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**Global Green Growth Institute**

The Council

Written Procedure

May 25, 2017

**Decision on the FY2016 audited financial statements**

The Council,

*Recalling* Articles 2 and 4 of the Agreement on the Establishment of the Global Green Growth Institute, regarding the objectives and activities of the organization;

*Acting pursuant* to Article 8(5)(d) of the Agreement on the Establishment of the Global Green Growth Institute, regarding the approval by the Council of audited financial statements;  
and,

*Taking note* of the recommendation of the Management and Program Sub-Committee that the Council approve the FY2016 audited financial statements;

1. *Approves* the FY2016 audited financial statements, as attached in annex 1;  
and,

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

*Consistent with GGGI's Disclosure Policy [C/5/DC/2], this document will be disclosed on the GGGI Website upon its approval by the Council, and its classification will be changed from "For Official Use" to "General Distribution".*

GLOBAL GREEN GROWTH INSTITUTE

Financial Statements

**December 31, 2016 and 2015**

(With Independent Auditors' Report Thereon)

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## **Independent Auditors' Report**

The Board of Directors  
Global Green Growth Institute:

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of Global Green Growth Institute ("GGGI") as of December 31, 2016 and 2015, the statements of comprehensive income, changes in reserves and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GGGI as of December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
March 28, 2017

This report is effective as of March 28, 2017, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Global Green Growth Institute  
**Statements of Financial Position**

**As of December 31, 2016 and 2015**

*(In USD)*

	<u>Note</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>			
Cash and cash equivalents	4,5	\$ 24,812,574	28,898,195
Short-term financial assets	5	24,978,107	17,000,000
Other receivables	5	5,601	-
Accrued income	5	153,265	13,620
Other current assets	9	2,565,161	2,377,582
<b>Total current assets</b>		<u>52,514,708</u>	<u>48,289,397</u>
Property and equipment, net	6	504,301	903,176
Intangible assets	7	1,244,860	1,372,992
Long-term financial assets	5	660,018	685,488
<b>Total non-current assets</b>		<u>2,409,179</u>	<u>2,961,656</u>
<b>Total assets</b>		<u>\$ 54,923,887</u>	<u>51,251,053</u>
<b>Liabilities</b>			
Other payables	5	5,935,996	4,702,338
Deferred income		4,156,155	7,996,473
Other current liabilities	9	-	4,760,096
<b>Total current liabilities</b>		<u>10,092,151</u>	<u>17,458,907</u>
<b>Total non-current liabilities</b>		<u>-</u>	<u>-</u>
<b>Total liabilities</b>		<u>10,092,151</u>	<u>17,458,907</u>
<b>Reserves</b>			
Working capital	10	10,000,000	5,000,000
Retained surplus		34,831,736	28,792,146
<b>Total reserves</b>		<u>44,831,736</u>	<u>33,792,146</u>
<b>Total liabilities and reserves</b>		<u>\$ 54,923,887</u>	<u>51,251,053</u>

See accompanying notes to the financial statements.

Global Green Growth Institute  
**Statements of Comprehensive Income**

**For the years ended December 31, 2016 and 2015**

*(In USD)*

	<u>Note</u>	<u>2016</u>	<u>2015</u>
<b>Operating income</b>			
Core funds	11	\$ 42,723,184	39,538,303
Earmarked funds	11	8,955,436	9,206,095
<b>Total operating income</b>		<u>51,678,620</u>	<u>48,744,398</u>
<b>Operating expenditures</b>	12	<u>40,986,575</u>	<u>31,075,737</u>
<b>Net surplus from operating activities</b>		<u>10,692,045</u>	<u>17,668,661</u>
Finance income	5,13	651,181	370,301
Finance costs	5,13	(396,640)	(582,285)
Other gain (loss)	14	93,004	(112,803)
<b>Net surplus for the year</b>		<u>\$ 11,039,590</u>	<u>17,343,874</u>
<b>Other income</b>		<u>-</u>	<u>-</u>
<b>Total net surplus for the year</b>		<u>\$ 11,039,590</u>	<u>17,343,874</u>

*See accompanying notes to the financial statements.*

Global Green Growth Institute  
**Statements of Changes in Reserves**

**For the years ended December 31, 2016 and 2015**

<i>(In USD)</i>	<u>Working Capital</u>	<u>Retained surplus</u>	<u>Total reserves</u>
<b>Balance at January 1, 2015</b>	\$ 5,000,000	11,448,272	16,448,272
Net surplus for the year	<u>-</u>	<u>17,343,874</u>	<u>17,343,874</u>
<b>Total surplus</b>	<u>-</u>	<u>17,343,874</u>	<u>17,343,874</u>
<b>Balance at December 31, 2015</b>	\$ <u>5,000,000</u>	<u>28,792,146</u>	<u>33,792,146</u>
<b>Balance at January 1, 2016</b>	\$ 5,000,000	28,792,146	33,792,146
Net surplus for the year	<u>-</u>	<u>11,039,590</u>	<u>11,039,590</u>
<b>Total surplus</b>	<u>-</u>	<u>11,039,590</u>	<u>11,039,590</u>
Working capital transfer	<u>5,000,000</u>	<u>(5,000,000)</u>	<u>-</u>
<b>Balance at December 31, 2016</b>	\$ <u><u>10,000,000</u></u>	<u><u>34,831,736</u></u>	<u><u>44,831,736</u></u>

*See accompanying notes to the financial statements.*

Global Green Growth Institute  
**Statements of Cash Flows**

**For the years ended December 31, 2016 and 2015**

*(In USD)*

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Net surplus for the year	\$ 11,039,590	17,343,874
Adjustments for:		
Rental expenses	32,437	37,552
Depreciation	541,025	523,291
Amortization	768,755	411,984
Bad debt expense	268	1,890
Impairment of property and equipment	3,958	-
Finance expenses	329,296	534,247
Finance income	(615,333)	(310,967)
Changes in assets and liabilities:		
Other receivables	(5,869)	7,607
Accrued income	13,620	-
Other current assets	(221,975)	(1,773,563)
Other payables	1,247,083	(2,968,473)
Deferred income	(3,840,318)	7,058,981
Other current liabilities	(4,760,096)	4,760,096
Interest received	41,673	20,840
<b>Net cash provided by operating activities</b>	<u>4,574,114</u>	<u>25,647,359</u>
<b>Cash flows from investing activities</b>		
Increase in short-term financial instruments	(7,918,514)	(17,000,000)
Increase in leasehold deposits	(24,273)	(15,342)
Acquisition of property and equipment	(146,108)	(273,745)
Acquisition of intangible assets	(640,623)	(991,293)
Decrease in leasehold deposits	2,452	11,861
<b>Net cash used in investing activities</b>	<u>(8,727,066)</u>	<u>(18,268,519)</u>
<b>Cash flows from financing activities</b>	<u>-</u>	<u>-</u>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	67,331	(282,567)
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(4,085,621)</u>	<u>7,096,273</u>
<b>Cash and cash equivalents at beginning</b>	<u>28,898,195</u>	<u>21,801,922</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 24,812,574</u>	<u>28,898,195</u>

*See accompanying notes to the financial statements.*

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**1. Reporting Entity**

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

**2. Basis of Preparation**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis

**(c) Functional and presentation currencies**

These financial statements are presented in US dollar, which is GGGI's functional currency of the primary economic environment in which GGGI operates.

**(d) Use of estimates and judgments**

The preparation of the financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note.

Note 6 – Property and Equipment

GGGI reviews the estimated useful lives of property and equipment at the end of each annual reporting period. Management's assumptions could affect the determination of estimated useful lives.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**3. Significant Accounting Policies**

The significant accounting policies applied by GGGI in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are used by GGGI in management of its short-term commitments.

**(b) Non-derivative financial assets**

GGGI classifies the non-derivative financial assets which are fixed or determinable payments that are not quoted in an active market as loans and receivables. GGGI recognizes financial assets in the statement of financial position when GGGI becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, transaction costs that are directly attributable to the asset's acquisition or issuance.

GGGI derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by GGGI is recognized as a separate asset or liability.

If GGGI retains substantially all the risks and rewards of ownership of the transferred financial assets, GGGI continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position only when GGGI currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

**(c) Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

In addition, for an investment in a security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If financial assets have objective evidence that they are impaired, impairment losses should be measured and recognized.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**3. Significant Accounting Policies, Continued**

**(d) Impairment of financial assets, continued**

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. If it is not practicable to obtain the instrument's estimated future cash flows, impairment losses would be measured by using prices from any observable current market transactions. GGGI can recognize impairment losses directly or establish a provision to cover impairment losses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account.

**(e) Property and equipment**

Property and equipment are measured initially at cost and after initial recognition. The cost of property and equipment includes expenditure arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which they are located.

Subsequent to initial recognition, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to GGGI and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current period are as follows:

	<b><u>Useful lives (in months)</u></b>
Office equipment	36 ~ 60
Leasehold improvement	24
Vehicle	60

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**3. Significant Accounting Policies, Continued**

**(f) Intangible assets**

Intangible assets consist of purchased software licenses, software and any development cost for the software. Intangible assets are amortized on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is assumed to be zero.

The estimated useful lives for the current period are same as the useful lives of IT equipment.

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. Changes are accounted for as changes in accounting estimates.

**(g) Impairment of non-financial assets**

GGGI reviews at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

GGGI estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then GGGI estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(h) Non-derivative financial liabilities**

GGGI recognizes financial liabilities in the statement of financial position when GGGI becomes a party to the contractual provisions of the financial liability.

At the date of initial recognition, financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

GGGI derecognizes a financial liability from the statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**3. Significant Accounting Policies, Continued**

**(i) Employee benefits**

For defined contribution plans, when an employee has rendered service to GGGI during a period, GGGI recognizes the contribution payable to a defined contribution plan in exchange for that service as an accrued expense, after deducting any contributions already paid. If the contributions already paid exceed the contribution due for service before the end of the reporting period, GGGI recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

**(j) Foreign currency translation**

Foreign currency transactions are initially recorded using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period are recognized in profit or loss in the period in which they arise.

**(k) Operating income recognition**

**(i) Core funds (Un-earmarked funds)**

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

**(ii) Earmarked funds**

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

For earmarked funds, GGGI recognizes an asset (cash or receivables) and liability (deferred income) on receipt of the firm commitment of the contribution to be provided (unless the agreement specifies a later contribution start date). The liability is reduced and operating income is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the surveys of work performed. However, when the outcome of the transaction involving the rendering of services cannot be estimated reliably, operating income shall be recognized only to the extent of the expenses recognized that are recoverable.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**3. Significant Accounting Policies, Continued**

**(l) Finance income and finance costs**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**(m) Financial risk management**

**Financial risk factors**

GGGI is exposed to a variety of financial risks derived from events in the external financial markets: market risk (including changes in currency exchange rates); liquidity risk; and interest rate risk. GGGI seeks to actively minimize potential adverse effects arising from these exposures.

The Director General has overall responsibility to maintain a risk-management system to manage and control financial and other types of risks including the identification, evaluation, and measurement of possible impact on GGGI, and the selection and maintenance of various solutions to mitigate risks.

(i) Market risk

- Currency risk

Currency risk primarily arises on voluntary contributions receivable in currencies other than United States Dollar. The main currencies giving rise to foreign currency risk are the Euro, Pound Sterling, Norwegian Kroner and Danish Kroner. At present, to minimize the foreign exchange exposure, GGGI converts its contributions receivable in other currencies immediately to USD upon the receipt of contribution.

- Interest rate risk

There is no significant short-term exposure to changes in interest rates, as cash and cash equivalents are held as cash in hand and there are no interest-bearing liabilities.

(ii) Liquidity risk

Liquidity risk is minimized by maintaining sufficient funds as cash in hand to meet short-term liabilities.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**4. Cash and Cash Equivalents**

(a) Cash and cash equivalents as of December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>		<b>2016</b>	<b>2015</b>
		<hr/>	<hr/>
Cash in banks	\$	24,809,510	28,895,471
Cash on hand		<u>3,064</u>	<u>2,724</u>
	\$	<u><u>24,812,574</u></u>	<u><u>28,898,195</u></u>

(b) Cash and cash equivalents denominated in foreign currencies as of December 31, 2016 and 2015 are as follows:

		<b>2016</b>		<b>2015</b>	
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Foreign currency</b>	<b>Foreign currency amount</b>	<b>Translation into USD</b>	<b>Foreign currency amount</b>	<b>Translation into USD</b>	
AED	163,384	\$ 44,473	172,920	\$ 47,069	
DKK	-	-	-	-	
EUR	141,638	148,565	162,936	178,023	
KRW	49,970,046	41,349	17,100,219	14,699	
IDR	64,203,155	4,764	6,457,700	467	
ETB	35,400	1,554	201,049	9,372	
GBP	12,396	15,174	3,260	4,923	
AUD	-	-	6,220,121	4,527,626	
KHR	6,400	2		-	
PHP	732	15		-	
XOF	1,500	2		-	
VDN	10,733,000	467		-	
RWF	4,103,260	<u>4,869</u>		-	
		\$ <u><u>261,233</u></u>		\$ <u><u>4,782,179</u></u>	

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**4. Cash and Cash Equivalents, Continued**

(c) Currency exchange rates as of December 31, 2016 and 2015 are as follows:

<i>(In USD)</i>		<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>Currency</b>		<b>Ending exchange rate</b>	<b>Ending exchange rate</b>
AED	\$	0.272	0.272
DKK		0.141	0.147
EUR		1.049	1.093
KRW		0.001	0.001
IDR		0.0000742	0.0000723
ETB		0.044	0.047
GBP		1.224	1.510
AUD		0.720	0.728
KHR		0.0002	0.0002
PHP		0.020	0.021
XOF		0.002	0.002
VDN		0.00004	0.00004
RWF		0.001	0.001

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**5. Financial Instruments**

(a) Categories of financial assets as of December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>	<b>2016</b>		<b>2015</b>	
	<b>Cash and cash equivalents</b>	<b>Loans and receivables</b>	<b>Cash and cash equivalents</b>	<b>Loans and receivables</b>
<b>Current financial assets</b>				
Cash and cash equivalents	\$ 24,812,574	-	28,898,195	-
Short-term financial instruments	-	24,918,514	-	17,000,000
Other receivables	-	5,601	-	-
Current portion of leasehold deposits	-	59,593	-	-
Accrued income (*)	-	153,265	-	13,620
Sub-total	\$ 24,812,574	25,136,973	28,898,195	17,013,620
<b>Non-current financial assets</b>				
Leasehold deposits	\$ -	660,018	-	685,488
	\$ 24,812,574	25,796,991	28,898,195	17,699,108

(\*) Accrued income represents unrealized interest on cash and cash equivalents invested in accordance with the investment framework of the GGGI as at the reporting date.

(b) Categories of financial liabilities as of December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>	<b>2016</b>		<b>2015</b>	
	<b>Financial liabilities measured at amortized cost</b>		<b>Financial liabilities measured at amortized cost</b>	
<b>Current financial liabilities</b>				
Other payables (*)	\$	5,935,996		4,702,338

(\*) Other payables represent amounts due to donors, vendors, employees and others for support and/or services received prior to year-end, but not paid for as at the reporting date. This includes accruals for employee severance benefits of USD 167,105 succeeded from the former K-GGGI (Korean Organization), payables to employees and consultants of USD 738,700 and payables to suppliers of USD 5,030,191 as at 31 December, 2016.

Global Green Growth Institute  
**Notes to the Financial Statements**

For the years ended December 31, 2016 and 2015

**5. Financial Instruments, Continued**

(c) Finance income by categories

(i) Details of finance income by categories for the year ended December 31, 2016 are summarized as follows:

<i>(In USD)</i>	<b>Cash and cash equivalents</b>	<b>Loans and receivables</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Total</b>
Interest income	\$ 41,673	185,702	-	227,375
Gain on foreign currency transactions	35,848	-	-	35,848
Gain on foreign currency translations	<u>373,707</u>	<u>17</u>	<u>14,234</u>	<u>387,958</u>
	<u>\$ 451,228</u>	<u>185,719</u>	<u>14,234</u>	<u>651,181</u>

(ii) Details of finance income by categories for the year ended December 31, 2015 are summarized as follows:

<i>(In USD)</i>	<b>Cash and cash equivalents</b>	<b>Loans and receivables</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Total</b>
Interest income	\$ 20,840	51,172	-	72,012
Gain on foreign currency transactions	682	-	58,652	59,334
Gain on foreign currency translations	<u>198,359</u>	<u>-</u>	<u>40,596</u>	<u>238,955</u>
	<u>\$ 219,881</u>	<u>51,172</u>	<u>99,248</u>	<u>370,301</u>

(iii) Details of finance costs by categories for the year ended December 31, 2016 are summarized as follows:

<i>(In USD)</i>	<b>Cash and cash equivalents</b>	<b>Loans and receivables</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Total</b>
Loss on foreign currency transactions	\$ -	-	67,344	67,344
Loss on foreign currency translations	<u>306,376</u>	<u>22,112</u>	<u>808</u>	<u>329,296</u>
	<u>\$ 306,376</u>	<u>22,112</u>	<u>68,152</u>	<u>396,640</u>

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For the years ended December 31, 2016 and 2015

**5. Financial Instruments, Continued**

(c) Finance income by categories, continued

(iv) Details of finance costs by categories for the year ended December 31, 2015 are summarized as follows:

<i>(In USD)</i>	<b>Cash and cash equivalents</b>	<b>Loans and receivables</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Total</b>
Loss on foreign currency transactions	\$ -	-	48,038	48,038
Loss on foreign currency translations	480,926	49,152	4,169	534,247
	<u>\$ 480,926</u>	<u>49,152</u>	<u>52,207</u>	<u>582,285</u>

(d) The carrying amount and the fair value of financial instruments as of December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>	<b>2016</b>		<b>2015</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>				
Cash and cash equivalents	\$ 24,812,574	24,812,574	28,898,195	28,898,195
Short-term financial instruments	24,918,514	24,918,514	17,000,000	17,000,000
Other receivables	5,601	5,601	-	-
Leasehold deposits	719,611	719,611	685,488	685,488
Accrued income	153,265	153,265	13,620	13,620
<b>Total financial assets</b>	<u>\$ 50,609,565</u>	<u>50,609,565</u>	<u>46,597,303</u>	<u>46,597,303</u>
<b>Financial liabilities</b>				
Other payables	\$ 5,935,996	5,935,996	4,702,338	4,702,338

The fair value information is not included for financial assets and financial liabilities carried at amortized cost as the book value approximates their fair value.

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**For the years ended December 31, 2016 and 2015**

**6. Property and Equipment**

(a) Details of property and equipment as of December 31, 2016 and 2015 are as follows:

(i) December 31, 2016

<i>(In USD)</i>	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
Office equipment (*)	\$ 1,638,359	(1,178,513)	459,846
Leasehold improvements	1,786,163	(1,759,673)	26,490
Vehicle	84,846	(66,881)	17,965
	<u>\$ 3,509,368</u>	<u>(3,005,067)</u>	<u>504,301</u>

(ii) December 31, 2015

<i>(In USD)</i>	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
Office equipment (*)	\$ 2,147,367	(1,279,125)	868,242
Leasehold improvements	1,740,751	(1,740,751)	-
Vehicle	84,846	(49,912)	34,934
	<u>\$ 3,972,964</u>	<u>(3,069,788)</u>	<u>903,176</u>

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

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**Notes to the Financial Statements**

For the years ended December 31, 2016 and 2015

**6. Property and Equipment, Continued**

(b) Changes in property and equipment for the years ended December 31, 2016 and 2015 are summarized as follows:

(i) December 31, 2016

<i>(In USD)</i>	<b>Office equipment</b>	<b>Leasehold improvements</b>	<b>Vehicle</b>	<b>Total</b>
<b>Cost:</b>				
<b>Balance at January 1, 2016</b>	\$ 2,147,367	1,740,751	84,846	3,972,964
Additions	100,696	45,412	-	146,108
Retirement (*)	(609,704)	-	-	(609,704)
<b>Balance at December 31, 2016</b>	<u>\$ 1,638,359</u>	<u>1,786,163</u>	<u>84,846</u>	<u>3,509,368</u>
<b>Accumulated depreciation:</b>				
<b>Balance at January 1, 2016</b>	\$ 1,279,125	1,740,751	49,912	3,069,788
Depreciation	505,134	18,922	16,969	541,025
Retirement (*)	(605,746)	-	-	(605,746)
<b>Balance at December 31, 2016</b>	<u>\$ 1,178,513</u>	<u>1,759,673</u>	<u>66,881</u>	<u>3,005,067</u>
<b>Carrying amount:</b>				
<b>Balance at January 1, 2016</b>	\$ 868,242	-	34,934	903,176
<b>Balance at December 31, 2016</b>	<u>\$ 459,846</u>	<u>26,490</u>	<u>17,965</u>	<u>504,301</u>

(\*) GGGI has written off office equipment with the purchase value of less than USD 1,001 and removed the items from the fixed asset register. GGGI recorded USD 3,958 as impairment loss on property and equipment as of December 31, 2016.

Global Green Growth Institute  
**Notes to the Financial Statements**

For the years ended December 31, 2016 and 2015

**6. Property and Equipment, Continued**

(b) Changes in property and equipment for the years ended December 31, 2016 and 2015 are summarized as follows, continued:

(ii) December 31, 2015

<i>(In USD)</i>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Vehicle</u>	<u>Total</u>
<b>Cost:</b>				
<b>Balance at January 1, 2015</b>	\$ 1,982,333	1,740,751	84,846	3,807,930
Additions	273,745	-	-	273,745
Retirement (*)	(108,711)	-	-	(108,711)
<b>Balance at December 31, 2015</b>	<u>\$ 2,147,367</u>	<u>1,740,751</u>	<u>84,846</u>	<u>3,972,964</u>
<b>Accumulated depreciation:</b>				
<b>Balance at January 1, 2015</b>	\$ 881,515	1,740,751	32,942	2,655,208
Depreciation	506,321	-	16,970	523,291
Retirement (*)	(108,711)	-	-	(108,711)
<b>Balance at December 31, 2015</b>	<u>\$ 1,279,125</u>	<u>1,740,751</u>	<u>49,912</u>	<u>3,069,788</u>
<b>Carrying amount:</b>				
<b>Balance at January 1, 2015</b>	<u>\$ 1,100,818</u>	<u>-</u>	<u>51,904</u>	<u>1,152,722</u>
<b>Balance at December 31, 2015</b>	<u>\$ 868,242</u>	<u>-</u>	<u>34,934</u>	<u>903,176</u>

(\*) GGGI has written off office equipment with the purchase value of less than USD 1,001 and removed the items from the fixed asset register. These items were also fully depreciated as of December 31, 2015.

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**Notes to the Financial Statements**

For the years ended December 31, 2016 and 2015

**7. Intangible Assets**

(a) Details of intangible assets as of December 31, 2016 and 2015 are as follows:

(i) December 31, 2016

<i>(In USD)</i>	<u>Acquisition cost</u>	<u>Accumulated amortization</u>	<u>Carrying amount</u>
Software	\$ 2,671,751	(1,426,891)	1,244,860

(ii) December 31, 2015

<i>(In USD)</i>	<u>Acquisition cost</u>	<u>Accumulated amortization</u>	<u>Carrying amount</u>
Software	\$ 2,056,189	(683,197)	1,372,992

(b) Changes in intangible assets for the years ended December 31, 2016 and 2015 are summarized as follows:

(i) December 31, 2016

<i>(In USD)</i>	<u>Software</u>	<u>Total</u>
<b>Cost:</b>		
<b>Balance at January 1, 2016</b>	\$ 2,056,188	2,056,188
Additions	640,623	640,623
Retirement (*)	(25,061)	(25,061)
<b>Balance at December 31, 2016</b>	<u>\$ 2,671,750</u>	<u>2,671,750</u>
<b>Accumulated amortization:</b>		
<b>Balance at January 1, 2016</b>	\$ 683,196	683,196
Amortization	768,755	768,755
Retirement (*)	(25,061)	(25,061)
<b>Balance at December 31, 2016</b>	<u>\$ 1,426,890</u>	<u>1,426,890</u>
<b>Carrying amount:</b>		
<b>Balance at January 1, 2016</b>	<u>\$ 1,372,992</u>	<u>1,372,992</u>
<b>Balance at December 31, 2016</b>	<u>\$ 1,244,860</u>	<u>1,244,860</u>

(\*) GGGI has written off software with the purchase value of less than USD 1,001 and removed the items from the asset register. These items were also fully depreciated as of December 31, 2016.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**7. Intangible Assets, Continued**

(b) Changes in intangible assets for the years ended December 31, 2016 and 2015 are summarized as follows, continued:

(ii) December 31, 2015

*(In USD)*

	<u>Software</u>	<u>Total</u>
<b>Cost:</b>		
<b>Balance at January 1, 2015</b>	\$ 1,064,895	1,064,895
Additions	<u>991,293</u>	<u>991,293</u>
<b>Balance at December 31, 2015</b>	<u>\$ 2,056,188</u>	<u>2,056,188</u>
<b>Accumulated amortization:</b>		
<b>Balance at January 1, 2015</b>	\$ 271,212	271,212
Amortization	<u>411,984</u>	<u>411,984</u>
<b>Balance at December 31, 2015</b>	<u>\$ 683,196</u>	<u>683,196</u>
<b>Carrying amount:</b>		
<b>Balance at January 1, 2015</b>	<u>\$ 793,683</u>	<u>793,683</u>
<b>Balance at December 31, 2015</b>	<u>\$ 1,372,992</u>	<u>1,372,992</u>

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**8. Employee Benefits**

GGGI provides defined contribution plans for certain eligible employees and pension funds that amount to 12 percent of each eligible employee's monthly base salary. The post-employment benefits are paid to employees from the pension deposit.

GGGI's contribution related to defined contribution plans in 2016 and 2015 are as follows.

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
Expense related to post-employment benefit under defined contribution plan	\$ 1,141,468	1,058,107

**9. Other Current Assets and Other Current Liabilities**

(a) Other current assets as of December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
Advance payments	\$ 36,480	63,863
Prepaid expenses (*1)	<u>2,528,681</u>	<u>2,313,719</u>
	<u>\$ 2,565,161</u>	<u>2,377,582</u>

(\*1) The amount includes the pre-payment for UNOPS contract for personnel expenses of USD 1,724,372 and prepaid housing for staff of USD 804,308 based on GGGI staff regulation.

(b) Other current liabilities as of December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
Withholdings	\$ -	989
Advanced receipt (*2)	<u>-</u>	<u>4,759,107</u>
	<u>\$ -</u>	<u>4,760,096</u>

(\*2) As described in Note 10 (1) (i), advanced receipt for 2016 core contribution received in 2015 from the Australia Department of Foreign Affairs and Trade was recognized as an operating income for 2016.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**10. Reserves**

Details of reserves as of December 31, 2016 and 2015 are as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
Working capital (*)	\$ 10,000,000	5,000,000
Retained surplus	<u>34,831,736</u>	<u>28,792,146</u>
	<u>\$ 44,831,736</u>	<u>33,792,146</u>

(\*) The transfer of USD 5,000,000 from the retained surplus to working capital fund account was approved by the Council in 2016.

**11. Operating Income**

(a) Operating income for the years ended December 31, 2016 and 2015 are as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
Core funds	\$ 42,723,184	39,538,303
Earmarked funds	<u>8,955,436</u>	<u>9,206,095</u>
	<u>\$ 51,678,620</u>	<u>48,744,398</u>

(b) Details of operating income for the years ended December 31, 2016 and 2015 are as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
<b>Core Funds (*1)</b>		
The Government of Australia (DFAT)	\$ 4,759,107	4,715,734
The Government of Denmark	4,437,158	4,761,633
The Ministry of Foreign Affairs of the Republic of Korea	10,000,000	10,000,000
The State of Qatar	4,999,980	-
The Norwegian Agency for Development Cooperation (NORAD)	1,997,005	4,943,733
The Government of the United Kingdom (DFID)	6,029,939	15,117,203
The Government of Indonesia	9,999,995	-
The Ministry of Environment and Natural Resources of the United Mexican States	<u>500,000</u>	<u>-</u>
<b>Sub-total Core Funds</b>	<u>\$ 42,723,184</u>	<u>39,538,303</u>

Global Green Growth Institute  
**Notes to the Financial Statements**

For the years ended December 31, 2016 and 2015

**11. Operating Income, Continued**

(b) Details of operating income for the years ended December 31, 2016 and 2015 are as follows, continued:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
<b>Earmarked Funds (*2)</b>		
Swiss Agency for Development and Cooperation (SDC)	\$ 511,986	281,114
The United Arab Emirates Ministry of Foreign Affairs	2,036,096	1,928,831
The Norwegian Ministry of Foreign Affairs - 'Country Program for Ethiopia 2013-2015'	2,277,707	2,229,638
The Norwegian Ministry of Foreign Affairs - 'Indonesia Country Program 2012-2014'	12,628	3,039,220
The Norwegian Ministry of Foreign Affairs - 'Indonesia Country Program 2016-2019'	2,453,829	-
The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)	1,024,678	1,310,430
European Climate Fund (ECF)	-	573
Government of the Federal Republic of Germany (BMZ)	10,138	115,435
Capacity Development for S-S Collaboration (KOICA)	374,931	297,896
Global Climate Forum	36,585	2,958
	<u>8,738,578</u>	<u>9,206,095</u>
<b>Sub-total Earmarked Revenue</b>	<b>\$ 8,738,578</b>	<b>9,206,095</b>
<b>Partnership Agreements for Special Events</b>		
Hanwha Q Cells – GGGI Event in Davos for 2016	58,524	-
Partnership Agreement GGGW 2016 – GTC-K	44,875	-
Partnership Agreement GGGW 2016 – Hanwha Q Cells	50,001	-
Partnership Agreement GGGW 2016 – ASEIC	4,488	-
Partnership Agreement GGGW 2016 – EWP	4,526	-
Partnership Agreement GGGW 2016 – KOICA	30,000	-
Partnership Agreement GGGW 2016 – KEPCO	4,444	-
Partnership Agreement GGGW 2016 – KEI	20,000	-
	<u>216,858</u>	<u>-</u>
<b>Sub-total Partnership Agreements</b>	<b>\$ 216,858</b>	<b>-</b>
	<u>8,955,436</u>	<u>9,206,095</u>
<b>Sub-total Earmarked Funds</b>	<b>\$ 8,955,436</b>	<b>9,206,095</b>
	<u>51,678,620</u>	<u>48,744,398</u>
<b>Total Operating Income</b>	<b>\$ 51,678,620</b>	<b>48,744,398</b>

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**11. Operating income, Continued**

**(\*1) Core funds**

(i) The Australia Department of Foreign Affairs and Trade (“DFAT”) signed an addendum in 2015 to extend the original funding agreement and the core contribution for two (2) additional years from January 2015 to December 2016. In May 2015, GGGI received AUD 12,400,000 for the two (2) years and recognized AUD 6,200,000 (USD 4,715,734) as revenue in 2015. The 2016 contribution of AUD 6,200,000 (USD 4,759,107) which was recorded as an advance receipt in 2015 has been recognized as revenue in 2016.

(ii) In 2014, the Government of Denmark approved a Danish grant for the amount of DKK 90,000,000 to GGGI for the period from 2014 to 2016. This includes DKK 28,000,000 for 2014, DKK 29,000,000 for 2015, DKK 29,000,000 for 2016 and DKK 1,500,000 to cover the costs of GGGI engaging a Strategic Advisor and DKK 2,500,000 for reviews and studies. In 2016, GGGI received three (3) cash contributions, DKK 29,000,000 (USD 4,299,481) as core contribution for the year and DKK 800,000 (USD 114,999) and an additional funding of USD 22,678 towards the costs of the strategic advisor and recognized the total USD 4,437,158 as revenue in 2016.

(iii) In 2015, the Ministry of Foreign Affairs of the Republic of Korea signed a Memorandum of Understanding with GGGI to provide annual core contribution of USD 10,000,000 each year for two (2) years from January 2015 to December 2016. GGGI received USD 5,000,000 in March and USD 5,000,000 in September and recognized the total USD 10,000,000 as revenue in 2016.

(iv) In 2012, GGGI and the State of Qatar signed a Memorandum of Understanding on Green Growth Cooperation to provide core contribution of USD 10,000,000 for two (2) years from 2012 to 2014. In November 2016, GGGI received USD 4,999,980 and recognized the grant as revenue in 2016.

(v) In 2016, the Norwegian Agency for Development Cooperation (“NORAD”) signed addendum No.3 to extend the multi-year core funding agreement 2013-2014 signed in September 2013 for one (1) additional year through (and including) December 2016. In July 2016, GGGI received NOK 16,670,000 (USD 1,997,005) and recognized the total receipt as revenue in 2016.

(vi) The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department of International Development (“DFID”) has signed the MOU on core funding of GBP 14,762,000 over three (3) years from 2014 to 2017. In 2016, GGGI received the core contributions of GBP 3,731,000 (USD 4,734,639) and the performance payment of GBP 1,000,000 (USD 1,295,300) and recognized the total receipt as revenue in 2016.

(vii) In 2016, GGGI received USD 9,999,995 from the Government of Indonesia as core contribution for 2015 and 2016. The total receipt was recognized as revenue in 2016.

(viii) In 2015, the Ministry of the Environment and Natural Resources of the United Mexican States signed a Memorandum of Understanding with GGGI to provide annual core contribution of USD 500,000 core for one (1) year from January 2016 to December 2016. In February 2016, GGGI received USD 500,000 and recognized the total receipt as revenue in 2016.

(ix) Based on the Framework of Cooperation signed on December 4, 2013 between GGGI, the Incheon Metropolitan City and the Incheon Free Economic Zone Authority, the Incheon City and Incheon Free Economic Zone provided GGGI an office space on the 23rd floor of the G-tower.

(x) Based on the Letter from the Department of Trade & Industry (“DTI”) of Philippines, DTI provided GGGI an office space on 3rd floor of UPRC Building.

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**For the years ended December 31, 2016 and 2015**

**11. Operating Income, Continued**

**(\*2) Earmarked funds**

(i) In December 2014, GGGI and Swiss Agency for Development and Cooperation ("SDC") signed a grant agreement for USD 1,000,000 for the period from July 1, 2014 to June 30, 2016 to facilitate collaboration between SDC and GGGI to promote programs, research and joint activities in support of capacity building and development of green economic growth options for developing countries. GGGI recognized USD 963,881 as project revenue for the whole implementation period and the audited financial statements for the period ended June 30, 2016 was released by the Management on August 30, 2016. In April 2016, GGGI received USD 250,000 and recognized USD 511,986 as operating income from the 2016 deferred.

(ii) The United Arab Emirates Ministry of Foreign Affairs ("UAE") and GGGI signed a Memorandum of Understanding ("MOU") in 2011. The objective of the MOU is to facilitate collaboration between UAE and GGGI to promote programs and joint activities in promoting green growth in UAE for the years from 2011 to 2013. The MOU was automatically renewed for the additional three years through 2016. In August 2016, GGGI received USD 1,175,388 and recognized USD 2,036,096 as operating income from the 2016 deferred income.

(iii) In 2013, GGGI signed a Grant Agreement with the Royal Norwegian Embassy, Ethiopia to implement Ethiopia country program for the year from 2013 to 2015. The Norwegian Ministry of Foreign Affairs confirmed the approval on no-cost extension of this program which ended on June 30, 2016 with the letter of reference ETH-13/0001 dated on December 23, 2015. In addition to the extension to June 2016, a no cost extension for 4-month period from July 2016 to October 2016 has been approved by the Norwegian Ministry of Foreign Affairs with the letter of reference ETH-13/0001 Addendum No. 2 dated on July 25, 2016. Subsequently, on October 21, 2016, the Norwegian Ministry of Foreign Affairs signed the ETH-13/0001 Addendum No.3 for the third no cost extension of the agreement to December 31, 2016. In May 2016, GGGI received USD 250,000 against the total grant of NOK 45,828,000 (equivalent to USD 8,073,906) and recognized USD 2,277,707 as operating income from the 2016 deferred income.

(iv) In 2012, GGGI signed a Grant Agreement with the Norwegian Ministry of Foreign Affairs to implement Indonesia country program for the years from 2012 to 2014. This agreement was extended by three (3) months to March 2015 through Amendment 1 signed on December 10, 2014 and a further nine (9) months through Amendment 2 signed on March 26, 2015. GGGI recognized a final revenue of USD 3,039,220 in 2015 and USD 12,628 in 2016 against the total grant of USD 8,177,976 (NOK 56,597,500) and returned unutilized funds for the Project Phase I (INS-2134, INS-12/0078) of USD 476,666 in November 2016.

(v) In November 2015, GGGI signed a new Grant Agreement (INS-14/21) with the Norwegian Ministry of Foreign Affairs to implement Indonesia country program for the years from 2016 to 2019. In 2016, GGGI received the second and the third installment of USD 2,729,756 against the total contract amount of NOK 170,000,000, equivalent to USD 19,720,300, and recognized USD 2,453,829 as operating income from the 2016 deferred income.

(vi) The Federal Minister for the Environment and Nature Conservation and Nuclear Safety ("BMU") of the Federal Republic of Germany and GGGI signed a Grant Agreement to implement "A Low Carbon Development Plan" for the years from 2011 to 2016 for a total grant of EUR 4,987,287. In 2016, GGGI received EUR 704,731 (USD 785,634) and recognized USD 1,024,678 as operating income from the 2016 deferred income.

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**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**11. Operating Income, Continued**

**(\*2) Earmarked funds, continued**

(vii) The Government of the Federal Republic of Germany and GGGI have agreed to cooperate for supporting the Green Invest (BMZ-No.2015.7932.8) project for which the donor is to grant EUR 450,000 earmarked fund for the years from 2014 to 2016. The Government of the Federal Republic of Germany confirmed no-cost extension of this project which ends on December 31, 2017 with reference to the letter of November 25, 2016 under Article 11 of the arrangement. In December 2016, GGGI received the final installment of EUR 200,000 (USD 211,319) and recognized USD 10,138 as operating income from the 2016 deferred income.

(viii) GGGI and Korea International Cooperation Agency ("KOICA") signed the Grant Arrangement on knowledge sharing and capacity development for global green partnership through south-south cooperation project for the years from 2015 to 2017 with the total grant amount of USD 3,000,000. In accordance with Amendment 1 to the Grant Arrangement, GGGI and KOICA have agreed to complete the project by June 30, 2016 with the remaining budget balance from 2015. GGGI recognized USD 672,827 as project revenue for the whole thirteen (13) months' implementation period and the donor report was issued on September 30, 2016. In December 2016, GGGI returned unutilized funds of USD 27,173 and recognized USD 374,931 as operating income from the 2016 deferred income.

(ix) GGGI joined a consortium of 16 organizations led by Global Climate Forum for a grant under the European Commission (EC) Horizon 2020 program to implement the "Green Growth and Win-Win Strategies for Sustainable Climate Action (GREEN-WIN)" project. The project has been approved by the EC in 2015 with the duration of 36 months and the fund allocated to GGGI is EUR 98,875. GGGI received an up-front payment of EUR 44,494 (equivalent to USD 48,950) in September 2016 and recognized USD 36,585 as operating income from the 2016 deferred income.

(x) GGGI and Hanwha Q Cells ("Hanwha") signed the Corporate Sponsorship Agreement in December 2015 to cooperate in the organization of a breakfast session in January 2016 on the sidelines of the World Economic Forum Annual Meeting 2016 in Davos, Switzerland. GGGI received a financial contribution in the amount of USD 70,000 in December 2015 and recognized USD 58,524 as operating income from the 2016 deferred income. GGGI returned unspent funds of USD 11,476 in August 2016.

(xi) GGGI and Green Technology Center-Korea ("GTC-K") signed the Partnership Agreement in 2016 to provide support to the Global Green Growth Week 2016 (the "GGGW 2016"). GGGI received a financial contribution in the amount of KRW 50,000,000 (equivalent to USD 44,875) and recognized the same amount as operating income in August 2016.

(xii) GGGI and Hanwha Q Cells ("Hanwha") signed the Partnership Agreement in 2016 to provide support to the Global Green Growth Week 2016 (the "GGGW 2016"). GGGI received a financial contribution in the amount of USD 50,001 in June 2016 and recognized the same amount as operating income in August 2016.

(xiii) GGGI and ASEM SMEs Eco-Innovation Center ("ASEIC") signed the Partnership Agreement in 2016 to provide support to the Global Green Growth Week 2016 (the "GGGW 2016"). GGGI received a financial contribution in the amount of KRW 5,000,000 (equivalent to USD 4,488) and recognized the same amount as operating income in August 2016.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**11. Operating Income, Continued**

**(\*2) Earmarked funds, continued**

(xiv) GGGI and Korea East-West Power Corporation ("EWP") signed the Partnership Agreement in 2016 to provide support to the Global Green Growth 2016 (the "GGGW 2016"). GGGI received a financial contribution in the amount of KRW 5,000,000 (equivalent to USD 4,526) and recognized the same amount as operating income in September 2016.

(xv) GGGI and Korea International Cooperation Agency ("KOICA") signed the Partnership Agreement in 2016 to provide support to the Global Green Growth Week 2016 (the "GGGW 2016"). GGGI received a financial contribution in the amount of USD 30,000 in September 2016 and recognized the same amount as operating income in 2016.

(xvi) GGGI and Korea Electric Power Corporation ("KEPCO") signed the Partnership Agreement in 2016 to provide support to the Global Green Growth Week 2016 (the "GGGW 2016"). GGGI received a financial contribution in the amount of KRW 5,000,000 (equivalent to USD 4,444) in September 2016 and recognized the same amount as operating income in 2016.

(xvii) GGGI and Korea Economic Institute ("KEI") signed the Partnership Agreement in 2016 to provide support to the Global Green Growth Week 2016 (the "GGGW 2016"). GGGI received a financial contribution in the amount of USD 20,000 in September 2016 and recognized the same amount as operating income in 2016.

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**For the years ended December 31, 2016 and 2015**

**12. Operating Expenditures**

(a) Details of operating expenditures for the years ended December 31, 2016 and 2015 are as follows:

<i>(In USD)</i>	<b>2016</b>	<b>2015</b>
Salaries and wages	\$ 13,299,531	10,062,238
Allowances (home, education, relocation and others)	4,271,477	3,933,425
Employee benefits	1,141,468	1,058,107
Welfares	1,117,338	758,943
Outsourcing cost	11,913,583	8,398,400
Travel expense	2,437,143	1,717,285
Rental expenses	1,930,650	2,017,733
Transportation	13,148	16,166
Commissions	95,792	53,636
Professional fees	284,413	382,129
Depreciation	541,025	523,291
Amortization	768,755	411,984
Training expenses	203,034	172,529
Communication expenses	324,748	235,386
Repairs and maintenance expenses	238,887	140,851
Publication expenses	308,625	137,891
Conference expenses	1,577,222	636,947
Supply expenses	260,540	286,290
Others	259,196	132,506
	<u>\$ 40,986,575</u>	<u>31,075,737</u>

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**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**12. Operating Expenditures, Continued**

(b) Details of operating expenditures by country for the years ended December 31, 2016 and 2015 are as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
Global Programmatic (*1)	\$ 12,626,920	6,614,648
United Arab Emirates	1,379,955	1,627,699
China	509,710	462,886
Colombia	518,883	362,958
Ethiopia	2,281,064	2,231,040
Fiji	360,658	135,469
United Kingdom	146,666	78,778
Indonesia	2,455,819	3,051,206
India	463,927	1,364,818
Jordan	641,202	297,258
Cambodia	892,638	472,864
Morocco	206,843	87,487
Mongolia	933,898	498,845
Mexico	568,715	410,154
Nepal	136,590	41,397
Peru	700,900	675,352
Philippines	1,857,730	765,545
Rwanda	868,133	733,802
Senegal	470,556	61,097
Thailand	434,612	502,439
Uganda	442,837	59,711
Vietnam	740,534	716,616
Vanuatu	331,600	141,583
South Africa	-	166,687
Non-programmatic (*2)	<u>11,016,185</u>	<u>9,515,398</u>
	<u>\$ 40,986,575</u>	<u>31,075,737</u>

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

(\*2) The non-programmatic includes the work of Office of the DG (“ODG”) and Operations Enabling Division (“OED”) which guides, supports and enables the work of programmatic divisions across GGGI.

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**12. Operating Expenditures, Continued**

(c) Details of operating expenditures by donor for the years ended December 31, 2016 and 2015 are as follows:

<i>(In USD)</i>	<b>2016</b>	<b>2015</b>
Swiss Agency for Development and Cooperation (SDC)	\$ 510,862	281,186
The United Arab Emirates Ministry of Foreign Affairs	2,031,922	1,927,186
The Norwegian Ministry of Foreign Affairs - 'Country Program for Ethiopia 2013-2015'	2,281,064	2,231,040
The Norwegian Ministry of Foreign Affairs - 'Indonesia Country Program'	2,455,819	3,040,329
The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)	1,016,027	1,309,974
Government of the Federal Republic of Germany (BMZ)	11,379	111,139
European Climate Fund (ECF)	-	572
Capacity Development for S-S Collaboration (KOICA)	375,790	298,280
Green Climate Fund (Green-Win)	36,534	2,961
Hanwha Q Cells – GGGI Event in Davos for 2016	57,783	-
Partnership Agreement GGGW 2016 – GTC-K	44,771	-
Partnership Agreement GGGW 2016 – Hanwha Q Cells	50,001	-
Partnership Agreement GGGW 2016 – ASEIC	4,488	-
Partnership Agreement GGGW 2016 – EWP	4,526	-
Partnership Agreement GGGW 2016 – KOICA	30,000	-
Partnership Agreement GGGW 2016 – KEPCO	4,444	-
Partnership Agreement GGGW 2016 – KEI	20,000	-
<b>Total Earmarked Projects</b>	<b>8,935,410</b>	<b>9,202,667</b>
<b>Core Funded Projects</b>	<b>32,051,165</b>	<b>21,873,070</b>
<b>Total Projects</b>	<b>\$ 40,986,575</b>	<b>31,075,737</b>

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**13. Finance Income and Finance Costs**

(a) Details of finance income for the years ended December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
Interest income	\$ 227,375	72,012
Gain on foreign currency transactions	35,848	59,334
Gain on foreign currency translations	<u>387,958</u>	<u>238,955</u>
	<u>\$ 651,181</u>	<u>370,301</u>

(b) Details of finance costs for the years ended December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
Loss on foreign currency transactions	\$ 67,344	48,038
Loss on foreign currency translations	<u>329,296</u>	<u>534,247</u>
	<u>\$ 396,640</u>	<u>582,285</u>

**14. Other Gain (Loss)**

Details of other gain (loss) for the years ended December 31, 2016 and 2015 are summarized as follows:

<i>(In USD)</i>	<u>2016</u>	<u>2015</u>
<b>Other gain</b>		
Miscellaneous income	\$ 96,962	43,197
<b>Other loss</b>		
Impairment loss on PPE	(3,958)	-
EACP refund to KOICA (*)	<u>-</u>	<u>(156,000)</u>
	<u>(3,958)</u>	<u>(156,000)</u>
	<u>\$ 93,004</u>	<u>(112,803)</u>

(\*) The amount was a refund in 2015 to the Ministry of Foreign Affairs, Republic of Korea based on the final reporting on the East Asia Climate Partnership Program (2010-2012) from Korea International Cooperation Agency ("KOICA").

Global Green Growth Institute  
**Notes to the Financial Statements**

**For the years ended December 31, 2016 and 2015**

**15. Related Parties**

(a) Governing Bodies

GGGI is governed by the Assembly, consisting of 27 member countries, which is responsible for electing Members to the Council, appointing the Director-General, considering and adopting amendments to the Establishment Agreement, advising on the overall direction of the GGGI's work, reviewing progress in meeting the GGGI's objectives, receiving reports from the Secretariat on strategic, operational and financial matters, and providing guidance on cooperative partnerships and linkages with other international bodies.

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

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

(b) Key Management Compensation

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

Key management compensation comprised the following:

*(In USD)*

	<b>2016</b>	<b>2015</b>
Salaries and bonus	\$ 952,198	750,957
Allowance	494,417	268,182
Employee benefits	106,413	84,512
	<u>\$ 1,553,028</u>	<u>1,103,651</u>