Global Green Growth Institute
Eleventh Session of the Assembly &
Fifteenth Session of the Council
October 10-21, 2022 | E-Consultations
October 27, 2022 | Meeting
Agenda #9

Core Replenishment Drive

PURPOSE/ACTION REQUIRED

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

☒ Take note of updates on the Core Replenishment Drive	☐ Provide feedback on _____
☐ Approve _____	☐ Other (please specify) _____

CONTEXT/BACKGROUND

In 2011-12 the government of the Republic of Korea (ROK), as one of the 16 founding Members of the Global Green Growth Institute (GGGI), together with like-minded countries leading global efforts to combat the climate crisis and promote green growth, has supported GGGI to deliver significant achievements over the last decade since its founding at the Rio+20 UN Conference. The successful Core funding drive of 2011-2012 resulted into a number of industrialized and emerging economies committing as Contributing Members to provide core funding as unrestricted funding to support GGGI's operations.

Core funding for GGGI reached about USD25-30 million per year during the first 5 years and has reduced to about USD20 million during the second five-year period. The decline has been partly compensated by the successful increase and diversification of earmarked funding. Reduction in core funding is a critical risk for GGGI to deliver on the Strategy 2030 ambitions, maintain its effectiveness, and drive innovation that is of high value to Members.

SUMMARY

In May 2030, the government of the Republic of Korea (ROK) has agreed to lead GGGI's Core Replenishment Drive. On June 9, 2022, H.E. Ban Ki-moon, GGGI's President & Chair, officially launched the Core Replenishment Drive during the 10th anniversary celebration of GGGI as an Intergovernmental Organization.

GGGI ambitions to secure pledges from 16 countries to mobilize an additional USD20 million per year in core funding on top of the current baseline of USD15 million per year. The countries are grouped into: (1) Current Core donors: **Denmark**, **Norway** and **ROK** ; (2) Contributing Members who stopped core funding in last 3 years: **Australia** and **UK**; (3) Members who provided core funding in the past: **Indonesia**, **Mexico**, **Qatar**; (4) Long-time Member(s) providing earmarked funding and may provide core funding for the first time: **UAE**; and (5) New countries who are providing earmarked funding and may provide core funding to GGGI for the first time: **Canada**, **France**, **Germany**, **Luxembourg**, **Netherlands**, **New Zealand**, and **Sweden**.

GGGI proposes that the additional core funding would be used in the budget cycles 2023 (from mid-year), 2024, and 2025, and allocated to the following three priorities:

a. **USD10 million for increased core budget and programming in 19 vulnerable countries consisting of LDCs, SIDS, and LLDCs countries**. This will contribute to GGGI respecting the allocation of at least 60% of the total budget to go to vulnerable countries, and in line with the Council-approved Work Program and Budget (WPB).
b. **USD5 million to** enable GGGI to start operations in new Member countries immediately for new countries approved by Council in the WPB.
c. **USD5 million for global programs, communities of practices, and cross-country interventions.** This will enable GGGI to build in-house expertise in Climate Action and Inclusive Development Global Program, and in inclusive and gender-responsive approaches to SDG alignment and socioeconomic co-benefits. This funding will be used to step-up results and drive innovations in the following top ***three high-priority, high-impact solution areas***: (i) ***Green finance transaction models*** such as green bonds and national financing vehicles; (ii) ***Adaptation and resilience building*** through nature-based solutions including Forest/REDD++ and climate smart agriculture; and (iii) ***Renewable energy*** including green hydrogen, solar auctions, floating solar, and bio-CNG.

As the core budgets allocated to the Country programs, Global Programs and Communities of Practice are to be approved as part of the Council-approved WPB every two years, additional core resources will provide an opportunity to the Council to steer the direction of the programmatic work of GGGI to priorities set by the Council (and complementing the portfolio of earmarked projects).

The Core Replenishment Drive campaign will run from Summer 2022 to Spring 2023 and, if progressing successfully, is expected to conclude with a Replenishment Conference in Spring 2023. The campaign includes a series of donors' consultations organized by ROK, campaign missions, and meetings during official/State visits, etc.

Between August 2022 and September 2022, ROK is sending the Core Replenishment Drive package to the governments of the targeted countries via its Embassies. The Core Replenishment Drive package consists of: (1) ROK support letter signed by Minister of Foreign Affairs; (2) GGGI letter jointly signed by H.E. Ban Ki-moon and Director General Frank Rijsberman; (3) Executive 1-pager flyer summary; (4) Core Replenishment Drive main document making a business case for the fundraising; and (5) Annex containing a sample of GGGI achievements.

Documents:

- GGGI letter jointly signed by H.E. Ban Ki-moon and Director General Frank Rijsberman;
- Executive 1-pager flyer summary;
- Core Replenishment Drive main document
- Annex containing with GGGI achievements.

GGGI

CORE REPLENISHMENT DRIVE 2023-2025
EXECUTIVE SUMMARY

Building on the successful joint core-funding drive experience of 2011-12

In 2011-12 the government of the Republic of Korea (ROK) joined forces with a number of industrialized and emerging economies to join the ROK as Contributing Members of the Global Green Growth Institute (GGGI). Contributing Members are defined as those contributing USD 5 million in core funding to GGGI for at least 2 years (i.e., USD10 million total). Core funding for GGGI is unrestricted funding contributed to support GGGI's operations. Its spending is governed by the GGGI Council through biennial Work Program and Budgets (WPB).

The ROK is contributing USD10 million core funding to GGGI annually, understood to be USD5 million to support GGGI's HQ in Seoul and USD5 million to support its international operations. Contributing members for most of the first ten years of GGGI in addition to ***ROK*** were ***Australia, Denmark, Norway,*** and the ***UK***. In addition, ***Qatar, Indonesia,*** and ***Mexico*** have contributed core funding to GGGI on a one-off basis. The ***UAE*** has funded GGGI for the last 10 years, earmarked for a UAE national program, a regional office and support for GGGI operations in Morocco and Bahrain.

Core funding has gradually declined, but earmarked funding is growing fast

From the reduction of overheads to the mobilization and diversification of earmarked donors, improvement in business efficiency and value for money, GGGI implemented several measures to address the declining core funding.

Regarding earmarked funding, GGGI management has been able to attract new donors – increasing the total number of resource partners for GGGI from 5 to about 30 in 2022, and earmarked funding has increased from about USD5 million to about USD40 million per year and growing. However, there have been no new Contributing Members since that first effort made by ROK government in 2011-12. Core funding for GGGI reached about USD25-30 million per year during the first 5 years and has reduced to about USD20 million during the second five-year period. Core funding is expected to come down to about USD15 million going forward if no action is taken. This is considered a critical risk for GGGI. Adequate core enables continued efficiency and effectiveness; maintains our agility and responsiveness to Members' requests that are often time sensitive, allows us to maintain staff in the face of gaps in earmarked spending, without which we would have a severe drag on delivery momentum, and enables us to scale up our response to emerging global priorities when earmarked spending cycles often have a 1.5-2 year lag.

Targets for a new Core Replenishment Drive

GGGI proposes that the ROK government will lead a Core Replenishment Drive for GGGI ***targeting 16 countries*** most likely to provide core funding to GGGI based on past core contributions and current earmarked funding. It is proposed to set a ***target to mobilize USD20 million per year in additional core funding*** for GGGI, i.e., in addition to the current baseline of USD15 million per year as follows:

1. Maintain at least USD15 million in core funding from ***Denmark***, ***Norway*** and ***ROK***; and
2. Obtain pledges for an additional USD20 million core funding per year from:
   a. Bringing back former Contributing Members ***Australia*** and ***UK*** as core funders;
   b. Members who provided core funding in the past: ***Indonesia***, ***Mexico***, ***Qatar***;
   c. Member(s) providing earmarked funding and may provide core funding to GGGI for the first time: ***UAE***; and
   d. New countries who are providing earmarked funding and may provide core funding to GGGI for the first time: ***Canada***, ***France***, ***Germany***, ***Luxembourg***, ***Netherlands***, ***New Zealand***, and ***Sweden***.

GGGI proposes that the additional core funding would be allocated to the following three budget lines (further detailed in the WPB 2023-24), to implement GGGI's approved Strategy 2030:

- ***USD10 million for increased programming in current countries.*** Increase the core budgets for the 37 countries in which GGGI currently operates, particularly the 19 vulnerable countries (LDCs, SIDS, and LLDCs), and strengthen programming priorities.
- ***USD5 million to start operations in new Member countries.*** This funding would enable GGGI to start operations in new member countries immediately for new countries approved by Council in the Work Program and Budget.
- ***USD5 million for global programs and cross-country interventions***. This funding would go to build in-house expertise in GGGI's Climate Action and Inclusive Development global program, strengthen GGGI's safeguards and Gender Equity and Social Inclusion policies and programming, drive innovations, and scale-up in the following high-priority, high-impact solution areas: (i) green finance transaction models such as green bonds and national financing vehicles; (ii) adaptation and resilience building through nature-based solutions including Forest/REDD++ and climate smart agriculture; (iii) renewable energy including green hydrogen, solar auctions, floating solar, and bio-CNG.

GGGI CORE REPLENISHMENT DRIVE 2023-2025

Version of August 4, 2022

EXECUTIVE SUMMARY

Building on the successful joint core-funding drive experience of 2011-12

In 2011-12 the government of the Republic of Korea (ROK) joined forces with a number of industrialized and emerging economies to join the ROK as Contributing Members of the Global Green Growth Institute (GGGI). Contributing Members are defined as those contributing USD 5 million in core funding to GGGI for at least 2 years (i.e., USD10 million total). Core funding for GGGI is unrestricted funding contributed to support GGGI's operations. Its spending is governed by the GGGI Council through biennial Work Program and Budgets (WPB).

The ROK is contributing USD10 million core funding to GGGI annually, understood to be USD5 million to support GGGI's HQ in Seoul and USD5 million to support its international operations. For most of the first ten years of GGGI, the organization has benefited from the collective effort from several contributing members including - in addition to ***ROK*** - ***Australia, Denmark, Norway,*** and the ***UK***. In addition, ***Qatar, Indonesia,*** and ***Mexico*** have contributed core funding to GGGI on a one-off basis. The ***UAE*** has funded GGGI for the last 10 years, earmarked for a UAE national program, a regional office and support for GGGI operations in Morocco and Bahrain.

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- ***USD10 million for increased programming in LDCs, SIDS, and LLDCs countries.*** Increase the core budgets for the 19 vulnerable countries (LDCs, SIDS, and LLDCs) and strengthen programming priorities.
- ***USD5 million to start operations in new Member countries.*** This funding would enable GGGI to start operations in new member countries immediately for new countries approved by Council in the Work Program and Budget.
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1. GGGI's NEED TO REPLENISH CORE FUNDING

1.1 GGGI funding in the first 10 years

Building on the successful joint core-funding drive experience of 2011-12

In 2011-12 the government of the Republic of Korea (ROK) together with like-minded industrialized and emerging economies made the collective decision to become Contributing Members of the Global Green Growth Institute (GGGI). Contributing Members are defined as those contributing USD5 million in core funding to GGGI for at least 2 years (i.e., USD10 million total). Core funding for GGGI is unrestricted funding contributed to support GGGI's operations. Its spending is governed by the GGGI Council through biennial Work Program and Budgets (WPB).

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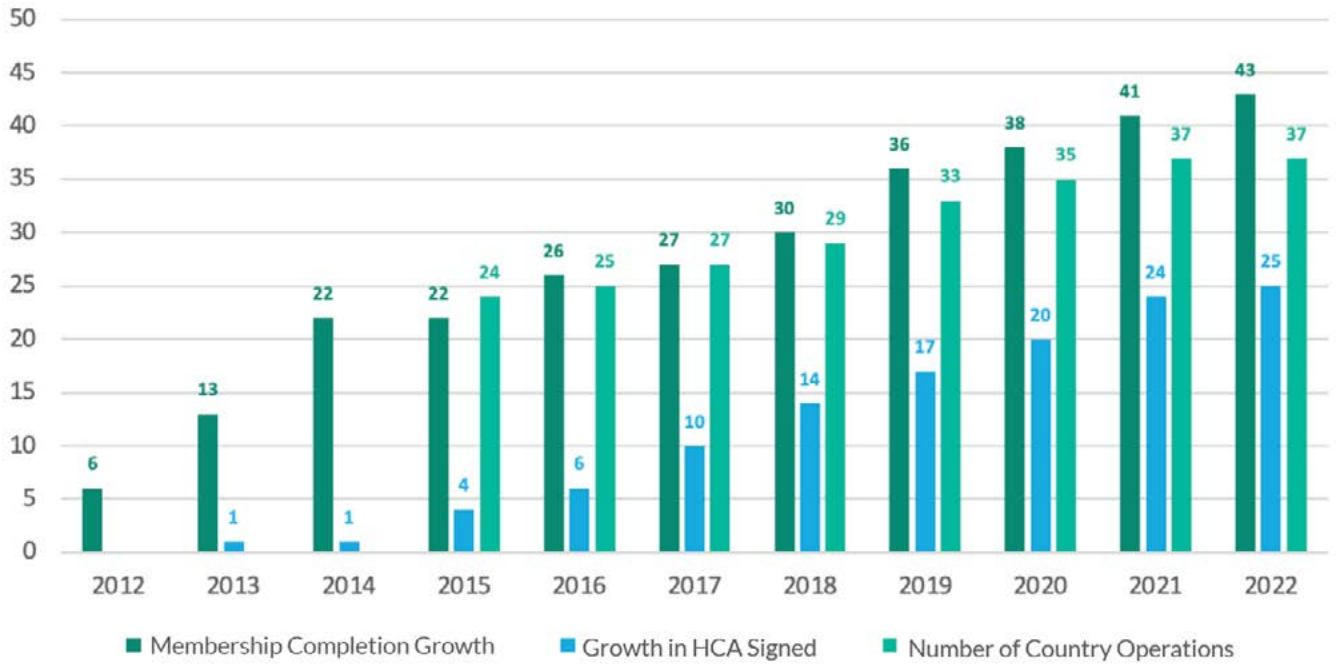
GGGI management has been able to attract new donors – increasing the total number of resource partners for GGGI from 5 to about 30 in 2021, and earmarked funding has increased from about USD5 million to about USD40 million per year and growing. However, there have been no new Contributing Members since that first effort made by ROK government in 2011-12. Core funding for GGGI reached about USD25-30 million per year during the first 5 years and have reduced to about USD20 million during the second five-year period. Core funding is expected to come down to about USD15 million going forward if no action is taken.

Increasing Membership and demand for GGGI's services

In 2012, 16 countries signed the GGGI Establishment Agreement in Rio de Janeiro. Since then, 43 Members have ratified the Establishment Agreement, and another 20 countries have indicated that they intend to ratify also. There is a growing demand for GGGI's services in a time where the world is facing a deep sustainability crisis, and the climate crisis has been recognized as the greatest challenge of our generation. As GGGI has demonstrated results and an effective role as a trusted advisor through embedded staff in developing and emerging economies, there is a growing need to finance its operations.

One of the situations created by the high demand for services from countries was the establishment of operations in several non-Member countries. Some of them took years to complete the membership process. The Management in consultation with the Council put in place specific measures to advance the membership for many of the countries, close a few operations, and have set deadlines for the remaining handful number of non-Members with operations. In parallel to that, GGGI made the establishment of the Host Country Agreement (HCA) a priority, bringing the number to 25 HCAs signed as of June 2022, up from 5 in 2015. While the demand for GGGI services grew steadily, the core funding mobilization peaked in 2016 and since then, it kept declining. Figure 1 presents the progress made in reducing the operations in non-Members, the growths in Membership, HCA signed, and operations. Going from more than half of the operations in non-Member countries in 2015-2016, the increased focus on Members has resulted into the steady reduction of that number to 5 countries (India, Morocco, Nepal, Togo, and Zambia) where GGGI has operations.

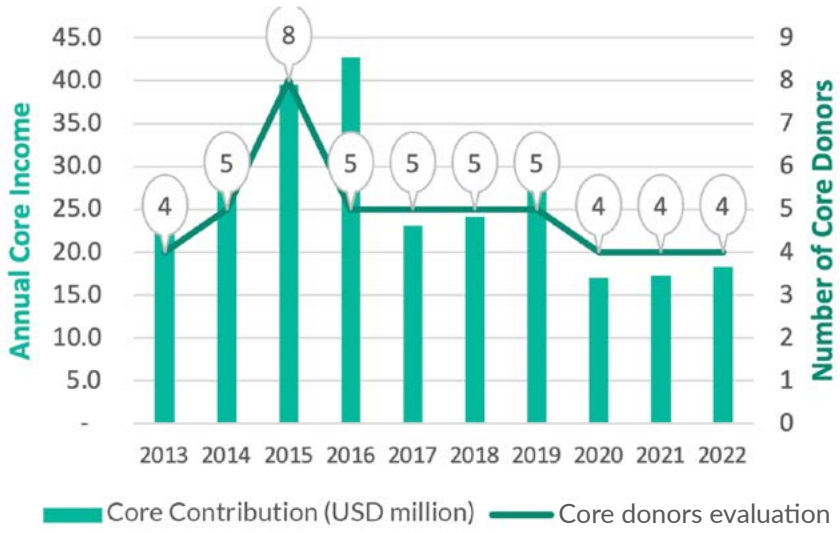
Figure 1: Evolution of GGGI Memberships, HCA signed and Operations in Member and non-Member Countries



Core funding has gradually declined

Core funding to GGGI has declined gradually since 2016, as shown on Figure 2. Australia stopped core funding in 2019. The UK announced its intent no longer to provide core funding to GGGI in 2022. Norway and Denmark are still providing core funding to GGGI but have decreased the amount from USD5 million per year to about USD1.8 million and USD1.5 million, respectively. Qatar, Indonesia, and Mexico have not renewed their initial core contributions.

Figure 2: Core funding to GGGI 2013-22

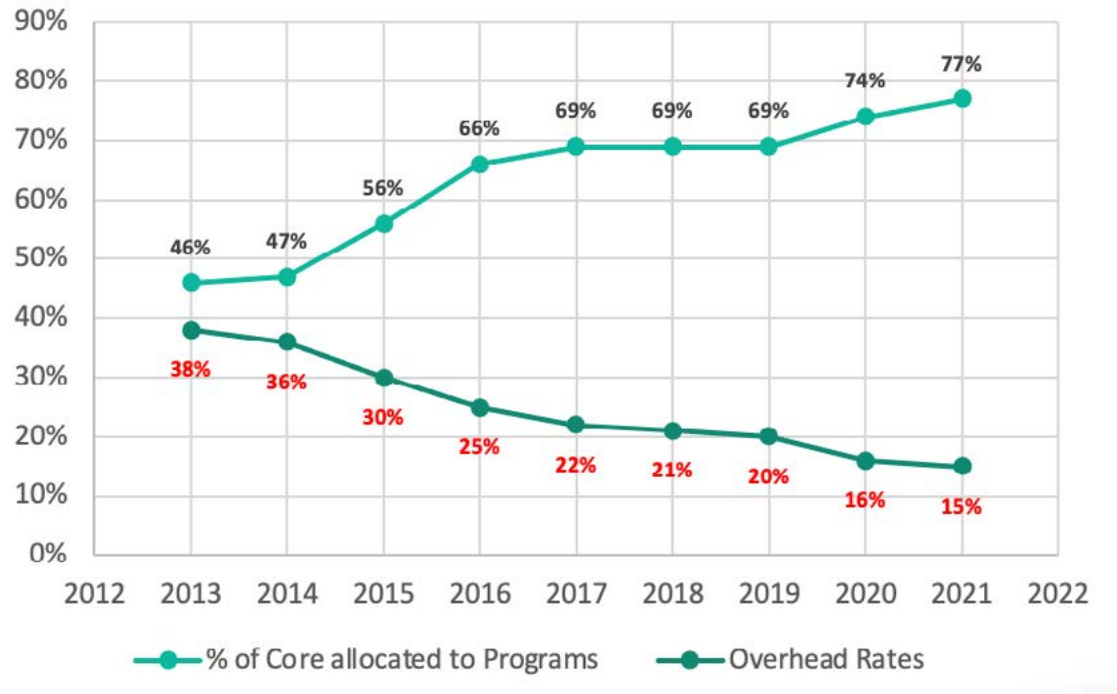


Note: The bars represent the amount of core contribution received by GGGI from 2013-2022. The numbers above each bar refer to the number of donors who contributed to GGGI's core funding.

GGGI efforts to address the declining core funding situation

The costs of GGGI operations are categorized into: (a) ***Program costs***, covering the costs associated with the two programmatic divisions which are Green Growth Planning and Implementation (GGPI) and Investment and Policy Solution Division (IPSD); and (a) ***Overhead cost***, covering the costs of the Office of the Director General (ODG) division and the Operations Enabling Division (OED), often referred to as administration costs. In the early years, less than half of GGGI core funding was allocated to programs. The combination of leveraging core funding with increased earmarked funding, together with improvements in the value-for-money and business efficiency, created the gradual shift towards more core allocation to programs, while GGGI continued to experience declining core funding. During the same period, the reduction of overhead rates due to specific measures is presented in Figure 3.

Figure 3: Percentage of Core allocated to Programs and Overhead Rates



GGGI ***overhead recovered*** is set at 15% for non-Members and 7% for Members earmarked funding. That leaves a gap of 8% that which is covered by core funding. That represents the core allocation for overhead, which is inevitable given the current business model of two types of overheads for Members and non-Members.

Several measures have been implemented to address the declining core funding situation. The main ones include:

A. **Overhead reduction**: The Management made the commitment to the Council to reduce GGGI's overhead cost to 15% by 2023. GGGI has been able to successfully achieve that reduction a year in advance, at the end of 2021. This is the result from efforts including but not limited to gradual staff reduction, improvement in business efficiency, and other cost saving measures (Figure 3).

B. **Earmarked funding increase**: The structured process put in place in 2017-2018 has resulted into the mobilization or funding from a diverse group of resource partners. The introduction of Program Earmarked as part of the implementation of GGGI Strategy 2030 has been an innovation in GGGI's earmarked fund mobilization.

C. **Strategic program core allocation**: Between 2012-2018 the program core allocation was done through the WPB. Due to the declining core funding, the strategic approach use has consisted of applying the envelop allocation and introducing the Project Idea Note (PIN) process. This has resulted into improved use of the limited core funding, more oriented funding to address specific demands such as green recovery interventions, and leveraging core funding to mobilize other resources for greater impacts.

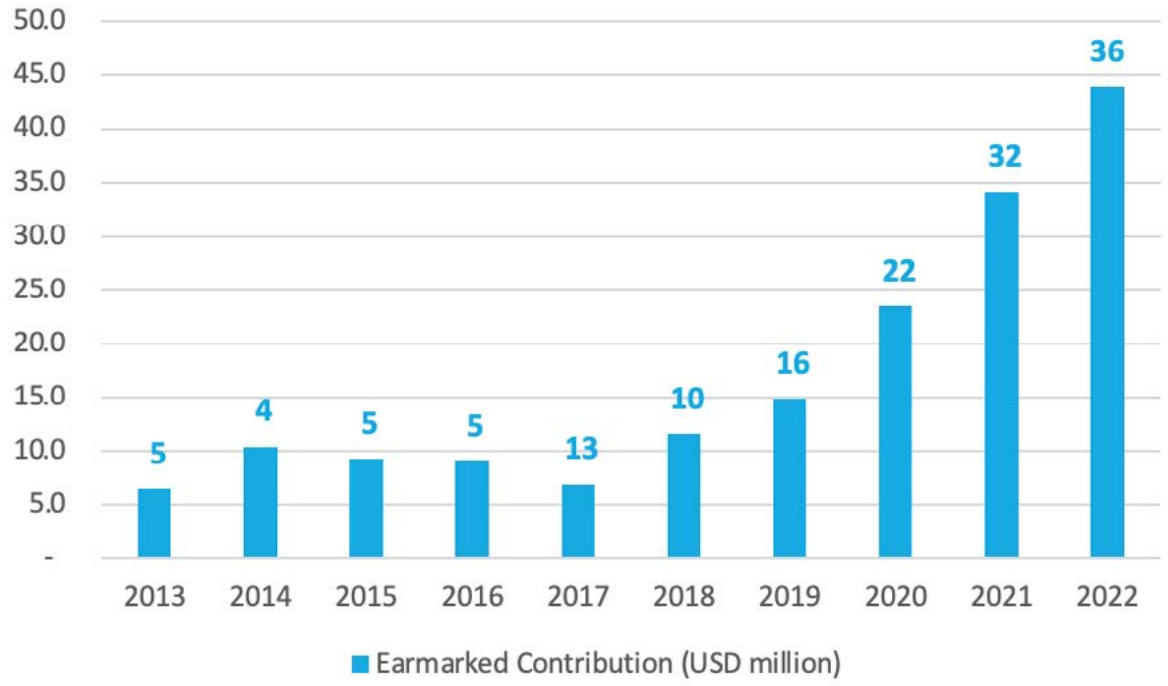
D. **Overhead for earmarked funding set at 15%:** The business decision to set the overhead to 15% applies to all earmarked funding opportunities from non-Member resource partners. Members providing earmarked funding have the overhead set at 7%.

As GGGI has successfully been bringing its overhead down to 15% at the end of 2021, what it means for the organization is that core funding is no longer used to subsidize earmarked funding secured from non-Members.

Earmarked funding has grown rapidly

As part of the efforts to address the declining core funding, GGGI has been able to attract a growing volume of project and program earmarked project funding, as well as started to attract funding through Trust Funds. New earmarked funding commitments in excess of USD60 million were signed in both 2020 and 2021 with an increasing number of resource partners (Figure 4). This has enabled GGGI to respond to demand and grow rapidly, with expenditures increasing more than 20% in 2021, 2022 and probably 2023. At the same time the share of core funding for the organization has declined from about 80% in 2017-18 to about 27% in 2022.

Figure 4a: Evolution of the number of GGGI earmarked donors base and amount of earmarked expenditures with 2022 earmarked expenditures projections



Note: The bars represent the earmarked resources expended by GGGI from 2013-2022. The numbers above each bar refer to the number of donors who contributed to GGGI's earmarked funding with projects in excess of $250,000.

From 2013-2017 GGGI had mostly core donors with limited numbers of earmarked donors. Since then, the number of earmarked donors has diversified, and the total volume of earmarked funding has increased fivefold. Figure 4b presents the diverse and increased contributions of earmarked funding into GGGI expenditures.

Figure 4b: Earmarked donors contributions in and amount of GGGI earmarked expenditures between 2013-2022

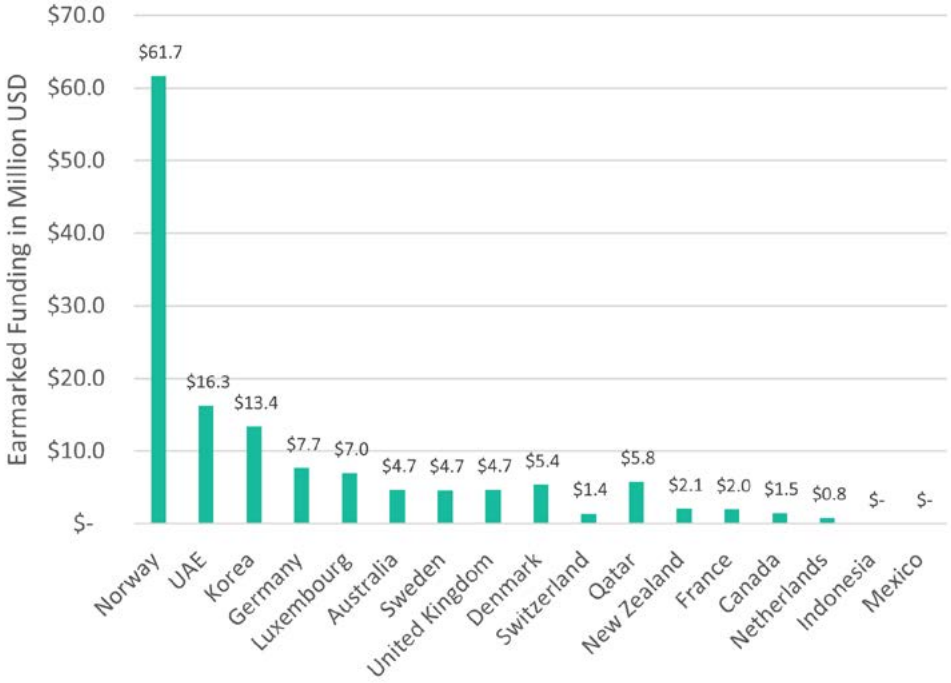
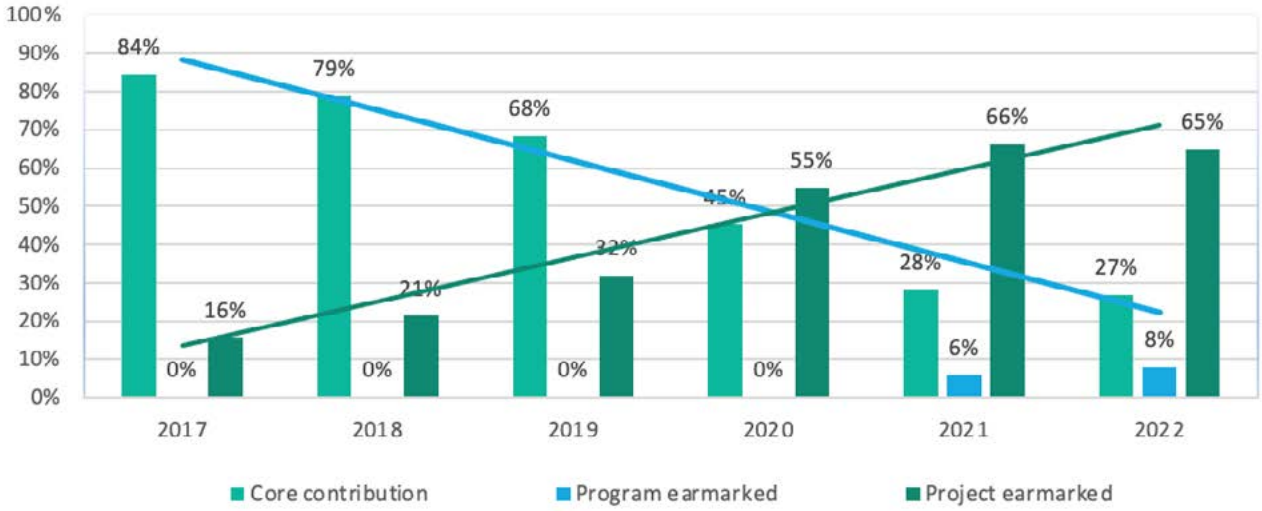


Figure 5 presents the distribution of GGGI expenditure by funding sources, illustrating the reduced core funding share. Figure 5 also highlights the introduction of Program Earmarked funding in 2021, which provides more flexibility than project earmarked funding, and is expected to grow.

Figure 5: GGGI expenditure by funding source (2022 is projected data)



GGGI's limitations as a result of limited core funding

For the next two years, i.e., the WPB 2023-24, the baseline scenario of GGGI core funding provided by only ROK, Norway, and Denmark (assuming continued core funding at current levels) is less than USD15 million. In addition, GGGI recovers overhead on earmarked projects and programs that contributes to funding of GGGI's non-program or back-office work for an estimated USD4 million per year.

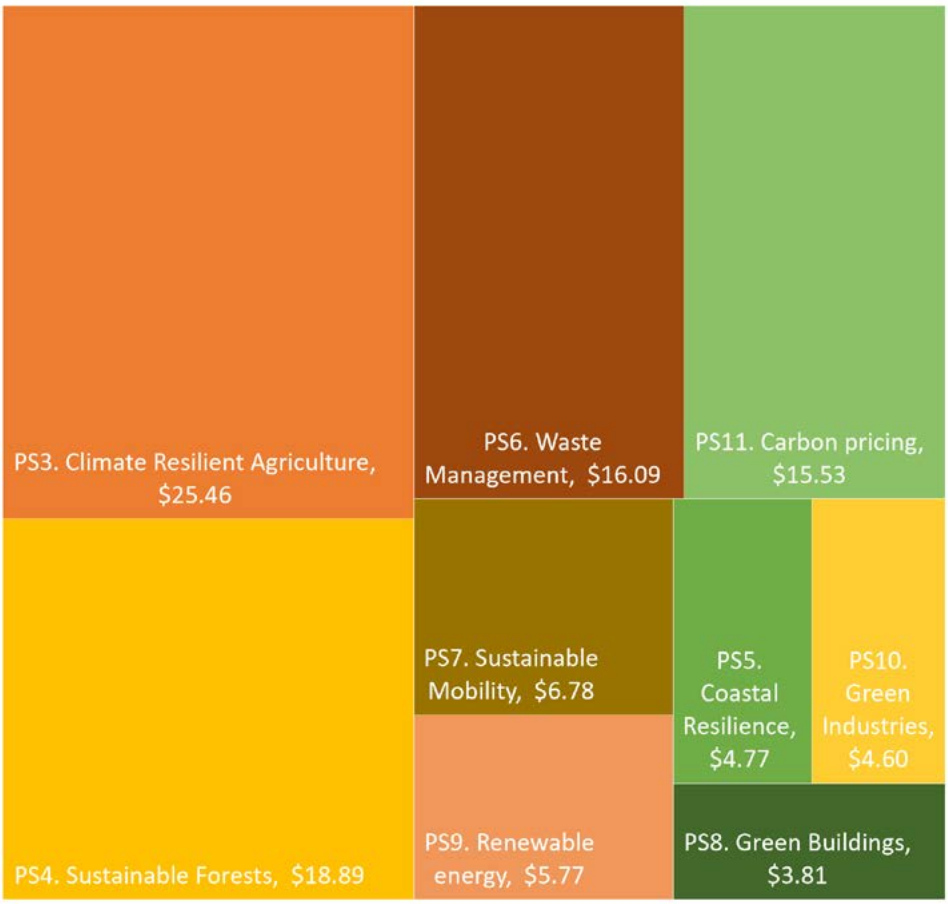
While the earmarked project and program funding is generally well aligned with GGGI Member demands as set forth in the country planning framework documents and in the country business plans, an important drawback of earmarked funding is that the time from first project idea submitted to a contract signed is usually very long – often several years. That means earmarked funding is relatively slow and does not allow GGGI to respond rapidly to changing circumstances or Member demands. In addition, earmarked projects tend to follow well established track records and are not as amenable to explore new areas or start innovative new projects or new areas of intervention or continue project efforts beyond funding timeframe.

The limitations to GGGI's work as a result of limited core funding can be summarized as follows:

1. ***Minimal country core budgets***. In the draft WPB 2023-24 baseline scenario the core resources available for each country program have been reduced to a USD100 thousand per year. This means the flexible resources to respond to government demands or initiate new projects are very low and GGGI's opportunity to prioritize country programming is low.
2. ***No new Member budgets***. When new countries join as Members, GGGI no longer has core resources to initiate a country program but has to try to develop earmarked projects. While GGGI has been successful doing so in a number of cases, it does delay action on the ground- often for several years, and is not successful in all cases. A new Member budget would enable GGGI to start up country operations and quickly respond to demands, while developing earmarked project proposals to build a stable country program.
3. ***Minimal global program/IPSD budgets***. Given that most earmarked funding is highly focused on country level action, GGGI currently has minimal core budgets to develop and maintain a small set of in-house tools and models to support country work, develop promising solution areas into global/regional programs to address common challenges across countries and maintain central expertise to support country work in the key programmatic solutions, or to support knowledge sharing across countries.
4. ***Minimal core to fill spending gaps and maintain or accelerate critical momentum.*** We have judiciously used core to maintain momentum in country programs in between earmarked funding cycles, enabling us to pay for staff and maintain impact for several months until new earmarked funding comes online. This ensures strong value for money in terms of efficiency and effectiveness as recruiting new staff and training them is investment heavy and loss of institutional knowledge is a heavy drag on delivery and results.

From the analysis of distribution of GGGI's 2023-2024 portfolio, Figure 6 shows the de-facto priorities in terms of programmatic solutions of the earmarked portfolio. It is where our earmarked donors, bottom up, through our project portfolio, have put the money (and where we have written proposals). Using the additional core funding, the approach consists of conducting an assessment by GGGI's Management and Council to see if this is the desired set of priorities, if some priorities are considered underrepresented, then we can consider what we can do to adjust/steer/correct. For example, renewable energy has limited resources, and while the impacts are greater, this would appear to be an obvious case where GGGI's Management and Council may want to invest more additional core funding. In this process, one tool is for GGGI to attempt to write more proposals in underrepresented priorities, but this also depends on priorities of earmarked donors. More influence can be exerted if we have more core funding which can be deliberately steered towards underrepresented priorities, and geographies, to result in a stronger/more balanced portfolio. This demonstrates how more core funding could strengthen our work/emphasis, and how Council could then steer this through the cycles of WPB. Through the availability of increased core funding, the Council–with recommendation from GGGI's Management–has the possibility to steer the strategic allocation of more resources to the programmatic solutions which are considered to be under funded or need expansion and scaling up.

Figure 6: Overview of GGGI's 2023-2024 portfolio distribution of per Programmatic Solutions (in USD Million)



GGGI Management argues that GGGI would be a more agile and more effective organization with a higher level of core funding for the organization, given the climate crisis and urgency to address the challenges in many countries where GGGI already has embedded operations.

1.2 Targets for a Core Replenishment Drive

GGGI proposes that the ROK government will lead a Core Replenishment Drive for GGGI targeting 16 countries most likely to provide core funding to GGGI based on past core contributions and current earmarked funding. It is proposed to set a target to mobilize USD20 million per year in core funding for GGGI in addition to the current baseline of USD15 million per year as follows:

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    d. New countries who are providing earmarked funding and may provide core funding to GGGI for the first time: ***Canada***, ***France***, ***Germany***, ***Luxembourg***, ***Netherlands***, ***New Zealand***, and ***Sweden***.

GGGI proposes that the additional core funding would be allocated to the following three budget lines (further detailed in the WPB 2023-24), to implement GGGI's approved Strategy 2030:

- ***USD10 million for increased programming in LDCs, SIDS, and LLDCs countries.*** In the current budget baseline scenario, the core allocation is set at USD100 thousand per year for countries where GGGI currently operates a country program. The additional core allocation will allow us to increase the core budget to USD500 thousand per year for the 19 vulnerable countries (LDCs, SIDS, and LLDCs). The remainder to be used for projects developed by country programs, allocated through the GGGI project development process, respecting the allocation of at least 60% of the total budget to go to vulnerable countries, and in line with the Council-approved WPB. This funding enables the GGGI Council to allocate funding to key programming priorities not reflected in the earmarked funding portfolio. Analysis for the draft WPB 2023-24 shows investments by programmatic solution, globally and by region. Additional core funding enables the GGGI Council to set programmatic priorities to complement the earmarked project portfolio to be best aligned with Strategy 2030 and Roadmap 2025.

- ***USD5 million for global programs and cross-country interventions.*** This funding would enable GGGI to build in-house expertise and tools and leverage knowledge in key global program and priority programmatic solutions. The global programs include the Climate Action and Inclusive Development Global Program specialized on the development of analytical tools for NDC, LT-LEDS, MRV and green growth planning, and inclusive and gender-responsive approaches to SDG alignment and socioeconomic co-benefits. Furthermore, Communities of Practices have been established in selected high-priority, high-impact solution areas, to drive innovations in the following top three areas: (i) green finance transaction models such as green bonds and national financing vehicles; (ii) adaptation and resilience building through nature-based solutions including Forest/REDD++ and climate smart agriculture; and (iii) renewable energy including green hydrogen, solar auctions, floating solar, and bio-CNG. As part of the proposed process of the Council steering the direction for the allocation of additional resources; other potential priority areas the Council may consider includes green entrepreneurship development, and sustainable built environment such as low carbon mobility, green buildings, energy efficiency in buildings/ industrial zones.

- ***USD5 million for global programs and cross-country interventions.*** This funding would enable GGGI to build in-house expertise and tools and leverage knowledge in key global program and priority programmatic solutions. The global programs include the Climate Action and Inclusive Development Global Program specialized on the development of analytical tools for NDC, LT-LEDS, MRV and green growth planning, and inclusive and gender-responsive approaches to SDG alignment and socioeconomic co-benefits. Furthermore, Communities of Practice have been established in selected high-priority, high-impact solution areas, to drive innovations in the following top three areas: (i) green finance transaction models such as green bonds and national financing vehicles; (ii) adaptation and resilience building through nature-based solutions including Forest/REDD++ and climate smart agriculture; and (iii) renewable energy including green hydrogen, solar auctions, floating solar, and bio-CNG. As part of the proposed process of the Council steering the direction for the allocation of additional resources; other potential priority areas the Council may consider includes green entrepreneurship development, and sustainable built environment such as low carbon mobility, green buildings, energy efficiency in buildings/ industrial zones.

Budgets allocated to the Global Programs and Communities of Practice are to be approved as part of the Council-approved WPB.

2. GGGI ACHIEVEMENTS, MEMBERSHIP, AND OPERATIONS

2.1 Geographical coverage

Members that completed ratification of the GGGI Establishment Treaty grew from 5 in 2012 to 43 to date, with another 20 in the ratification process. Vulnerable countries (LDC, LLDC, and SIDS) represent 44% of GGGI Members. Figure 7 presents the growth in GGGI membership and country operations as of May 2022.

Figure 7: GGGI growth in membership, country programs and HCAs

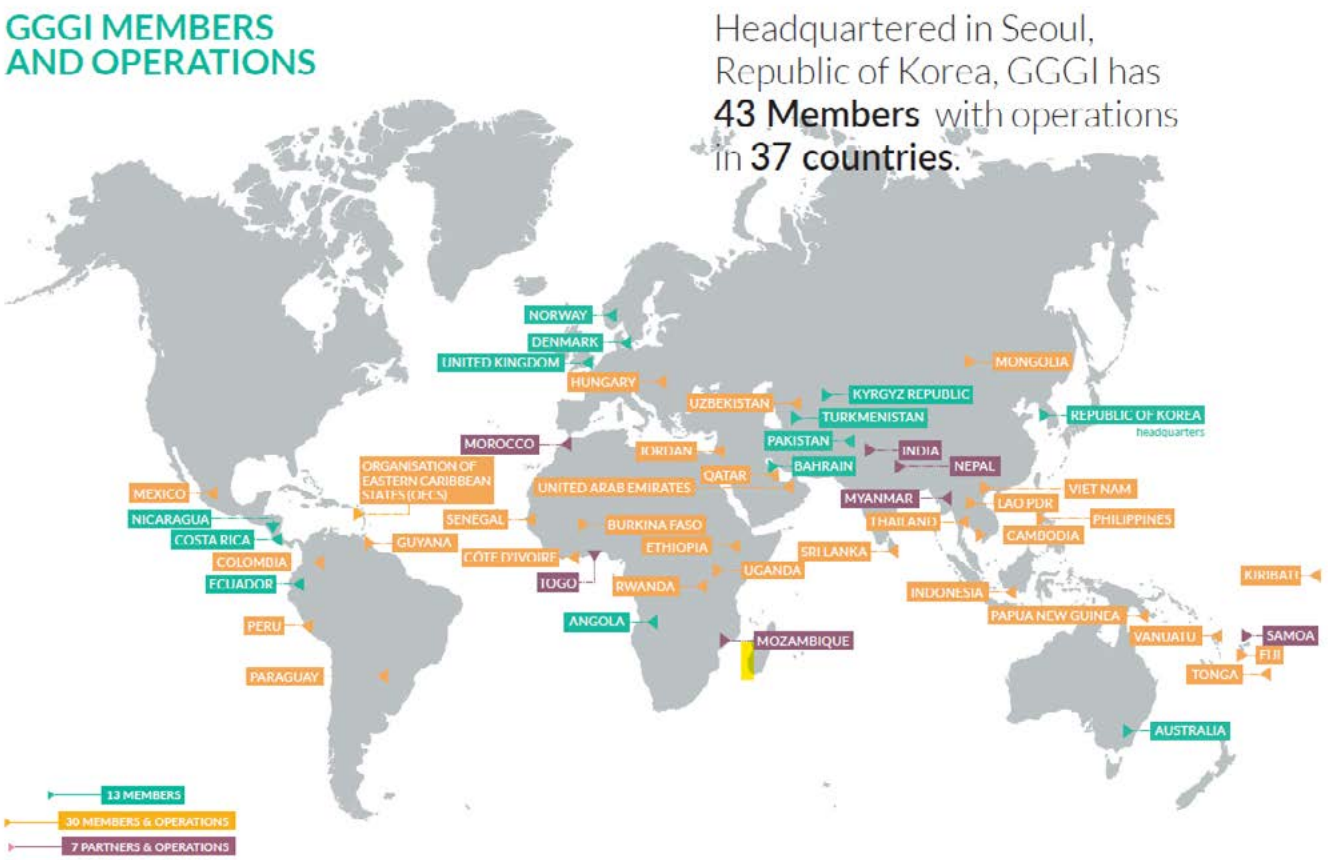
Note: HCAs include ROK.

GGGI's Council decided to decouple Membership from the start of operations in countries, through its guidance on country programming criteria, as approved by the Council. That means that Membership does not necessarily translate into operations in new Member countries. It is proposed that if the Core Replenishment Drive is successful, the funds available for operations in new Members would be programmed by the Council through the WPB.

GGGI operations grew from about 20 countries in 2012-2013 to 37 spread across Africa, Asia, Europe, Latin America and the Caribbean, Middle East, and the Pacific. There are currently three regional offices (Africa, Asia, and Latin America and the Caribbean) with the plan to set-up the Pacific regional office in 2023. Figure 8 below presents the geographical distribution of the 43 Members and 37 operations.

For GGGI operations it is important to have obtained privileges and immunities normally accorded intergovernmental organizations through Host Country Agreements (HCAs). While signing such HCAs and their subsequent entry into force is a slow and complicated process, GGGI Management prioritizes HCAs in all countries where GGGI operates, and has been able to increase the number of HCAs signed to 24 out of 37 countries in which it operates. Finalizing HCAs in all remaining countries where GGGI operates remains a high priority.

Figure 8: Map of GGGI 43 Members and 37 Operations



As shown in this map, the number of countries where GGGI operates without Membership has declined to seven. Of these the Membership process is expected to be finalized soon for Nepal and Togo. Operations have been suspended in Myanmar following the change in government there. Discussions have started with governments of Mozambique and Morocco to either finalize the membership process or wind down operations. A letter of intent to join GGGI by the Indian government is expected, based on recent interactions. Discussions regarding membership have started more recently with Samoa.

There are eight developing and emerging Member countries where GGGI does not yet have operations: Angola, Bahrain, Costa Rica, Ecuador, Kyrgyzstan, Nicaragua, Pakistan, and Turkmenistan.

In addition, there are 20 countries that have expressed their intent to join GGGI, as shown in Figure 9.

Figure 9: Map of Countries that expressed intent to join GGGI

Finally, there are 19 countries and organizations that are providing earmarked resources to GGGI in 2016-2021, as shown in Figure 10.

Figure 10: Map of Countries providing earmarked resources to GGGI

2.2. GGGI in Numbers: First 10 Years Results Highlights

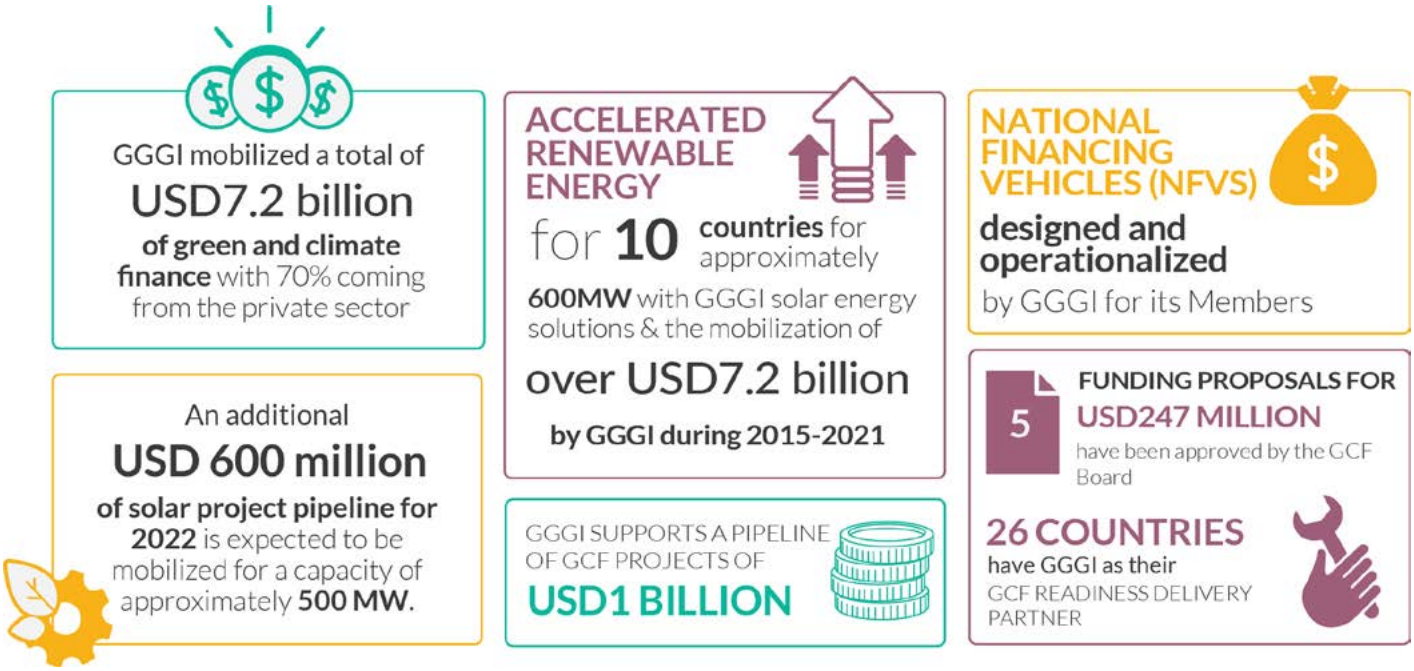
In Strategy 2030, GGGI targets to mobilize over USD16 billion in green and climate finance commitments for its Members in 50 countries, with an ex-ante impact estimated of its Members reducing emissions by one Gigaton of CO_2e, generating 2 million green jobs, and providing sustainable services to 100 million people. A primary focus of Strategy 2030 is then to deliver and report on GGGI's impacts through the achievement of its Strategic Outcomes targets. They cover two types of impacts:

- **Attributed impacts** are ex-ante impact estimates resulting exclusively from GGGI's project activities that have direct causal links to GGGI's Strategic Outcomes. Attributed impact targets are based on the scenario of mobilized investments by GGGI during the 2017–2030 period, targeting USD 16 billion.
- **Contributed impacts** capture the level of impact that GGGI activities contribute towards, helping achieve its Members' and Partners' NDCs and SDG targets. They are essentially a share of Members' NDC and SDG targets in sectors that GGGI is contributing to.

GGGI estimates that its efforts through 2021, primarily through the green and climate finance it helped mobilize, have resulted in, or will result in, greenhouse gas emission reductions of around 200 thousand tons, created some 1.2 million green jobs, provided sustainable services (water and sanitation, transportation, and waste management) to about 3 million beneficiaries, and improved the sustainability of landscapes in some 14 million hectares.

Strategic Outcomes	2017-2021 Cumulative Total	
	Attribution	Contribution
GHG emission reduction (SO1)	170 million tCO_2eq	1 billion tCO_2eq
Creation of Green jobs (SO2)	1.2 million Green Jobs	0.7 million Green Jobs
Increased access to clean affordable energy (SO3.1)	0.69 million People	2.3 million People
Increased access to improved sanitation (SO3.2)		8.0 million People
Increased access to sustainable waste management (SO3.3)	1.6 million People	8.4 million People
Increased access to sustainable public transport (SO3.4)	0.3 Million People	0.19 million People
Adequate supply of ecosystem services ensured (SO5)	13.9 million hectares	101 million hectares
Enhanced adaptation to climate change (SO6)	0.5 million People	11 million People

Highlights of GGGI's Accomplishments in 2012-2021



Box 1: GGGI's Accomplishments in its first 10 years as an intergovernmental organization

In its first 10 years, GGGI has made significant strides towards helping its Members and partners achieve their green growth ambitions and NDC commitments with very concrete results. Some of these are:

1. ***Green and climate finance mobilized***: GGGI mobilized USD7.2 billion of green and climate finance, with 70% coming from the private sector. In 2021, GGGI mobilized investment commitments for over USD5 billion, including mobilization of USD4 billion for Sustainable and Social Bonds in Peru in 2021 amounting to USD4 billion. The **GGGI 2021 Annual Report** describes GGGI's work in Green Bonds.
2. ***Accelerated renewable energy adoption***: GGGI provided solar energy solutions in 10 countries for approximately 600 MW, and mobilized over USD724 million during 2015-2021. An additional USD600 million of solar project pipeline for 2022 is expected to be mobilized for a capacity of approximately 500 MW.
3. ***GCF Partnership***: Since 2017, GGGI partners closely with the Green Climate Fund (GCF) to support developing countries to access climate finance through concept notes and funding proposals development for GCF submission; as well as to enhance access of these countries to GCF financing through the GCF Readiness Programme. To date, the GCF Board approved five Funding Proposals for USD247 million, and GGGI supports a pipeline of GCF projects of USD1 billion. GGGI is also GCF readiness delivery partner for 26 countries, with 46 readiness projects approved for a total of USD35 million.
4. ***Green Growth and Climate Action***: In 2021, GGGI's NDC enhancement support helped 30 countries update and enhance their NDCs leading to COP26, of which 28 countries submitted ahead of the COP26 deadline. GGGI also worked with eight countries in their Long Term – Low Emission Development Strategies. GGGI is currently assisting National Adaptation Planning in four countries and helped 15 countries develop green recovery plans that are aligned with their NDCs and accelerated green growth.
5. ***National Financing Vehicles* (NFVs) designed and operationalized**: Some of the NFVs that GGGI supported for its Members include NFVs the Colombia Fund for renewable energy and energy efficiency (FENOGA), Ethiopia Climate Resilient Green Economy Facility, Mongolia Green Finance Corporation, Rwanda Green Fund (FONERWA), and Vanuatu National Green Energy Fund, among others.

2.3 Institutional Development

During the first ten years of operation as an intergovernmental organization GGGI has developed and matured into an effective, agile organization. Its governance is led by a multi-stakeholder Council made up of five Contributing Members, five Participating Members and five Non-State Actors, plus the Director General.

GGGI has been honored to have had former heads of state as President of its Assembly and Chair of its Council, including the former President of Guyana, former Prime Minister of ROK, former Prime Minister of Denmark, former President of Indonesia, and currently HE BAN Ki-moon, the 8th Secretary General of the United Nations.

GGGI is managed by four Executives, the Director General, Dr. Frank Rijsberman (Netherlands), Deputy Director General Ms. Helena McLeod (UK), Assistant Director Generals Dr. SHIN Kyung Nam (ROK), and Mr. Gerard O'Donoghue (Ireland).

As of June 2022, GGGI has a staff of 402, of which 81 are based in its Headquarters in Seoul, and the remaining 321 are based in its 37 country teams, mostly embedded in our Member governments, and an additional 159 consultants. GGGI's country teams are led by Country Representatives, who are GGGI's front line leaders of its project and program implementation. Country Representatives are responsible for liaison with Member governments and partners, in-country resource mobilization, and delivery of projects and programs. GGGI currently operates four regional offices, headed by a Regional Director: in Seoul (Asia); Mexico (Latin America and the Caribbean); Cote d'Ivoire/Addis Ababa (Africa); and Fiji (Pacific).

GGGI maintains an effective online suite of business development tools that enable it to operate as an agile, decentralized, mostly paperless organization. As a result, GGGI was able to shift seamlessly to working from home during the COVID -19 pandemic.

GGGI has a strong set of policies and safeguards that meet the standards of international ODA organizations. This has been recognized by the European Union that awarded GGGI a "Pillar Assessed" status and USAID that similarly recognized GGGI as Public International Organization (PIO) status.

GGGI has focused on increasing its efficiency and effectiveness, and as a result was able to reduce its overhead percentage from 32% in 2016 to 15% in 2021. As GGGI charges 15% overhead on earmarked projects to non-core donor countries, that means earmarked projects are operated on a full cost-recovery basis, and not subsidized by core resources.

GGGI has also introduced, and is continuously improving, its Results Based Management systems. This started with the introduction of six Strategic Outcomes (linked to SDGs) that GGGI uses as key results indicators. Managing against these Strategic Outcomes has gradually been introduced in GGGI's strategic and operational planning, management, and results reporting.

The GGGI Council provides oversight for all GGGI operations, both directly and through its Management and Program Sub-Committee (MPSC). GGGI has both an Internal Audit and Integrity Unit and an Impact and Evaluation Unit that both report to Management as well as directly to the MPSC of the Council. In addition, GGGI has whistleblower policies that meet international standards.

3. GGGI 2030 AMBITIONS

GGGI's journey to 2030 is guided by an ambitious strategy to support its Members in the transformation of their economies to a green growth economic model to meet their NDCs, and SDG commitments. By 2030, GGGI targets to mobilize over USD16 billion in green and climate finance commitments for its Members in 50 countries, with an ex-ante impact estimated of its Members reducing emissions by one Gigaton of CO_2e, generating 2 million green jobs and providing sustainable services to 100 million people, save 0.5 million of hectares of forests and support 8 million people to cope with climate change. GGGI further targets to become a zero-carbon organization by 2050 or earlier. Further details on its operational and programmatic targets, key priorities as well as growth and expansion scenarios are available in **GGGI Strategy 2030** and its **5-year Roadmap (2021-2025**). Innovative program delivery and business processes are at the heart of Strategy 2030. The combination of significant investments in their policies, programs, capacity development, and portfolio of bankable projects to implement smart green policies and solutions is key to opening markets to attract green and climate finance, through embedded country operations, which give GGGI a unique value proposition, to support its Members.

GGGI ambitions to be a world-class, effective, and agile intergovernmental organization that is financially sustainable, efficient, transparent, accountable, and values its people, while reducing its greenhouse gas emission per employee by 40% in 2030 over a 2015 baseline.

The main characteristics of success in the delivery of Strategy 2030 are defined by three key words: "Adapt, Invest, Transform." This requires sustained core funding to deliver the 11 programmatic solutions to support Members deliver on their Paris Agreement commitments and SDGs.

4. CORE REPLENISHMENT DRIVE

GGGI has invited its host ROK government, led by the Ministry of Foreign Affairs (MOFA) to lead the GGGI Core Replenishment Campaign. First responses from ROK MOFA have been positive. The new government of President Yoon wants to lead internationally and aims to work with GCF and GGGI to implement climate action proactively.

GGGI President and Chair Ban discussed the GGGI Core Replenishment Drive with Foreign Minister Park on June 8 and kicked-off the Drive at the 10th Anniversary Celebration on June 9, 2022.

ROK MOFA has initiated GGGI Donor Coordination Meetings to start implementing the Drive.

GGGI will prepare the supporting documents for the Drive. GGGI management plans to visit the 12 target countries in coming months. ROK embassies in the countries concerned will be requested by ROK MOFA to support the Drive as well.

If results are promising, ROK MOFA may chair a Pledging session linked to the October 2022 GGGI Council and Assembly meeting, or if it takes more time then such a Pledging Meeting may be scheduled for Spring 2023.

Figure 11. Timeline for the Core Replenishment Drive

The Global Green Growth Institute

19F Jeongdong Building, 21-15, Jeongdong-gil,
Jung-gu, Seoul, Korea 04518

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GGGI CORE REPLENISHMENT DRIVE 2023-2025
ANNEX I

SOME EXAMPLES OF GGGI'S ACHIEVEMENTS

CASE #1

Green Bonds to accelerate access of GGGI Members to climate finance

Peru's First Sustainability and Social Bonds

Highlights

- Volume and market-making potential: The Government of Peru's 2021 Sustainability Bond issuance was the largest-ever sustainability bond from Latin America and the Caribbean, and the largest-ever sustainability bond from a sovereign issuer in the world. In addition to its record breaking value, this bond issuance will help build the confidence of future thematic bond issuers and investors in a region that has traditionally lagged behind the rest of the world in terms of green bond volumes.

- Post-COVID recovery potential: The USD3.25 billion bond proceeds will provide resources to fuel Peru's economic recovery from the COVID-19 pandemic. It will also help build a greener, more inclusive, and resilient country. The Sustainability Bond Framework was drafted in line with ICMA's Sustainability Bond Guidelines. Remarkably, the Framework outlines the direct link between eligible categories and Peru's NDC actions with a high level of granularity. Sustainalytics, a second-party opinion provider, certified that the Framework is aligned with ICMA's principles, is coherent with Peru's wider NDC and SDG strategies, and will "provide a robust contribution to sustainability".

The COVID-19 pandemic had a severe impact on Peru's economy. By April 2021, the country's economy recorded a 40% contraction (year-on-year). In this context, the Government of Peru sought the support from GGGI to accelerate the country's access to innovative financing mechanisms, in order to raise capital, which was urgently needed to promote a green, resilient recovery while maintaining its climate ambitions and improving the livelihoods of vulnerable groups.

In 2020, GGGI had provided support to the Ministry of Environment (MINAM) to develop the country's Green Bond Roadmap. This official document identified thematic bonds as a catalyst for emission reduction, as well as the promotion of equitable access and use of green practices and technologies. The Green Bond Roadmap identified several barriers to issuance, including:

- Limited institutional capacity within the Ministry of Economy and Finance to design a thematic bond instrument;

- Lack of a governance body responsible for the overall guidance and oversight of the thematic issuance and reporting processes;

- Absence of a consensus-driven methodology, with broad government ownership, for project selection and evaluation;

- Lack of a science-based approach to define the use of thematic bond proceeds with effective impact on emission reduction and positive socio economic impact for vulnerable groups;

- Lack of a methodology for transparent impact reporting;

- Limited capacity to conduct and comply with thematic bond pre- and post-emission processes and requirements, as mandated by international standards.

During 2021, the General Directorate of the Treasury at the Ministry of Economy and Finance, with technical support from GGGI, and generous funding from the UK PACT Green Recovery Challenge Fund, embarked on an ambitious process of capacity building, sustainability bond target setting, Sustainability Bond Framework development, validation, and investor communication. This effort resulted in the issuance of Peru's first ever sustainability and social bonds. GGGI's technical assistance for this project can be summarized by its three main components:

1. Establishment and capacity building of a sustainability bond governance structure, led by the Ministry of Economy and Finance with support from MINAM, and participation of key relevant ministries. This governance structure is re-

sponsible for the overall guidance and oversight of the issuance process, to guarantee broad government ownership and maximize social co-benefits.

2. Development, adoption, and certification of the Government of Peru's Sustainability Bond Framework. The Framework provides clear definition of the processes, methodologies, and systems regulating the pre- and post- issuance process, including:

    - The Use of Proceeds, defining eligibility criteria, eligible sectors, projects and expenses;
    - The Process for projects evaluation and selection, defining the decision-making process to identify and select the underlying pipeline of green and social projects;
    - The Management of Proceeds, defining the use and management of proceeds; and,
    - The Monitoring and Reporting commitments to investors and stakeholders, to ensure transparency in the management of proceeds.

3. Establishment of monitoring and reporting processes and indicators, for the accurate reporting of environmental, economic, and social impact of bonds proceeds against Peru's NDC and SDG targets.

To build ownership of the bond among the public and interested parties, GGGI led a highly consultative process characterized by regular webinars and announcements. For instance, on April 22, 2021 (Earth Day), GGGI delivered an online seminar with the participation of Peru's Minister of Finance, the UK's Ambassador to Peru, and Mr. Ban Ki-Moon, GGGI President and Chair and 8th Secretary-General of the United Nations, to outline the expected environmental and social impact of Peru's green bond strategy to Peru's citizens and interested groups. On September 23, 2021, the Sustainability Bond Framework was presented and discussed with students and youth during a webinar hosted by ESAN Business School.

The development process of the Framework emphasized gender and social inclusion. Notably, 75% of the Directorate of the Treasury's team, leading the development of the Framework, were women. The definition of the Framework's Use of Proceeds was guided by Peru's National Development and Social Inclusion Policy, National Gender Equality Strategy, and National Social Inclusion Policy, among others. As a result, the Framework emphasizes spending for vulnerable and marginalized groups identified in Peru's national methodology for socio economic categorization (Ministerial Decree No. 184-2019-MIDIS). This is a methodology providing a transparent and traceable categorization process based on household income, vehicle ownership, electricity expenditure, and insurance status. Subsequently, the Framework prioritized spending to environmentally sustainable projects, with the added benefits of: i) providing support to vulnerable groups and people in vulnerable groups; ii) facilitating access to affordable housing, education, and essential health services; and iii) supporting micro, small, and medium-sized enterprises (MSMEs) and social programs to alleviate and/or prevent unemployment.

The sustainability bond was officially issued on November 12, 2021, on the Luxembourg Stock Exchange for USD3.25 billion. The issuance attracted demand from more than 250 international and local investors. The distribution of demand by region was 57% from investor accounts in the Americas, and 31% from Eastern Europe and Africa. The distribution by type of investor was 56% asset managers, 19% hedge funds, and 4.6% insurance companies, among others. The Government of Peru's sustainability bond issuance, with a volume of USD 3.25 billion, marks the largest ever sustainability issuance by a sovereign government, and the largest ever sustainability issuance from the Latin American and the Caribbean region. Shortly after, the Government of Peru issued its first-ever social bond on the Luxembourg Stock Exchange for EUR1 billion.

Testimonial

Betty Sotelo Bazan, Director, General Directorate of the Treasury, Ministry of Economy and Finance, Government of Peru

"The technical assistance provided by the UK PACT program with the support of GGGI has allowed the development of the Government of Peru Sustainable Bond Framework, which contains the guidelines and procedures for the evaluation and selection of projects, resource management, and resource allocation and impact reports, in line with the criteria established by the International Capital Markets Association – ICMA. Within the framework of this document, the Republic of Peru successfully implemented the issuance of two sustainable bonds and a social bond for an amount of USD3,250 million and EUR1,000 million, respectively, which are associated with green and social expenditures up to the total amount issued."

Luis Marino Nava, General Director of Environmental Economics

"The technical assistance contributions received from GGGI have allowed for the development, approval, and publication of the framework document for the Sovereign Sustainable Bond (Ministerial Resolution No. 221- 2021-EF/52). This framework document is a significant achievement as it includes guidelines that promote the fulfillment of the Nationally Determined Contributions of Peru and the Sustainable Development Goals. In addition, it clearly establishes the promotion of economic recovery with environmental and social impacts, especially aimed at serving the most vulnerable groups."

Success Story: NAFIN's First Sustainability Bond

Highlights

- The GGGI-led Sustainability Bond Framework was the foundation for the development of the Bond Prospectus and the issuance of NAFIN's first sustainability bond in November 2021, which had a volume of MXN7.8 billion (USD371 million).
- Efforts to strengthen NAFIN's ESG integration and disclosure is enhancing NAFIN's capacity to contribute to Mexico's NDC and SDG targets, mitigate greenwashing risks, and send a positive signal to the market. All this strengthens NAFIN's green credentials and increases investors' confidence in other thematic bond issuances.
- Throughout 2022, GGGI will provide continued support to NAFIN to develop and publish the Sustainable Bond Impact Report, outlining the environmental and social impact of the portfolio of projects financed with the bond proceeds.

NAFIN is Mexico's second largest national development bank. NAFIN's mandate is to contribute to the economic development of Mexico by facilitating access to finance for MSMEs, and to promote innovation, productivity, and job creation. NAFIN operates mainly as a second-tier bank, offering credits to MSMEs through a network of financial intermediaries. NAFIN has a solid market position, strong economic fundamentals, and the explicit guarantee of the Mexican Federal Government supporting all its financial obligations, which earns it an AAA credit rating on its national debt securities. NAFIN plays a key role in the implementation of the Government of Mexico's climate agenda and low-carbon transition, and holds the record of being the first financial institution in Mexico to have issued green bonds (in 2015). Since then, despite its early mover efforts, NAFIN's internal processes and systems have not kept up with new thematic bond market developments and standards. In 2021, when considering the issuance of an innovative sustainability bond, NAFIN's management team faced the following barriers:

- Lack of internal processes to guarantee the transparent and objective identification and selection of eligible green and social projects;

- Lack of internal processes to monitor, track, and report the environmental and social impact of bond proceeds;
- Lack of agreed-upon reporting indicators to facilitate the development and publication of impact reports related to green or thematic bonds;
- Limited capacity to develop a Sustainability Bond Framework and seek an official second-party opinion.

GGGI delivered two complementary technical assistance workstreams:

Pre- and post-bond issuance support: GGGI delivered capacity building to NAFIN's internal units on pre- and post issuance processes and requirements, led the development of NAFIN's Sustainability Bond Framework, Second Party Opinion certification process, and supported the investor roadshows process. The GGGI-led Sustainability Bond Framework was the foundation for the development of the Bond Prospectus and the issuance of NAFIN's first sustainability bond in November 2021, which had a volume of MXN$ 7.8 billion (~USD 371 million). The Framework was released by NAFIN ahead of the bond issuance to provide investors, banks, underwriters, placement agents, and other interested parties with a clear understanding of the processes and characteristics of the underlying projects. The Framework details the process for evaluation and selection of eligible projects, monitoring and reporting commitments and indicators, and how the issuance aligned with the Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles.

Integration of ESG standards into the bank's processes and systems: During 2021–2022, GGGI has been providing support to NAFIN to integrate ESG factors in its systems, portfolio, decision-making, and reporting processes. GGGI will develop recommendations for short-term actions to be implemented by NAFIN, which will help align their operations with international best practices, methodologies, and frameworks, such as the Principles for Responsible Banking, the Sustainability Accounting Standards Board, and the Task Force on Climate-Related Financial Disclosures. Additionally, the team will assist NAFIN develop an ESG platform to communicate and disclose the impact of its green, social, and sustainability bonds and its progress against ESG targets with the public. Strengthening NAFIN's ESG integration and disclosure will enhance NAFIN's capacity to contribute to Mexico's NDC and SDG targets, mitigate greenwashing risks, and send a positive signal to the market. All this will strengthen NAFIN´s green credentials and increase investors' confidence in other thematic bond issuances.

NAFIN's first sustainability bond was issued in November 2021, which had a volume of MXN7.8 billion (USD371 million).

Testimonial

Ivan Vicente Cornejo Villalva, Director of International Financial Organizations, NAFIN, Government of Mexico

"The technical assistance received from GGGI will support NAFIN's efforts to determine the use of the resources derived from the bond issuance, the project selection and evaluation process, and the management, reporting and monitoring of the resources and their impact. Their valuable support led to the first issuance of a sustainable bond by NAFIN in November 2021, which mobilized MXN7.8 billion."

"The Sustainable Bond Framework is a significant achievement that drives compliance with Mexico's Nationally Determined Contributions and the Sustainable Development Goals. In addition, it clearly establishes the promotion of economic recovery with environmental and social impact, aimed especially at serving micro, small, and medium-sized enterprises and vulnerable groups."

CASE #2

30 Ambitious NDCs and 15 Green Recovery Plans Developed

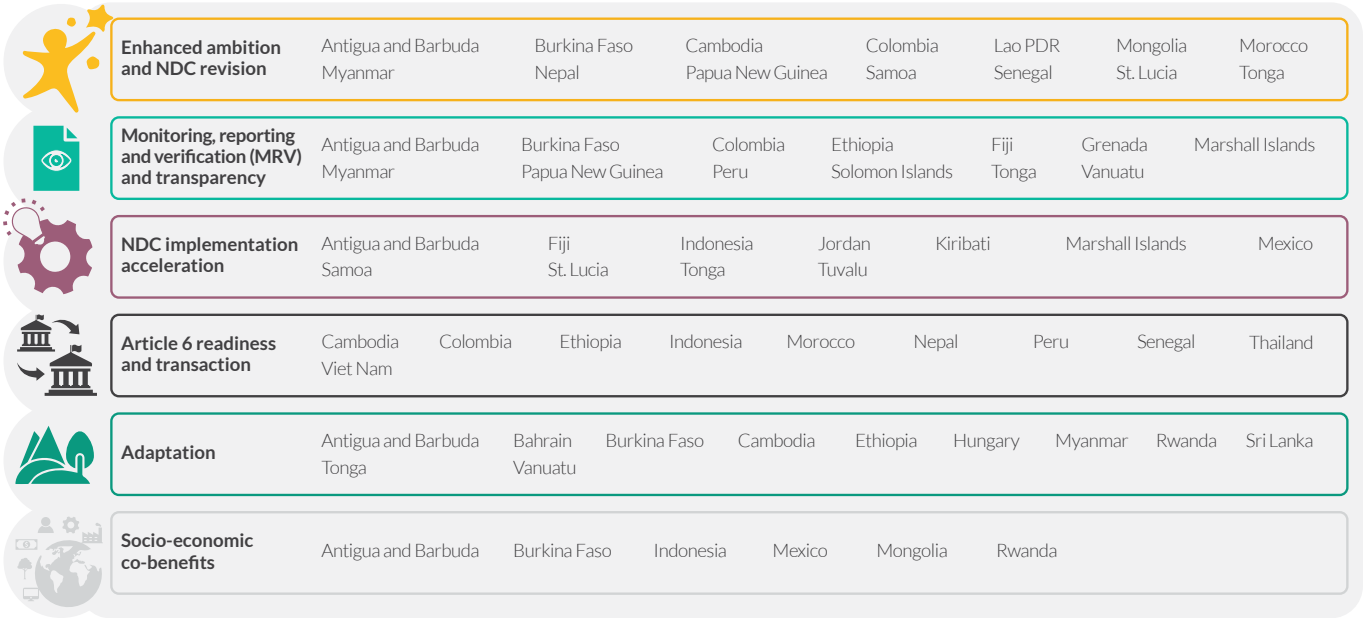
30 Members and partners received support from GGGI on NDC enhancement

The NDC synthesis report published by UNFCCC before COP26 in 2021 clearly indicated that the ambitions included in the NDCs were not enough to reach the 2°C target, let alone a 1.5°C target of limiting global temperature increase by 2100. Governments have made commitments to net-zero emission by mid-century. However, the NDCs do not reflect the actions toward these commitments. For developing countries, the NDCs must align with their development strategies and help alleviate poverty. Yet, there are limited technical, human, and financial resources available in these countries to plan and implement climate actions. These countries also have limited climate-related data and information systems to make more informed choices.

The NDC enhancement work implemented by GGGI in its Member and partner countries has aimed to support Member and partner countries mitigation and adaptation targets, identify policy measures and bankable projects, implementation roadmaps, and, in other ways, build an enabling environment for required flows of finance, technology, and capacity building. GGGI has also provided pivotal support to countries on MRV and Transparency to improve readiness for the implementation of the Enhanced Transparency Framework. A whole of government and whole of society approach helps ensure stakeholder identification and institutional readiness for mainstreaming of NDC targets, while also building the political will and public demand for ambitious climate action that also helps achieve SDGs.

The complex process of updating and enhancing the NDCs involved extensive stakeholder consultations and detailed planning. Much of the work was undertaken on the NDC Partnership platform, and other NDCrelated work was embedded in other GGGI core and earmarked-funded projects. GGGI leveraged its embedded-in-governments approach to bring the right kind of knowledge and expertise to the table.

Type of support provided by GGGI to Members and partners



15 green recovery plans assessed to accelerate low-carbon and climate-resilient green growth

A key priority for GGGI in 2021 was the provision of support to Member and partner countries in the development of green recovery plans that are aligned with the NDCs and accelerated green growth.

This was identified as a priority because in 2020, most recovery assessments were focused on developed and OECD countries. Few studies discussed how least developed countries, small island developing states, and non-OECD developing countries could "green" their recovery efforts to support the achievement of their NDCs, SDGs and long-term climate goals. Moreover, few policy recommendations were provided to developing countries on how to utilize their recovery to shift toward a sustainable development pathway with inclusivity and green jobs creation at its heart.

GGGI, in collaboration with Vivid Economics, developed the Sustainable Recovery Index, a tool to assess the nature, climate and social recovery measures of developing countries. GGGI assessed 15 of its Members covering all regions and developing stages (i.e., Burkina Faso, Colombia, Côte d'Ivoire, Fiji, India, Lao PDR, Mexico, Mongolia, Peru, Philippines, Rwanda, Senegal, Thailand, Viet Nam, and members of the Organization of Eastern Caribbean States: Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitt and Nevis, St. Lucia, Monserrat, St. Vincent, and the Grenadines).

The results of the assessment identified:

- Best practices to plan, finance, and implement a green recovery in developing countries.
- Six specific actions to mainstream green recovery in developing countries and how to better align them with their NDCs.
- Policy recommendations to utilize green recovery to support long-term climate plans, such as Net Zero Targets in developing countries.

The results were discussed in multiple green recovery workshops such as the "GEC Global Meeting 2021: Code Red for People and Planet – Top Solutions for Scaling a Green and Fair COVID Recovery". A complete results report will be published in mid-2022. The Sustainable Recovery Index Tool is available for any GGGI Member wishing to measure the sustainability of its recovery efforts and compare its performance against its peers.

To further drive an economic recovery centered on a just transition for all, GGGI supported more than five countries in the development of green recovery projects aiming to maximize the creation of green jobs. Certain projects were focused on specific economic sectors, such as forestry in Colombia and energy generation in Mongolia, while others informed national and subnational governments on which economic sectors have the highest potential for green jobs creation under a green recovery pathway, e.g., Mexico and Peru.

GGGI will continue to support a green recovery. For instance, in 2022, GGGI will support Indonesia's G20 Presidency in research on enhancing and financing G20 green recovery measures.

CASE #3

LT-LEDS Light the Path Toward Accelerated and Equitable Climate Action

UNFCCC Synthesis Report of NDC ambitions [1] ahead of COP26 raised and concluded that although NDCs were enhanced, they are not yet ambitious enough to achieve the Paris Agreement Targets. In fact, the IPCC reports conclude we are on track for 2.4 degrees Celsius warming. However, a positive trend in 2021 was the emergence of mid-century carbon neutrality targets, which if implemented would set us on track for 1.8 degrees warming by 2100, as per International Energy Agency estimates.[2] The Long-Term Low Emission Development Strategy (LT-LEDS) is a long term planning framework that translates commitments into plans for low-emission and climate resilient development. With Proper implementation, the LT-LEDS provides opportunities for technology transfer, innovation, and economic diversification that result in social co-benefits such as job creation, avoidance of air pollution, reduced public health risk, improved access to services, promotion of gender equality, and alleviation of poverty. In addition, LT-LEDS can guide the Nationally Determined Contributions (NDCs) to become more ambitious, actionable, and aligned with national development objectives.

GGGI provides technical and advisory support for developing LT-LEDS fully customized to the national context of countries' needs and specificities. GGGI's comprehensive, cross-sectoral, and inclusive approach helps take countries through the entire LT-LEDS process, from visioning, stakeholder engagement, policy interventions assessment, scenario analysis and modeling, climate finance planning, LT-LEDS document preparation and approval, to implementation, and monitoring and evaluation. Depending on the availability of data and resources and the needs and capacity of the countries, the analytical support GGGI provides could be more quantitative or qualitative. GGGI, although utilizes a customized approach to LT-LEDS, at the same time follows the principles of country ownership, inclusivity and enhanced capacity on the ground, sound analysis, integrated and comprehensive approach, inclusion of development objectives and co-benefits, and establishment of strategic partnerships.

GGGI supported Tonga, Hungary, and Cambodia in developing their LT-LEDS, approved and submitted to UNFCCC in 2021. The approach, methodologies, and good practices adopted in these countries are being used or customized in other countries to support the development of LT-LEDS, including in Burkina Faso and Ethiopia.

1 https://unfccc.int/documents/306848/
2 https://www.iea.org/commentaries/cop26-climate-pledges-could-helplimit-global-warming-to-1-8-c-but-implementing-them-will-be-the-key

Tonga's Low Emission Development Strategy 2021-2050

Tonga is a small island developing state in the Pacific region that is highly vulnerable to the impacts of climate change, including cyclones, coral bleaching, and changing rainfall patterns. Despite Tonga's negligible GHG emissions, its leadership demonstrates strong ambition and commitment to accelerate action toward the goals of the Paris Agreement and the UNFCCC.

The LT-LEDS was developed in a participatory manner, grounded in Tonga's culture and values and 'Talanga', an interactive dialogue with communities. The LT-LEDS development process and workshops organized across sectors and communities combined traditional culture and knowledge with technical analyses to strengthen resilience and capacities to address climate change challenges in a collaborative way.

The LT-LEDS was approved by the Cabinet on November 5, 2021 and submitted to UNFCCC on November 11, 2021. Tonga's LT-LEDS is guided by five interrelated sector pathways for: i) energy, ii) transport, iii) agriculture, forestry and other land use, and fisheries, iv) waste, and v) human settlements – each with a series of actions. Recognizing the importance of working across sectors for successful reduction in GHG emissions, cross-sectoral measures are also considered as part of the LT-LEDS to build synergies and avoid duplications while addressing issues of climate resilience.

The development of Tonga's LT-LEDS was funded by the New Zealand Government with technical assistance and support from GGGI, ClimateWorks Australia, and Relative Creative.

Hungary's National Clean Development Strategy 2020–2050

In 2020, the Hungarian parliament adopted a law to achieve climate neutrality by 2050 – this means achieving a state of netzero GHG emissions. Achieving this goal will not be easy and a strategy for doing so was needed.

GGGI was invited by the Ministry for Innovation and Technology to support the development of its LT-LEDS entitled, the National Clean Development Strategy (NCDS), to steer long-term climate policy and action across sectors and achieve the climate target set.

GGGI formed and led a consortium of national and international experts to model and assess the economic, financial, social, and environmental impacts of emission reduction trajectories of the energy, industrial, agricultural, forestry, and waste sectors in Hungary.

Such an integrated, cross-sectoral, and consultative approach *has not been applied in Hungary before.* The NCDS was based on an integrated modeling approach to explore the emission trajectories of key sectors, as well as the system-wide and cross sectoral dynamics of the decarbonization process. GGGI deployed a systematic and structured process to involve, consult, and learn from a wide range of relevant stakeholders from the public and private sector and the general public.

This novel approach not only helped to reveal direct impacts, such as investment costs and GHG emission reductions, but also indirect benefits and avoided costs of the decarbonization process, such as employment creation, GDP growth, government revenues, avoided energy costs, and avoided social costs of carbon. Additionally, the incorporation of a comprehensive financial plan for the identified sectoral low-carbon interventions based on an analysis of financial gaps and needs of decarbonization was an important element of the NCDS.

The findings and recommendations in the NCDS will help the country achieve its climate neutrality, energy efficiency, renewable energy, afforestation, and circular economy targets. Discussions are currently underway to develop sectoral roadmaps for decarbonization in line with the NCDS.

According to GGGI's analysis, the implementation of the NCDS could generate 180 thousand more jobs compared to the business-as-usual scenario and lead to 2.9 annual GDP growth by 2050.

Hungary's NCDS received the highest score *ahead of Poland, Slovakia, and Czechia* in an assessment conducted by WiseEuropa, an independent think-tank, which compared the decarbonization strategies of Central European countries.

Cambodia's Long-Term Strategy for Carbon Neutrality

Cambodia ranks among the countries most vulnerable to climate change. The Ministry of Environment projects that climate change, if unchecked, could reduce absolute GDP by almost 10% by 2050. Reaffirming its commitment to climate action and defining a pathway to carbon neutrality by 2050, the Government of Cambodia submitted its LT-LEDS to UNFCCC in December 2021. It was developed upon the direct request of the Prime Minister ahead of COP26. While Cambodia is a small emitter today, long-term planning can avoid the developing countries of today becoming the big polluters of tomorrow.

At the time of submission in December 2021, Cambodia was the third least developed country to submit an LT-LEDS. Titled the Long-Term Strategy for Carbon Neutrality (LTS4CN), GGGI supported the Ministry of Environment by leading the development of the waste section, in partnership with UNDP. This involved developing a list of costed actions, modeling the carbon emissions, testing the proposed actions through consultation with the relevant government partners, and drafting the waste chapter of the LTS4CN.

The waste-related solutions identified are balanced and offer a realistic pathway to lower emissions in Cambodia, while decreasing pollution and reducing risks to human health. The LTS4CN proposes to progressively introduce proven best practice technologies in Cambodia, such as landfill gas extraction and organic waste processing, while improving existing practices to minimize waste, increase waste collection and separation, and reduce open burning. Actions are also outlined on improving the management of wastewater treatment plants and decentralized systems in rural areas.

Despite the short deadline in completing this exercise by COP26, the high-level political buy-in and strong coordination among development partners and government enabled the successful completion of the LTS4CN process in less than a year. In normal circumstances, such processes can often take two to three years for similar results. The experience of updating the NDC with support from GGGI, UNDP and others, also helped inform the LTS4CN exercise.

The implementation of the LTS4CN pathway is expected to create 499,000 additional jobs and deliver an additional 2.8% of annual GDP growth by 2050 for Cambodia.

Testimonial

Karolien Casaer-Diez, Country Representative, GGGI Cambodia:

"Increasingly, climate commitments are not approached as a burden, but as an opportunity. A chance to leverage Cambodia's position as a small emitter to trade carbon credits. A chance to boost the recovery of the tourism sector through green projects like the introduction of electric buses in Siem Reap being pushed by the Ministry of Public Works and Transport. A chance to rethink costly power generation plans. Early October 2021, the government announced it would no longer approve new coal-fired power projects. Setting targets is easy. What we're seeing of late in Cambodia, is action."

CASE #4

Mongolia secures green investments through Mongolian Green Finance Corporation (MGFC)

Mongolia's climate, population distribution, and aging infrastructure present significant challenges to its energy sector. In recent years, due to the heavy pollution and proportion of greenhouse gas emissions that come from energy production, the country has embraced the idea of a green energy revolution and low-carbon development. However, it has faced obstacles to their implementation, primarily due to a lack of financing. It is estimated that in order to meet Mongolia's NDC mitigation target, it will require nearly USD 12 billion, which itself is roughly 85% of the country's entire GDP.

GGGI, which has been working on green growth initiatives in Mongolia for 10 years, has partnered with the national government to develop the Mongolian Green Finance Corporation (MGFC). MGFC is a public-private financing facility that specifically targets the mainstreaming of green, affordable, and gender-inclusive financing for households and businesses to switch to low-carbon technologies and to, more broadly, create an improved policy environment for green finance facilitation in Mongolia. Thus far, MGFC has secured USD 49.6 million to finance green investments in Mongolia.

MGFC is to play a key financing role in the realization of Mongolia's climate goals; specifically, the country's GHG emissions reduction targets stated in its NDCs and Mongolia's National Green Development Policy. MGFC provides wholesale financing for energy efficiency in industry, SMEs, thermal insulation, and green affordable housing. In the provision of these services, MGFC is, in its initial phase, targeting some 86,000 households, over 220 energy-intensive entities, and commercial banks, the last of which is to help provide financing for green mortgages. An Accredited Entity of GCF, Xacbank of Mongolia is a key stakeholder in the project as GCF financing will be channeled through Xacbank into MGFC and a host of other technical assistance, capacity building, and community engagement activities.

MGFC will have a number of direct benefits and transformational impacts on Mongolia's climate goals. First and foremost, it is estimated that through MGFC-financed projects and initiatives, emissions will be reduced by nearly 3.8 million tons of CO2 and indirectly reduced by 333,000 tons. Additionally, the projects will see a gain of nearly 1,500 green jobs, 40% of which will go to women. Through its unique public-private model, it is hoped that MGFC will help shift the policy dialogue further in favor of low-carbon, energy-efficient solutions as well as mainstream energy efficiency and gender inclusion in the financial sector.

Testimonials

Mr. Erdenebulgan Luvsandorj, Director of Green Development Policy & Planning Department, Ministry of Environment and Tourism:

"MGFC will contribute to advancing the overall green development needs of Mongolia as well as address GHG emission reduction and air pollution in Ulaanbaatar, by enabling citizens, businesses and households to adopt green technology solutions. GGGI played an instrumental role in designing and structuring MGFC in the early stages by providing expertise in establishing national financing vehicles and accessing GCF Readiness funding."

Mongolia Ms. Nomindari Enkhtur, CEO of Mongolian Sustainable Finance Association:

"While various blended finance vehicles have been around for a long-time, the Mongolia Green Finance Corporation (MGFC) really opens a new chapter in the world of climate finance with its unique, first-of-its-kind public, private and international partnership model. MGFC aims to make major contributions towards the achievement of Mongolia's climate change commitments while also supporting the process to build back a more inclusive and cleaner economy in response to COVID-19, by creating new jobs and incentivizing the uptake of low carbon technologies. With the extensive technical assistance and support of GGGI, we were able to hit a major milestone in 2020 by securing funding from the Green Climate Fund to kick start the operations of MGFC. However, this is only the start and the real work is still in front of us. So, we hope to continue our collaboration with GGGI in helping MGFC become an internationally recognized green financial institution, reaching the scale and impact that is needed to halt the current climate trends and change the trajectory towards our global agenda."

CASE #5

Public-Private Partnerships in Developing Sustainable Energy Solutions Bridge Gaps in Colombians' Access to Electricity

Challenges

Two-third of the territory in Colombia is not served by the national grid with over 500,000 households lacking access to electricity. In the National Development Plan 2018-2022, the government committed to provide sustainable electricity services to 100,000 households by 2022. However, progress has been slow due to several challenges, including limited private sector investments in the sector, and its reliance on public funding that has been severely impacted by COVID-19. For those living off-grid, the high cost of electricity and unreliability of its supply increases the hardship of daily activities and threaten business operations.

Highlights

The Ministry of Mines and Energy (MME) and the Institute for Planning and Promotion of Energy Solutions for Non-Interconnected Areas (IPSE) sought GGGI's assistance to design and bring to market bankable rural electrification solutions and attract private sector investments in rural electrification.

"I applaud UK PACT and the forward-looking approach by the Government of Colombia to prioritize the use of renewable energy solutions to provide affordable and clean energy to rural and vulnerable communities. This initiative fully embodies the rationale behind the SDGs with governments, international organizations, and private sector working together to coordinate transfer of technology and financing to support the most vulnerable."

Ban Ki-Moon, President and Chair, GGGI

GGGI, supported by the UK Partnership for Accelerated Climate Transitions (UK PACT), partnered with Colombian developers to design and implement reliable, affordable, and sustainable rural electrification business models targeting four main beneficiary groups: i) rural stores, ii) off-grid inhabitants, iii) telecommunications towers, and iv) off-grid agriculture processing plants.

The projects were selected by the team precisely for their impact on isolated and vulnerable rural communities located in areas outside of the interconnected network (ZNI) or in Colombia's post-conflict zones – PDET and/or ZOMAC. GGGI ensured that project developers integrated gender equality and social inclusion considerations in these rural electrification projects.

Impacts

Innovative business model for deploying rooftop PV systems across 30,000 rural stores with a cumulative installed capacity of 300MWp will contribute to the creation of 1,000 green jobs, avoid the emission of 39,600tCO_2eq per year, and reduce rural stores' electricity bills by up to 41%.

GGGI partnered with Colombian developer, Colibri Energy, to design an innovative energy-as-a-service scheme bringing solar PV systems to women-led rural stores throughout Colombia. The project is designed around the value chain of large food & beverages companies – whose products are distributed across rural stores throughout the country.

The project consists of a long-term energy sales contract scheme between a special purpose vehicle (SPV) and the store, backed by a third-party portfolio guarantee. The SPV will manage the investment, design, acquisition, and installation of the solar systems to ultimately supply electricity to the store at a lower price than what they currently pay. The SPV's investment and operations will be backed by a portfolio guarantee scheme from the food & beverage company, leveraging its pre-existing commercial relation with the beneficiary stores. This project was showcased during Colombia's largest climate finance event and secured a USD276 million Letter of Intent for deploying the solution over a five-year period.

A sustainable energy solution for Inírida – an enclave in the Amazon jungle that is completely detached from the country's main grid – will meet 90% of the population's electricity consumption, generate 150 green jobs, and avoid the consumption of 1 million gallons of diesel and the emission of 10,360 tons of CO_2 per year.

In Inírida, a remote territory without any land connection to the rest of the country, its 31,514 inhabitants depend on diesel generators for electricity with daily blackouts and high electricity prices. In response, GGGI collaborated with a consortium of local developers, SDI, to design a reliable, affordable, and sustainable energy solution consisting of a 12.3 MWp solar PV plant and a 33MWh battery storage system (the largest in the country). The construction phase has an estimated duration of eight months, with operations expected to start in 2023.

Green telecommunication towers will generate an investment of USD20 million over the next three years, avoid the emission of 6,639tCO_2eq per year, create 300 new jobs, and reduce mobile network operators' electricity costs by 31%.

Approximately 1,000 telecommunications (telco) towers in Colombia are in remote, off-grid areas, relying on diesel generators to meet their energy demand. GGGI partnered with developer, Innova Solar Colombia, to structure an energy service company solution capable of deploying solar energy and storage solutions to 300 telco towers through 10-year energy service contracts. The solution is already operational across 10 sites with 100 new sites expected to become operational during 2022.

GGGI and partners help to realize the untapped potential of palm oil mill effluent for sustainable and clean rural electrification.

Colombia is the largest palm oil producer in Latin America and, while the industry has undergone rapid expansion, advances in the valorization and utilization of palm oil mill effluent (POME) for electricity generation have not kept pace. At present, less than 2% of mills in Colombia produce electricity from POME. GGGI partnered with local developer, NECO Power, to demonstrate the attractiveness of POME to energy solutions by complementing the generation of biogas with the production and sale of humus as an organic fertilizer.

GGGI-NECO completed the technical feasibility of the solution, identified the optimal technological solution, and assessed the financial viability of its applicability across five palm oil mills in Colombia. The project is in advanced negotiation with a local palm oil mill to deploy a 1,000KW system to treat organic residues from 220,000 tons of palm oil fruit annually. In a display of public-private knowledge sharing, NECO and GICON led sessions with IPSE to discuss and identify biogas applications for rural electrification. GGGI also delivered identification and characterization of potential beneficiaries for this project to NECO.

Testimonial

Graham Knight, Head of Economic, Climate and Science, British Embassy Colombia

"I would like to thank GGGI, a very important ally, not only for the UK Embassy in Colombia, but also for the UK government. We are convinced that clean energy must be accessible for everyone. This project, financed by the UK, has contributed to the efforts of the Colombian government to reach non-interconnected areas, which has the goal of reaching 100,000 rural households with sustainable and accessible solutions."

The Global Green Growth Institute

19F Jeongdong Building, 21-15, Jeongdong-gil,
Jung-gu, Seoul, Korea 04518

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www.GGGI.org