lao PDR, Cote d'Ivoire and Uganda, by implementing actions in areas such as national planning, public financial management, employment transition, climate financing, nature-based solutions, as well as sustainable urban development.

Large Project Challenge, New Initiatives and Early Success Stories

9. In order to step up GGGI's involvement in green climate investment mobilization, in May GGGI launched the Large-Scale Project Challenge as a major new initiative aimed at significantly increasing the size of the pipeline of green investment projects. Projects were expected to be at least USD 50 million in size and with a reasonable expectation of delivery in 2022. After reviewing a total of 25 project concepts, 17 new projects representing USD 3.5 billion in green climate finance were selected for preparation of (pre-) feasibility studies. The 17 green projects selected include:

- 3 projects on e-mobility,
 - 2 projects on sustainable landscapes,
 - 1 project on energy-efficiency/buildings,
 - 1 on green bonds, and
 - 10 renewable energy projects.
10. The renewable energy projects cover a broad range of technologies: one wind energy project, one green hydrogen, one floating solar, one solar for telecoms, one solar for health clinics, one rooftop solar for public buildings, and several solar utility-scale projects. In terms of regional distribution, 7 projects are in Asia, 5 in LAC, 3 in Africa and 2 in the Pacific.
11. In addition to the larger projects added to the pipeline, GGGI is expanding its programmatic interventions by engaging in new initiatives. Green hydrogen is one of the newer concepts explored in close coordination with India, Indonesia, and Morocco country offices. The objective of the green hydrogen concept is to support production of hydrogen with renewable energy (i.e. green hydrogen) in developing countries, for domestic use as well as export to high income countries to decarbonize energy intensive industries like fertilizers, iron and steel, petrochemicals. As mentioned above, a green hydrogen project was approved in Morocco as part of the Large-Scale Project Challenge. More countries such as Mongolia, Argentina, and Chile expressed their interest in working with GGGI on green hydrogen project development.
12. GGGI is increasingly engaging with multilateral development banks (MDBs) to develop partnerships and a pipeline of sizeable green climate projects. Since 2020, GGGI has been partnering with the Asian Development Bank in the context of the ASEAN Catalytic Green Finance (ACGF) Facility to provide knowledge and awareness of green finance and to support origination and structuring of projects for the ACGF. In 2021, GGGI has engaged with the World Bank to explore promising project concepts and business models in sustainable forests/natural capital, renewable energy, and sustainable mobility. African Development Bank is working with GGGI for the development of climate smart agricultural project, and Asian Infrastructure Investment Bank is working with GGGI to explore opportunities for deepening the pipeline of bankable projects. MDBs' awareness of GGGI's investment project pipeline is likely to result in joint development of multiple green growth and climate resilient projects.
13. An important new development is the Korea Green New Deal Trust Fund (KGNDF) that GGGI has worked on with the Korean Ministry for Economy and Finance (MOEF) since late 2020. President Moon of Korea committed to the establishment of the KGNDF at the P4G Summit in May 2021 and GGGI is now finalizing its structure and rules of operation with MOEF. It is expected that GGGI will receive at least USD 5 million per year for the KGNDF. The Fund's primary goal is to support green recovery and green transition in GGGI Member. The Fund is envisioned to have two main streams of support areas, first stream is to provide project preparatory technical assistance and the other to support policy and regulatory framework development. Projects to be supported by KGNDF are bankable/sustainable projects in GGGI members that may be developed in collaboration with MDBs, Green Climate Fund (GCF), bilateral development agencies and private sector aimed projects with strong commitment from private investors.
14. Another noteworthy new development in 2021 is the growth of regional or multi-country projects. In June, GCF approved a PPF grant for a regional Green Technopreneurship Project, awarded to the Korea Development Bank, in partnership with GGGI. This PPF will develop a GCF Full Proposal that aims to catalyze climate technology transfer to developing countries and accelerate local entrepreneurship in Indonesia, Philippines, Cambodia and Lao PDR.
- A bio CNG project (funded by Denmark) will address policy and regulatory barriers to expanding high-value biomass waste to energy (ex. CNG) in India, Thailand and Indonesia.

- In the Pacific, the Climate Finance Access Network Program (funded by Canada) was launched in close partnership with the Rocky Mountain Institute with the first eight countries to receive dedicated advisors for climate finance. Fiji, Kiribati, Papua New Guinea, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu will receive GGI advisors specifically trained and placed to unlock critical climate finance in these countries.
- Similar multi-country interventions are being developed in Africa for pipeline development and investment mobilization, especially in the areas of Climate Smart Agriculture and Nature-based Solutions.

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