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**Global Green Growth Institute**

Eighth Meeting of the Management and Program Sub-Committee

July 5, 2018; via videoconference

## **Summary of the Eighth Meeting of the Management and Program Sub-Committee**

### **Opening of the Meeting**

1. The Eighth Meeting of the Management and Program Sub-Committee (MPSC) was attended by participants from Australia, Costa Rica, Norway, Republic of Korea and Rwanda, as well as by observers from Denmark, Hungary, Papua New Guinea, Qatar and the United Kingdom.
2. The meeting was chaired by Norway, represented by Ms. Vedis Vik, Senior Adviser, Department for Climate Change, Ministry of Climate and Environment.
3. Annex 1 provides the list of participants.
4. Annex 2 provides the list of sessional documents.

### **Adoption of Agenda Items**

5. The United Kingdom proposed to include a discussion on the “Draft Decision on Pre-financing of activities relating to earmarked funds” [C/2018/DC/5] circulated to the members of the Council for approval by written procedure.
6. The MPSC decided to adopt the agenda contained in [MPSC/2018/AG/2], with the addition of a discussion on the “Draft Decision on Pre-financing of activities relating to earmarked funds” [C/2018/DC/5], under the agenda item “Any Other Business”.

### **Review of the Draft Work Program and Budget 2019-2020**

7. The Institute presented an overview of the Draft Work Program and Budget (WPB) 2019-2020 contained in document [MPSC/2018/19], noting the timeline, structure and planning process for the WPB. The Institute noted that there remains further work to be done, including review and consultations with country teams for Country Business Plans and thematic diagnostics. The Draft WPB was prepared based on information

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available as of 31 May 2018 and would be finalized for presentation to the Council, taking into account feedback received from the MPSC.

8. Delegates commended the Institute on an improved presentation of the Draft WPB and noted the useful information contained in the Compendium of Business Plans. A suggestion was made to restructure the document to place first emphasis on the funding envelopes followed by program narratives.
9. Delegates posed questions on the Base Case and Plus Case presented in the Draft WPB, as well as on the pipeline of projects. The Institute noted that good progress is being made to seek earmarked resources and that there is additional progress made that could now be updated in the WPB. The Institute suggested to include a consolidated list of pipeline projects in the document for easy reference. The Institute also noted that the Base Case presents a pessimistic scenario and that it will strive to meet the Plus Case.
10. Delegates questioned whether the Draft WPB includes resources from the Green Climate Fund (GCF) Readiness Program. The Institute clarified that it is in various stages of the Readiness Programs, some would be in implementation stages and some still need to be approved. Therefore, the Institute noted, these have been reflected in the WPB as and when available.
11. The Institute further noted suggestions to place emphasis on implementation in the WPB, including work on the Carbon & Financing Club. Future iterations of the WPB could also emphasize on the role of Thought Leadership, how knowledge is leading to implementation and action in the country programs. It was also suggested that the GGGI theory of change come through more strongly in the document, with links to the value chain.
12. The MPSC decided to request the Institute to take note of the comments made on the Draft Work Program and Budget 2019-2020 and to reflect those comments in the next draft of the WPB 2019-2020 to be submitted for Council consideration.

### **Update on Reclassification of LDC Country Category: The Case for Vulnerable Countries**

13. The Institute presented an update on the reclassification of the Least Developed Countries (LDC) category, in response to requests made by Members during the Seventh Meeting of the MPSC held in April 2018. The Institute provided further information on the countries that would be affected by the reclassification and the expected impact by the increase in the share of allocation of resources.
14. Delegates raised concerns that the proposal could detract from focusing work in LDCs to make maximum impact in poverty reduction. Delegates also questioned whether

the inclusion of small island states would hamper consolidation by overstressing the resources available.

15. The Institute clarified that it strives towards not only poverty reduction but also climate change issues which would inevitably place small island states as a priority group due to their high vulnerability and low capacity. The Institute pointed out that it is confident that the proposal would not detract its focus but ensure a stronger engagement where needed.
16. The Institute further clarified that with the revised allocation of resources 50% will still be allocated to LDCs in addition to resources for the small island states. The Institute then noted that this would result in less resources for middle income countries and not at the expense of LDCs. It was suggested that the proposal explicitly mention that the 50% allocation to LDCs will continue.
17. The MPSC noted that Costa Rica was not ready to take a position on the proposal due to a change in the Government and would revert with its comments.
18. The MPSC decided that it would recommend to the Council, subject to further agreement by Costa Rica by the end of July 2018, to: (a) adopt the definition of vulnerable countries as maintained by UN OHRLLS; and (b) change its resource allocation priority to allocate at least 60% of its programmatic resources to vulnerable countries, including 50% to LDCs.

#### **Update on the Institute's Management and Operations: Overhead costs**

19. The Institute presented an update on the GGGI overhead costs, in follow up to the discussions held during the Seventh Meeting of the MPSC held in April 2018.
20. Delegates discussed the revised proposal where it was clarified that two sets of rates were being proposed, a 7% pass-through rate for core donors and a 15% earmarked rate for non-core donors. The Institute noted that this proposal confirms the current practice of charging a 7% pass-through rate to GGGI core donors and expressed confidence that it would be continuing to reduce its overhead to reach the target of 15% over time.
21. The MPSC decided to recommend to the Council to: (a) approve a pass-through earmarked rate or management cost of 7% for GGGI's core donors; (b) approve a 15% earmarked overhead rate, increased from 13%, for non-core donors which would match the GGGI overhead for a full cost recovery; (c) adopt a new definition of overhead or non-programmatic cost as a share of total expenditures; and (d) call upon the Institute to reach a target of 15% overhead by year 2023, down from 22% in 2017 and 36% in 2014.

**Any other business**

22. Delegates discussed the “Draft Decision on Pre-financing of earmarked activities” [C/2018/DC/5], which had been circulated to the Council for approval under written procedure.
23. In response to a request for further information on how the pre-financing mechanism would work, the Institute provided an example of a payment condition of an earmarked project where the final payment would only be made following the submission of the final report. In order for the Institute to enter into such contracts, it would be necessary to find a flexible mechanism to pre-finance the gaps.
24. The Institute also clarified that the advances made would be returned to the Working Capital Fund between 6 to 12 months and that the Institute could report annually to the MPSC to ensure transparency in the use of the pre-financing mechanism.
25. The MPSC agreed that the Draft Decision should be revised to include the additional conditions<sup>1</sup>.

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<sup>1</sup> Following the meeting, on July 5, 2018, the Institute circulated the revised *Draft Decision on Pre-financing of earmarked activities* [C/2018/DC/5/REV] to the Members of the Council for approval by written procedure.

**ANNEX 1 List of Participants**

*Australia*

Ms. Jennifer Gregory, Acting Director, Climate and Environment Funds, Multilateral Development and Finance Division, Department of Foreign Affairs and Trade

Ms. Sandra I'Anson, Senior Policy Officer, Climate and Environment Funds, Multilateral Development and Finance Division, Department of Foreign Affairs and Trade

*Costa Rica*

Ms. Silvia Rojas Fernández, Director, Sustainable Biodiversity Fund (FBS), Ministry of Environment and Energy

Ms. Sofia Salas Monge, Minister Counsellor, Embassy of the Republic of Costa Rica to the Republic of Korea

*Norway*

Ms. Vedis Vik, Senior Adviser, Department for Climate Change, Ministry of Climate and Environment

Ms. Kristine Stubberud, Senior Adviser, Climate, Energy and Environment, Norwegian Agency for Development (NORAD)

*Republic of Korea*

Mr. Chang Soo Kim, Director, Global Environment and Science Division, Ministry of Foreign Affairs

Mr. Sangwan Park, Second Secretary, Global Environment and Science Division, Ministry of Foreign Affairs

*Rwanda*

Mr. Edward Kyazze, Division Manager, Urbanization, Human Settlements and Housing Development, Ministry of Infrastructure

Ms. Coletha Uwineza Ruhamy, Director General, Rwanda Environment Management Authority

*Denmark (observer)*

Mr. Jesper Thomsen, Chief Advisor, Multilateral Cooperation and Climate, Ministry of Foreign Affairs

***Hungary (observer)***

Dr. Barbara Botos, Head of Department, Climate Policy Department, Ministry of Innovation and Technology

Dr. András Huszár, Head of Unit, Climate Policy Department, Ministry of Innovation and Technology

Ms. Kinga Csontos, Desk Officer, Climate Policy Department, Ministry of Innovation and Technology

***Papua New Guinea (observer)***

Ms. Helen Aitsi, First Secretary, Embassy of Papua New Guinea to the Republic of Korea

***Qatar (observer)***

Mr. Fadl Gubara, Economic Adviser, Embassy of the State of Qatar to the Republic of Korea

***United Kingdom (observer)***

Mr. Dan Jollans, Economist, Growth and Resilience, Department for International Development

Ms. Lola Russell, Policy Advisor, Growth and Resilience, Department for International Development

***GGGI***

Dr. Frank Rijsberman, Director-General

Mr. Robert Dawson, Deputy Director-General and Head of Operations Enabling Division

Ms. Jenny Hyoeun Kim, Deputy Director-General and Head of Green Growth Planning and Implementation Division

Ms. Mahua Acharya, Assistant Director-General and Head of Investment and Policy Solutions Division

Ms. Christel Adamou, Head of Human Resources

Mr. Cristobal Agravante, Senior Officer, Legal Services

Mr. Keeyong Chung, Director of Governance

Ms. Sirpa Jarvenpaa, Director, Office of the Director-General, Strategy, Partnerships and Communications

Ms. Anne Kwak, Officer, Governance

Mr. Siva Muthusamy, Head of Finance

Mr. Chanho Park, Deputy Head of Green Growth Planning and Implementation Division and Head of Programs, LAC and Middle East

**ANNEX 2 List of Sessional Documents**

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| MPSC/2018/AG/2 | Agenda of the Eighth Meeting of the Management and Program Sub-Committee (MPSC)       |
| MPSC/2018/19   | Draft Work Program and Budget 2019-2020   |
| MPSC/2018/20   | Update on Reclassification of LDC Country Category: The case for Vulnerable Countries |
| MPSC/2018/21   | Update on the Institute's Management and Operations: Overhead costs                   |