

DG Progress Report to GGGI Council and Assembly

October, 2023

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GGGI Director-General



Photo Credits:

Operations Enabling Division (OED) training sessions, GGGI HQ-
Seoul, May 2023

Together to Net Zero Roundtable Event, GGGI HQ - Seoul,
September 2023

A participant at the waste selection awareness event at the
Ausie Market separating plastic waste. Solid Waste Management
Project funded by KOICA, Vientiane, Lao PDR, July 2022



ABOUT THE GLOBAL GREEN GROWTH INSTITUTE (GGGI)

Based in Seoul, the Republic of Korea, GGGI is a treaty-based international, inter-governmental organization that supports developing country governments transition to a model of economic growth that is environmentally sustainable and socially inclusive. GGGI delivers programs for 47 Member States – in Africa, Asia, the Caribbean, Europe, Latin America, the Middle East, and the Pacific – with technical support, capacity building, policy planning and implementation, and by helping to build a pipeline of bankable green investment projects.

Introduction



Frank Rijsberman, Director - General of GGGI

The [UNFCCC Global Stocktake](#) report published early September delivers a failing report card on global climate action. Emissions are going up, not down, and the consequences of the climate crisis are everywhere around us in the form of heatwaves, wildfires, droughts, floods, typhoons. The climate crisis has already reached disaster proportions for millions of climate refugees and vulnerable people including women and girls that suffer most when extreme weather events or wildfires hit.

The one recurring recommendation, from the Global Stocktake and so many other reports, bodies, and authorities is that: we have the solutions, but we need to urgently, massively scale-up and speed-up the green transition in general and climate action in particular.

My report to you, our Member States, and partners, is that GGGI is doing exactly as recommended - scaling-up and speeding-up the green transition.

We are in the middle of a growth spurt of the organization and we are scaling up and speeding up our activities, our support to Member States, our contribution to policies our Members put in place. In addition, we are scaling-up and speeding-up our contributions to the green and climate finance mobilization efforts to help power the just green transition to a resilient decarbonized economy.

Taking a step back, I have been in my position as Director General for seven years now, and as my second term ends October 1, 2024, this is my final progress Report to the Assembly and Council of my second term. Allow me to take stock of the changes in the organization over this period.



GGGI Member States Flags at its HQ in Seoul

How GGGI is Accelerating the Green Transition and Climate Action



When I accepted to lead the organization in 2016 it really was still very young. Four years since its foundation as an intergovernmental organization, it had focused on putting in place policies and implementing projects in developing and emerging economies, with core funding. In the past seven years we have seen the organization grow and mature in many directions. Without a doubt we are maturing fast. Rapid growth, with recurrent growth rates of over 20% per year, changes an organization very quickly. GGGI has almost doubled in size in just the last three years, from 2020 to 2023, and has the resources in hand to continue this growth spurt for at least another 2-3 years.

The most important changes that took place in the organization, from a 40-thousand-foot-high perspective, in my view are:

1. Decentralization: We have made strides in decentralizing the organization, empowering the country offices to maintain direct government liaison, develop, design and implement projects resourced jointly by country and HQ levels, and subsequently enabled the development of strong regional offices.

2. Resource mobilization capacity: We have focused on developing the resource mobilization capacity in country as well as regional offices and, in HQ, through a strong Partnerships Team that manages relations with key donors, particularly GCF and the Korean government. This resource mobilization capacity, developed during 2017-20, has become the engine that has driven GGGI growth through earmarked bilateral projects, followed by multi-country and regional programs and more recently Trust Funds, during 2020-23. At the end of 2023, GGGI will have signed earmarked project and program commitments not yet implemented in hand, worth close to USD 300 million. These are the resources that will power growth in the coming years.

3. Business process tools: Developing a suite of online business process tools, collectively called iGrow, has allowed GGGI to continue its business seamlessly, online, from anywhere, when COVID19 hit. The online system also increased the speed of decision making from up to 6 weeks for a paper-trail DG-decision in 2017, to 2-3 days for most decisions online be it financial, HR, or project related, involving teams around the world. It has also allowed us to enable more flexible working arrangements for our staff throughout our operations.

4. GGGI Membership: Growing demand for GGGI's services grew our membership from 26 at the end of 2016 to 47 today, with another 24 countries in the accession phase. The number of countries where GGGI operates is also growing quickly, particularly in Latin America and the Caribbean, Pacific, and in Central Asia. Despite this rapid growth, we have avoided the risk of spreading ourselves too thin. In almost all countries, GGGI teams and budgets have grown, and programs have matured and deepened. GGGI has been able to develop long term, stable country programs and Country Program Frameworks are in place for most, rising above the initial implementation of single projects. While ups and downs are unavoidable by and large our country programs are stable and maturing.



Headquaterd in Seoul, Republic of Korea, GGGI has 27 members with operations in 25 countries.

Member States of GGGI in 2016



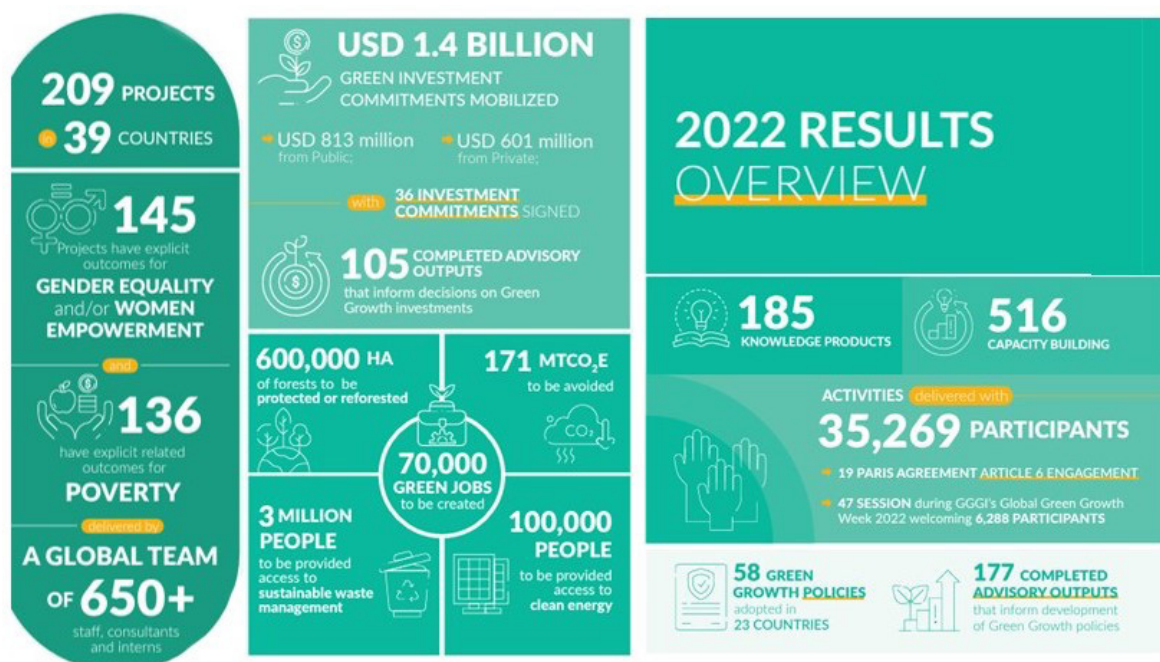
Headquaterd in Seoul, Republic of Korea, GGGI has 47 Member States and operations in 46 countries.

Member States of GGGI in 2023

5. Results vs. Activities: The growth in results delivered has outpaced the growth in activities. GGGI has consistently outperformed its corporate results targets for the delivery of policy advisory assignments and policies adopted. Also, the volume of green and climate finance that GGGI helped mobilize for our Member States has grown exponentially. The first GGGI Strategy 2015-2020, developed in 2014, set a target of finance to be mobilized of USD30 million by 2020. This ambition to mobilize finance was sharply increased in October 2017 when the Council approved the Refreshed Strategy 2015-2020 and set at USD600 million by 2020. When the results over 2017 proceeded to exceed this more ambitious target, with USD766 million mobilized, cumulatively, I set an internal “stretch target” to try to mobilize USD2.5billion by 2020 instead. At the end of 2020, GGGI counted the green and climate finance we helped mobilize at USD2.056 billion (see review). That is a result more than 3X the revised ambitious target set by Council in 2017 for 2020. In the meantime, in the new Strategy 2030 approved by Council in 2019, a much more aggressive new target of USD16 billion by 2030 was set, and the target leverage of 15:1 ratio was formally adopted. That 15X leverage target means that every dollar invested in GGGI’s operating budget (staff and operations), will result in at least 15 dollars in green and climate finance flowing to GGGI Members and partners.

To date, GGGI has easily outperformed this target with a lifetime leverage of well over 20 dollars flowing to members for every dollar invested in GGGI. As we have helped mobilize USD 8.6 billion by end 2022 and will likely get well past USD10 billion by end 2023, the very aggressive USD 16 billion target set in 2019 can once again be made more ambitious. In the Strategy 2030 review to be undertaken in 2025, I foresee that the Council can expect proposals for a new green and climate finance target in the range of USD25-30 billion by 2030. The amazing success story of how GGGI has accelerated its ambition to power the green transition from a modest first goal of USD30 million in 2020 to an achieved result of USD 12+ billion in 2023 is illustrative of GGGI’s overall success, as green and climate finance is also the primary pathway to impact for our work.

6. Results-Based Management: Of course, policies and finance are only intermediate outcomes. I am also personally very proud of GGGI’s continuing journey of progressively improved results-based management. That journey started with the introduction of 6 Strategic Outcomes (SOs) first defined in 2017 in Refreshed Strategy 2015-2020. Gradually the organization has set indicators, methodologies, and targets, and rolled these out through the organization from project proposals to annual results reporting. This year, the Strategic Outcome approach has been reviewed, compared with international development peers, and gradually strengthened. This is not a quick jump, but rather a solid journey on getting better and better in assessing ex-ante outcomes of projects, all the way through to post project impact evaluation. This has allowed us to translate our green and climate finance success in terms of what it means for reducing GHG emissions, supporting people with green jobs and sustainable services, as well as protecting and managing ecosystems. I believe our outcome numbers in SO terms, our impact numbers, are also impressive. You can read more about this journey in the Roadmap 2025 Review that is included in the Council documents.

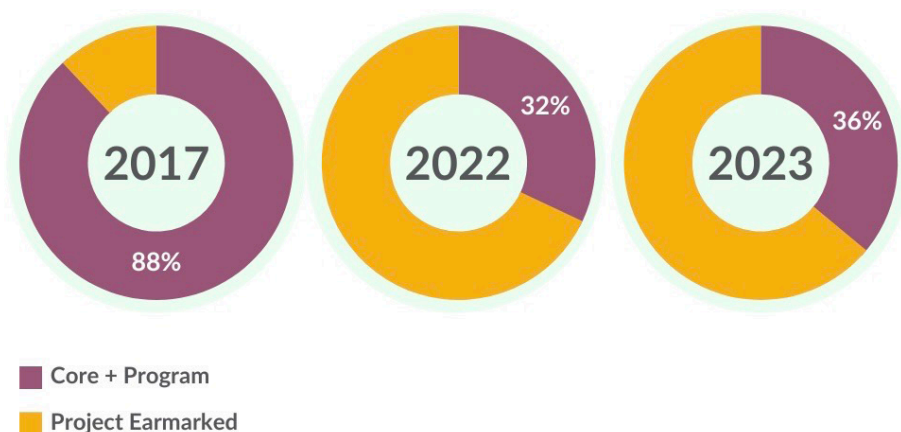


7. Innovation and agility: As organizations grow, so is their tendency to become stuck in a rut and gradually bureaucratize around “the way we do business around here”. At GGGI we pride ourselves in remaining innovative and agile, willing to identify trends, challenges and opportunities that capitalize on new green growth opportunities for our members, quickly. Among the “new ideas” introduced over the last seven or so years, some of which have become key parts of our agenda, and others are still emerging, I would like to name the following:

- a. Green jobs and employment analysis
- b. Sustainable transport / e-mobility
- c. Climate smart agriculture and solar irrigation
- d. Greenpreneurs / support for green MSMEs
- e. Sustainable finance, green bonds, debt for nature swaps
- f. Carbon pricing / Art6 carbon credits / Carbon Transaction Facility
- g. Coastal zone management / blue carbon / mangrove and seagrass rehabilitation
- h. Green hydrogen
- i. Global methane pledge, reducing methane emissions from agriculture, waste and oil & gas

8. Program funding and Trust Funds: As GGGI’s core funding declined and accessing new core funding became exceedingly difficult, GGGI’s management introduced and positioned program funding, either as direct program grant agreements, or through Trust Funds, as an intermediate between entirely flexible core funding and restricted project funding. Over the last several years this program funding has become significant, and in 2023 the combination of core and program funding increased, for the first time since the decline of core funding that started in 2018. In 2022 it was 32% (core plus program), in 2023 it was 36%. Management believes a combined core plus program funding of more than 30% is a reasonable share allowing stable funding of the organization.

Expenditures by funding source (%)



9. Efficiency and effectiveness: Shortly after its founding, in 2015, GGGI’s non-programmatic funding, or overhead, was 40%. This had dropped to 33% in 2017 when the Refreshed Strategy 2015-2020 set a target to reduce overhead to 17% by 2020. This was subsequently sharpened to a reduced overhead of 15% by 2023, which was achieved in 2021 ahead of target. This year, in 2023, projected overhead is 13%, and there is a decision before Council to reduce GGGI’s overhead charge on projects from 15 to 13% and end the preferential overhead rate for core donors currently 7%. These numbers represent a huge effort from GGGI’s HQ staff to deliver more with less in a rapidly growing organization. Staff in Seoul HQ today are lower in numbers than in 2017, while the organization supported by HQ functions and people has more than tripled. That is thanks to a maturing and professionalizing organization that can do more with fewer staff, making use of more efficient (online) tools, as well as an increasing capacity in our country and regional offices.



Achievements and Looking Ahead

Coming back to the more recent past, the achievements and priorities in 2023, and a look ahead to 2024 and 2025, let me note the following. The number one priority for Management in 2023 is to step up GGGI's **Quality of Delivery**. Over the past handful of years a lot of effort has been focused on mobilizing resources. Now that resources are coming in, and the organization is growing rapidly, the primary focus of attention for almost all GGGI staff needs to shift towards ensuring the highest possible quality of delivery. Management has rolled out a comprehensive action plan early in 2023 to improve delivery and focus on impact in all parts of the project cycle. This ranges from improving some parts of our back-office tools, formal training and certification for project managers, sharper focus on projects that are at risk of underperformance and stepping up remedial action, and strengthening the Monitoring, Evaluation and Learning functions in projects and programs, and throughout the organization. A focus on Quality of Delivery does go hand in hand with solid attention of Management for staff well-being, avoiding stress and burn-out, and making sure staff believe their workload is reasonable.

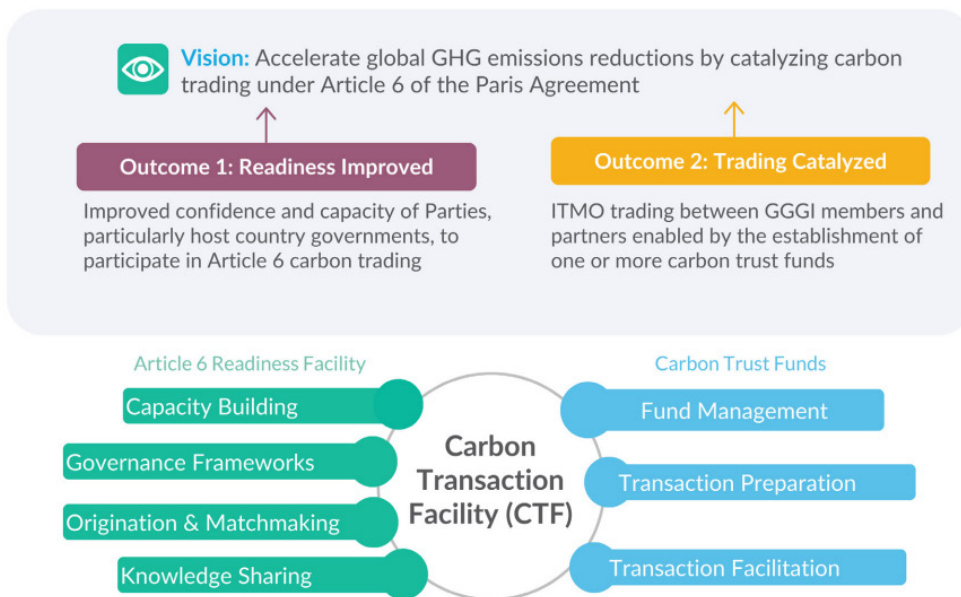
In conclusion, the sharp focus on **Quality of Delivery** is important because any fast-growing organization that implements hundreds of projects in a highly decentralized manner should expect that some projects underperform and that may pose a reputational risk if timely mitigation action is not taken. Enhancing Quality of Delivery is an important part of maturing GGGI as it continues to grow. In the meantime, 2023 is another year in which we are proud to say that our teams, working closely with our Member States and partners, have achieved some truly excellent results. You will find a full overview of our 2022 results, in narrative format, in the [2022 Annual Report](#), and you will find the overview of our 2023 results to the mid-year in our [Mid-Year Results Report](#). Let me just call out a few innovative results achieved in 2023 to date:

- **Ecuador: Debt for Nature Swap in Galapagos** enabling the nation to save USD 1.1 billion in debt service repayments over the next 17 years, with **US\$ 450 million** invested in conservation and sustainable activities. GGGI, with funding from the Latin American Development Bank (CAF), acted as a trusted advisory to the Ministry of Economy and Finance throughout the transaction by providing technical and financial advisory.
- **Mexico's Agriculture Trust Funds (FIRA) Resilience Bond** was issued for **US\$ 165 million** in May, marking the first SPO certified Resilience Bond in the world and the first Resilience Bond from LAC (certified or not). GGGI's team has been structuring an innovative Resilience Bond since January 2022, with funding from UKPACT and KOICA. Proceeds will be directed to strengthen the climate change resilience and adaptive capacity of rural communities, agriculture, and livestock enterprises.
- **Power Sector Reform Project under Himachal Pradesh Power Sector Development Program (HPPSDP)**, GGGI, in a project funded by KGNDF, has mobilized USD 200 million financing, in partnership with the World Bank. An additional investment of USD 50 million will be mobilized as counterpart financing from the Government of Himachal Pradesh that aims to become a 'Green Energy State' by meeting 100 percent of its energy needs through renewable and green energy by 2026. GGGI's technical assistance on Integrated Resource Planning and its institutionalization, will enable Himachal Pradesh's power sector to develop and deploy its renewable energy resources in a sustainable manner to ultimately become a "Green Energy State" by 2026.

- **The Infrastructure Climate Resilient Fund (ICRF)** in Africa, GGGI, again supported by KGNDP, was approved with **US\$ 254 million** at the 35th GCF Board Meeting on 16 March 2023. GGGI conducted climate risk and vulnerability assessments for various infrastructure assets and developed the feasibility study for the establishment of the fund. By GCF supplying the catalytic first loss equity to catalyze investments from private sector investors and pension funds, the ICRF will be supporting the development of climate resilient infrastructure projects in a region struggling to unlock such funding on its own. This US\$ 240 million investment will unlock the financial potential that can benefit up to 50 million people directly and 144 million people indirectly by securing them reliable infrastructure services.

GGGI remains agile and innovative in its programming and is progressing on the following novel instruments as part of our program portfolio:

- **Global Trust Fund on Sustainable Finance Instruments.** A multi-donor trust fund established with funding from the government of Luxembourg. It targets scaling up Thematic Bond Markets in Developing Countries, offering a novel approach to closing the development financing gap by leveraging the capital market's potential to promote climate change mitigation and adaptation by setting in place policy incentives and de-risking measures to direct bond proceeds towards low carbon resilient projects and initiatives. It targets raising USD 2 billion and thereby contribute to the avoidance of 130 million tCO2 emissions, enhance the climate change resilience of 2 million beneficiaries, and create 400,000 green jobs.
- **Korea Green New Deal Fund.** Now in its second year of operation with 34 projects in total, there are already some significant results of the first year of operation, as listed for several projects above.
- **Carbon Transaction Platform (renamed Carbon Transaction Facility, CTF).** Approved by Council in October 2022, the Carbon Pricing Unit has worked diligently on its operationalization, as documented in Council Document [A/2023/5-C/2023/5]. It now looks reasonable to set a target that the CTF will mobilize USD 500 million in its Carbon Trust Funds, flowing to members and partners through payments against purchase contracts for mutually agreed ITMOs, supported by a CTF Readiness Facility of USD 50 million, achieved by 2027.



Overview of the GGGI Carbon Transaction Facility

- **Global Community of Practice.** IPSD has progressed on the development of several new Global Programs and Communities of Practice, that focus on sharing knowledge and experience across countries. Newly developed Communities of Practice (COP) include Circular Economy COP and Transparency COP (MRV, GHG Inventory and related polices)
- **Public Private Partnership.** IPSD is also developing another new instrument, a Public Private Partnership (PPP) Trust Fund. Designed as a multi-donor TF that is expected to become fully operational in 2025, while the first PPP Trust Fund will be launched in 2024 with initial funding from the Korean government, public entities, and private companies. That is meant to attract public and private sector investments in green infrastructure that could potentially generate large carbon neutrality infrastructure projects

Roadmap 2025 Overview

This year, 2023, is the third year of implementation of GGGI’s Strategy 2030, and midway to the implementation of the Roadmap 2025. Therefore Management has requested staff to conduct an internal Roadmap 2025 review, to see whether some assumptions in the Roadmap already need to be adjusted – or whether changes can be foreseen that can be made when, in 2024/25, there will be a more external review of the progress towards Strategy 2030, with an opportunity for Council and Assembly to determine whether to adjust or revise Strategy 2030. The documents linked to the Roadmap 2025 are shared with Council for information and we look forward to your feedback both through the e-consultations and discussions in the Council and Assembly meeting.

Considerations for the Council and Assembly

In addition to several key updates for Council and Assembly that I have already mentioned, the most important issue up for Council deliberation and decision is the **Re-Definition of Contributing Members**, together with associated decisions linked to overhead rates and recovery.

We have scheduled a **GGGI donor meeting** for October 26, ahead of the Council meeting which will discuss progress on the Core Replenishment Drive. Depending on the outcome of that meeting an update on the Core replenishment Drive will also be provided to the Council and Assembly during the meeting.

In addition to the Council and Assembly meeting on October 26, we are in the middle of organizing a very interesting **Global Green Growth Week** in the week of **October 23-27**, with many opportunities for our Member States and partner countries to share their green transition experiences. We know that time zones are a challenge, but we hope to organize it so that you can join in from anywhere, and will also record the sessions (which will have French, Spanish, Korean, Arabic translation where relevant).



(Left) GGGI staff at GGGWeek 2022 Reception, GGGI HQ- Seoul, October 2022

(Below) Ministerial Panel Session at GGGWeek 2022, GGGI HQ- Seoul, October 2022



In Conclusion



Finally, allow me to give a shout out to the rapidly growing GGGI Team. At the time of writing this report our HR dashboard shows that there are 763 people making up the GGGI Team, composed of 474 staff, 220 consultants, 59 interns and 10 secondees. A very diverse team drawn from 90 nationalities. The largest contingent has Korean nationality (85 people) followed by Indonesia (49), Colombia (43), Ethiopia (34), Mexico (33), India (30), Uganda (29), Fiji (24). There are almost 100 people in HQ, and the other 650 are spread over 47 countries. This is the team that makes the GGGI magic happen – this is “the gold of GGGI” – our people. Their dedication to GGGI, passion for green growth, climate and sustainability, and their keen interest to serve our Member States and partner countries drives our results. I feel honored and privileged to serve as the Director General of this great team. I hope you will also use the Global Green Growth Week and associated events to get to know our GGGI Team better.

Yours Truly,

Dr. Frank Rijsberman
GGGI Director-General



GGGI Green Entrepreneurs in Pacific Region, Fiji, 2023



Junior Professional officer Program (JPO) promotional photography, GGGI HQ- Seoul, June 2023



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