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**Global Green Growth Institute**

Fourteenth Meeting of the Management and Program Sub-Committee

April 18-25, 2022 | E-Consultations

April 28, 2022 | Hybrid Meeting

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

1. The Fourteenth Meeting of the Management and Program Sub-Committee (MPSC14) was held in two parts: Part 1 in the form of e-consultations on April 18-25, 2022, and Part 2 as a hybrid meeting on April 28, 2022. The agenda of the meeting is attached as Annex 1.
2. Annex 2 provides a list of participants of the hybrid meeting, Annex 3 provides a list of sessional documents, and Annex 4 provides the full list of questions and comments from Members and observers, and responses from the Secretariat during the e-consultations.

### PART I. E-CONSULTATIONS

3. Delegates and GGGI held e-consultations for the 14th MPSC Meeting on April 18-25, 2022, and below is a summary of the consultations.

#### **Item 1. Director-General's Progress Report**

4. Delegates congratulated GGGI for its impressive track record and results delivered in 2021. Delegates noted in particular the highlighted achievements in sustainable and social bonds in Peru, and Mexico, as well as supporting NDC updates and increasing ambition in a high number of countries, 28 of which were submitted to UNFCCC prior to COP26.
5. Delegates asked whether GGGI's green investment work is directly linked to green outcomes or if there is a risk of greenwashing. GGGI's management views its green investment work as a critical intermediate outcome, most directly linked to Strategic Outcomes that can be attributed to GGGI, while its policy work generally links more indirectly to outcomes GGGI contributes to. Given the transparent nature of the green projects originated and developed by GGGI, the careful scrutiny of such projects by donors such as GCF and NAMA, the per-definition green nature of the finance mechanisms developed by GGGI, and the GGGI role to put in place green taxonomies and other assurances for green bonds, GGGI believes the risks of greenwashing are non-existent or well mitigated for its portfolio.
6. Republic of Korea inquired on the feasibility of GGGI meeting its target numbers to deliver sustainable and adaptation services. GGGI noted that this is the first multi-year assessment of GGGI's results at the level of Strategic Outcomes, and only the first year of implementation against the targets set in Strategy 2030, and that it will take follow-up actions including: a) reviewing its SO impact assessment methodology and revising where necessary to improve accuracy; b) reviewing the 2025 and 2030 targets in 2023 based on two years of implementation of Strategy 2030; and c) reviewing programs to improve achievement of targets that are falling behind.

#### **Item 2. Annual Results Report 2021**

7. Norway congratulated GGGI on the record mobilization of green investment and suggested GGGI consider updating its climate finance/green investment target with higher ambitions as it has already exceeded its target for year 2025. GGGI informed that it will review the targets in 2023 during the mid-term review for Roadmap 2025 based on its 2021-2022 results.
8. Norway noted that GGGI did not reach the target of allocating 50% of its core programmatic resources to LDCs and 60% to vulnerable countries (LDCs, SIDS and landlocked developing countries) in 2021. GGGI explained the primary reasons for such outcome (see details in Annex 1 page 6-8), and shared Management's views that the original targets, which Management believes were established to ensure balanced spending in the LDCs and vulnerable countries compared to other countries when core resources were the primary budget tool for GGGI, have lost its practical purpose as GGGI's business model has changed. The intent of the targets is honored through mobilization of earmarked resources that have resulted in significantly increased programming in LDCs and vulnerable countries in general. GGGI invited Members to share further reflections, and proposed to provide a more thorough evaluation with recommendations related to these targets going forward at the 15<sup>th</sup> MPSC Meeting in June/July.

### **Item 3. Overview of Work Program 2022**

9. Delegates positively noted GGGI's ambitious Work Program 2022, and the Republic of Korea requested GGGI to show the alignment of its 2022 portfolio or projects with its six Strategic Outcomes. GGGI responded that it will provide this information for the next MPSC report.

### **Item 4. Planning Directions for Work Program and Budget 2023-2024 (Part 1)**

10. Norway noted that GGGI is undertaking careful planning and realistic budgeting with different scenarios considering the times of crisis related to COVID-19 and the situation in Ukraine. On this note, the Republic of Korea asked what mechanisms GGGI has in place to cushion against the risk of a downward pressure on donors' contribution to GGGI. GGGI responded that it has sufficient reserves (USD 20.1 million as of January 2022) to weather a downturn in funding in the short to medium term or if necessary, to allow for an orderly restructuring of GGGI's program portfolio, staffing and other expenditures. Also, GGGI management proposes to set aside USD 2 million in 2023-2024 for institutional priorities, as a mechanism to adapt to possible changes in its external environment. Furthermore, WPB 2023-2024 will include a Base and Plus scenario, the former which will be conservative and take into account the highly likely earmarked opportunities.
11. Denmark said it does not view project earmarked funding representing 75% of the total budget estimate for WPB 2023-2024 as reflecting a positive evolution of GGGI's business model towards higher effectiveness. While GGGI management agrees that reduced core availability is not a positive development, the sharp increase in overall revenues is positive. Mobilizing additional core resources remains the highest priority, but the outlook for additional core resources is poor. GGGI management asks MPSC members to consider the nature of GGGI's earmarked projects, as there is a wide variation in the forms of earmarked funding available. Almost the entire earmarked portfolio of GGGI consists of projects originated and developed by GGGI together with our government partners, primarily submitted as unsolicited proposals, not in response to bids on RFPs. In addition, GGGI management has introduced program earmarked, more flexible funding, including through trust funds. Therefore GGGI management's position is that the GGGI earmarked portfolio is strongly aligned with country priorities and Strategy 2030.
12. Norway encouraged GGGI to develop and launch a 'People Strategy' as quality staff is the strongest asset of GGGI. GGGI agreed, and informed that it is part of GGGI's priorities in 2022.

**Item 5. GGGI's Total Remuneration Benchmarking Exercise 2021 for International and HQ-Based National Staff**

13. Norway asked GGGI to elaborate on where GGGI's salary falls on the average scale of UN and WB organizations. GGGI responded that the UN and WB were amongst the nine comparators in the exercise, and that the Birches report recommends GGGI to correct its salary scale which is on average 7.5% behind those of comparators. Management recommends the Council to approve the adjustment of all minima and maxima of all salary scales as per the Birches recommendation.

**Item 6. Pacific Regional Strategy: Progress Update and Consultations on Strategic Orientation**

14. Norway noted that the important role of tropical forests for climate regulation, biodiversity, resilience and rural livelihoods, particularly in Papua New Guinea, could be further strengthened. GGGI welcomed Norway's comments, and informed that it has prioritized support for Papua New Guinea's REDD+ initiatives in reducing deforestation, forest conservation, sustainable management of forests, and developing carbon market mechanisms at the request of the government.
15. On Norway's inquiry on mangroves in the Pacific, GGGI responded that the Pacific Regional Strategy will determine the opportunities in this space going forward. Also, while GGGI's work on mangroves to date has focused on Indonesia and Myanmar, GGGI informed that there is an element of mangrove protection and restoration in a Pacific Nature Based Solutions proposal submitted to UK FCDO last year.

**Item 7. GGGI Carbon Transaction Platform: Concept and Key Design Elements**

16. Delegates noted that GGGI is uniquely positioned to fill this gap in the carbon finance landscape, and values GGGI's engagement and expertise with regard to carbon trading and Article 6. Norway is positive to the establishment of carbon trust funds in GGGI. The Republic of Korea recognized that the establishment of a Carbon Transaction Platform (CTP) is a significant leap forward for GGGI. Denmark encouraged GGGI and the MPSC to have more fundamental discussions including the commitment of ODA funds to build the CTP. GGGI informed that there will be a Member survey and consultations through a Workshop planned for June 8-9. Also, GGGI will request further guidance from MPSC at its meeting in June/July to prepare for more definitive recommendations for Council submission in October.
17. Norway suggested GGGI to map the existing carbon clubs and initiatives to identify areas where GGGI can add value or avoid overlap. GGGI responded that it will add a section on mapping existing clubs and initiatives to the Options Paper to show how CTP aims to add value and avoid duplication. GGGI also informed that the Workshop on June 8-9 will identify gaps and where GGGI can best complement existing initiatives.
18. Norway pointed out that it would be challenging to delegate the governance of CTP trust funds to the GGGI Council, as each trust fund typically operates as its own entity. GGGI explained that similar to earmarked projects, donors of the trust funds will have direct oversight. However, as all GGGI's activities come under the oversight of the Council, including earmarked projects, so will the activities under the CTP. Council oversight is an important security and risk management tool, and also an important distinction with other currently operating mechanisms that have oversight from groups that do not equally represent buyers and sellers as the GGGI Council does.
19. On Norway's inquiry concerning the parties that can be supported by the CTP, GGGI said that it is looking to receive direction from Members as outlined in the Options Paper, and will report back

to MPSC with more definite recommendations in June/July.

#### **Item 8. GGGI Trust Funds: Updates on Latest Development and Implementation**

20. Norway requested confirmation on whether carbon finance activities fit under Strategy 2030. GGGI responded that while carbon finance activities were not included in the original Strategy 2030 approved by the Council in 2019, it confirmed that the Council approved the Strategy 2030 Addendum in October 2021 [[C/2021/DC/7](#)] which introduces carbon finance technical assistance as a new activity. GGGI added that it is currently developing the Carbon Transaction Platform Options Paper for consultation, aiming to seek Council approval in October 2022, after which carbon finance trust funds can be established, if approved by Council.
21. On Denmark's inquiry on other trust funds to be established, GGGI informed that it will soon operationalize the GGGI Innovation Fund based on QFFD funding. GGGI is including Trust Funds as options for program restricted funding in its proposals to donors. GGGI also shared that the EU has approached GGGI to operate on-granting mechanisms as a service linked to technical assistance, and GGGI has completed the 'on-granting' pillar of the EU pillar assessment system (awaiting approval).
22. Denmark inquired on the criteria used to decide whether GGGI will take on the responsibility of managing a certain trust fund, the procedure of their establishment, and the role of MPSC in this regard. GGGI responded that it emphasizes trust funds that finance GGGI's work, rather than those where it acts only as a manager. GGGI shared the primary example of KGNDF that provides flexible funding to support GGGI's work. GGGI also informed that under GGGI's financial regulations the authority to establish trust funds is delegated to the Director-General.
23. Denmark cautioned GGGI on the proliferation of trust funds considering limited core funding and the implied institutional risks. GGGI shared its view that trust funds are a form of program restricted funding, which is more agile and flexible than project earmarked. Therefore, Management sees trust funds as a key mechanism that provides additional flexible funding to GGGI as a solution to decreasing core.

### PART II. HYBRID MEETING

#### **Agenda 1. Opening of the Meeting and Adoption of the Agenda**

24. The hybrid meeting was co-chaired by Mr. Tong-q Lee, Director-General for Climate Change, Energy, Environment and Scientific Affairs, Ministry of Foreign Affairs of the Republic of Korea, and Mr. Ariyaratne Hewage, Expert and Non-State Actor Member of the GGGI Council. Participating Members included MPSC Members of the Republic of Korea, Norway, Paraguay, Mr. Ariyaratne Hewage and Mr. Boonam Shin (Expert/Non-State Actor Members of the Council), and observing Members of Angola, Denmark, Hungary, Peru and Dr. Pepukaye Bardouille. The full list of participants can be found as Annex 2.
25. Members of the MPSC adopted the agenda as contained in [MPSC/2022/AG/1](#).

#### **Agenda 2. Summary of E-Consultations**

26. The Director-General provided a summary of the discussions held over the e-consultations, as provided in Part I of this summary document.

27. Delegates commended GGGI for its good progress, and Nicaragua positively commended GGGI for its rapid growth and smooth transition, particularly staffing, as this is a complex issue and does not always result in a positive outcome. The DG responded that its strong growth last year was indeed a key concern for management but GGGI successfully recruited 100+ new staff and implemented its projects in a timely manner, with outcomes exceeding some key targets, and a financial surplus.
28. Republic of Korea appreciated the preparation of the concept of the Carbon Transaction Platform, which it noted an important and timely issue. Echoing Norway's comment in the e-consultations, Republic of Korea pointed out that it is critical to avoid overlap with existing mechanisms, and looked forward to having the opportunity to further discuss this matter prior to the workshop on June 8-9. GGGI responded that it is scheduled to have such consultations with Korea, and that it is ready and available to have further in-depth discussions with Members.
29. Norway recognized GGGI's efforts to attract core funding and appreciated the organization's introduction of program earmarked funding. Norway said it is impressed that the organization is striving to maintain balance despite the impact of COVID-19 and the situation in Ukraine which are shifting donor priorities. Mr. Boonam Shin said the core funding issue is not just a challenge for the Secretariat, but a matter that needs support from GGGI Members, in particular the contributing Council Members. GGGI responded that it would welcome support from MPSC and Council Members to mobilize core resources, and further noted that if MPSC Members would like to have discussions on this matter in the next MPSC, it would be happy to facilitate. Furthermore, on core funding, GGGI informed delegates that in its analysis, it would be a sustainable foundation for GGGI's funding if combined core and program earmarked resources can be maintained at a level of 30-35%.
30. Members of the MPSC took note of:
- the Director-General's Progress Report;
  - Annual Results Report 2021;
  - Overview of Work Program 2022;
  - Pacific Regional Strategy: Progress Update and Consultations on Strategic Orientation;
  - GGGI Carbon Transaction Platform: Concept and Key Design Elements; and
  - GGGI Trust Funds: Updates on Latest Development and Implementation.
31. Members of the MPSC agreed to have further discussions on GGGI's Total Remuneration Benchmarking Exercise 2021 for International and HQ-Based National Staff between this MPSC Meeting and the next.

### **Agenda 3. 2021 Financial Results**

27. The Assistant Director-General of Finance and Corporate Services presented on GGGI's 2021 results, which recorded a total income of USD 54.1 million and expenditure of USD 51 million. The ADG informed that GGGI remains in a strong and stable financial situation at the end of year 2021, demonstrated by its 144 reserve days, 360 liquidity days, cash balances of USD 51 million, and 2022 operating budget of USD 72.4 million.
28. Norway expressed its reassurance that GGGI is carefully planning its finances.
29. Members of the MPSC took note of the 2021 Financial Results of GGGI.

### **Agenda 4. 2022 Operational Budget**

30. The Assistant Director-General of Finance and Corporate Services presented on the 2022

Operational Budget, with the estimate of likely income of USD 72.4 million, which is an increase of USD 18.3 million or 34% over 2021. The ADG informed that the total income is comprised of USD 22.4 million of core funding (including overhead recovery of USD 3.8 million), USD 5.6 million of program earmarked funding, and USD 44.4 million of project earmarked funding. GGGI said that its strong financial position in 2022 will be able to weather any potential negative financial scenarios that may emerge due to ongoing global conflicts.

31. Norway positively noted that GGGI's financial management is realistic, and that the organization is paying close attention to the global developments that may affect its operations.
32. Members of the MPSC took note of the 2022 Operational Budget of GGGI.

#### **Agenda 5. Planning Directions for Work Program and Budget 2023-2024 (Part 2)**

33. The Head of Strategy presented on the Planning Directions for GGGI's Work Program and Budget for 2023-2024, outlining the key strategic priorities and directions for GGGI's programs, operations, and indicative resource allocation.
34. Costa Rica noted that the sessional documents are a good reflection of a well-managed institution with a clear strategic mission and sound management. Costa Rica congratulated the Director-General and GGGI for the achievements despite global challenges of the past several years, and shared its continued support for the organization. GGGI expressed appreciation Costa Rica's positive comments.
35. Members of the MPSC took note of the Planning Directions for Work Program and Budget 2023-2024.

#### **Agenda 6. Any Other Business**

36. GGGI proposed to reschedule the 15<sup>th</sup> MPSC Meeting to coincide with the GCF board meeting which has tentative dates on June 27-July 4, 2022 in Songdo, Republic of Korea.
37. While Norway is generally in favor of the current arrangement of e-consultations and hybrid meetings for GGGI's MPSC meetings, which allows Members to avoid unnecessary carbon emissions, it will consider in-person participation in the 15<sup>th</sup> MPSC Meeting if it were to be held back-to-back with the GCF board meeting. Norway also noted that in-person participation would be of interest as the MPSC will continue its consultations on the carbon transaction platform in its next meeting. Norway shared that the dates of the GCF board meeting will be confirmed by May 19 during its 32<sup>nd</sup> board meeting.
38. MPSC Members agreed to reschedule the 15<sup>th</sup> MPSC Meeting to e-consultations on June 20-27 and hybrid meeting on July 1, 2022.

#### **Agenda 7. 2021 Audited Financial Statements (closed session for MPSC only)**

39. Members of the MPSC and Audit Contact Points held a closed room discussion with the external auditors of GGGI.
40. Members of the MPSC agreed to recommend to the Council the approval of GGGI's 2021 Audited Financial Statements.

#### **Agenda 8. Closing of the Meeting**

41. The Chair adjourned the meeting.

/End

Annex:

1. Agenda
2. List of Participants
3. List of Sessional Documents
4. Full List of Questions, Comments and Responses in E-consultations

## Annex 1. Agenda

**Agenda of the Fourteenth Meeting of the  
Management and Program Sub-Committee (MPSC)**

*At a Glance*

*E-Consultations – April 18-25, 2022*

<b>Items</b>
Item 1. Director-General's Progress Report
Item 2. Annual Results Report 2021
Item 3. Overview of Work Program 2022
Item 4. Planning Directions for Work Program and Budget 2023-2024 (Part 1)
Item 5. GGGI's Total Remuneration Benchmarking Exercise 2021 for International and HQ-Based National Staff
Item 6. Pacific Regional Strategy: Progress Update and Consultations on Strategic Orientation
Item 7. GGGI Carbon Transaction Platform: Concept and Key Design Elements
Item 8. GGGI Trust Funds: Updates on Latest Development and Implementation

*Hybrid Meeting – April 28, 2022*

<b>Time</b>	<b>Agenda</b>
19:00-19:10	Agenda 1. Opening of the Meeting and Adoption of the Agenda
19:10-19:40	Agenda 2. Summary of E-Consultations
19:40-20:00	Agenda 3. 2021 Financial Results
20:00-20:20	Agenda 4. 2022 Operational Budget
20:20-20:30	<i>Break</i>
20:30-21:00	Agenda 5. Planning Directions for Work Program and Budget 2023-2024 (Part 2)
21:00-21:10	Agenda 6. Any Other Business
21:10-21:30	Agenda 7. 2021 Audited Financial Statements (closed session for MPSC only)
21:30	Agenda 8. Closing of the Meeting



**Annex 2. List of Participants**

MPSC Members

*Norway*

- Ms. Malin Meyer, Senior Adviser, Ministry of Climate and Environment
- Ms. Sofi Halling, Senior Adviser, NORAD

*Paraguay*

- Ms. Graciela Miret, Director of the Directorate of Strategic Planning, Ministry for the Environment and Sustainable Development (MADES)
- Mr. Luis Molinas, Charge d'affairs a.i., Embassy of Paraguay to Korea

*Republic of Korea*

- Mr. Tong-q Lee, Director-General, Ministry of Foreign Affairs
- Ms. Ki-hyeon Kim, Director, Ministry of Foreign Affairs
- Ms. Ju-yearn Sun, First Secretary, Ministry of Foreign Affairs

*Mr. Ariyaratne Hewage*

- Mr. Ariyaratne Hewage, Non-State Actor/Expert Member of the Council

*Mr. Boonam Shin*

- Mr. Boonam Shin, Non-State Actor/Expert Member of the Council

Observers

*Angola*

- H.E. Paula Francisco, Secretary of State for Environment, Ministry of Culture, Tourism and Environment
- Mr. Aniceto Dala, Consultor, Ministry of Culture, Tourism and Environment
- Mr. Abel Paxe, First Secretary, Embassy of the Republic of Angola to the Republic of Korea

*Costa Rica*

- H.E. Alejandro Rodríguez Zamora, Ambassador of Costa Rica to Korea

*Denmark*

- Ms. Tine Anbæk, Chief Advisor, Ministry of Foreign Affairs
- Ms. Hanne Carus, Senior Advisor, Ministry of Foreign Affairs

*Hungary*

- Ms. Veronika Bagi, Climate Policy Desk Officer, MIT

*Nicaragua*

- H.E. Rodrigo Coronel Kinloch, Ambassador of Nicaragua to Korea

*Peru*

- Ms. Milagros Sandoval, Climate Change and Desertification General Director, Ministry of Environment
- Ms. Silke Campos, Climate Change Specialist, Ministry of Environment
- Mr. Yveth Villanueva, Cooperation Specialist, Ministry of Environment
- Ms. Elena Castro, Coordinator for the Promotion of Integrated Natural Resources Management, Ministry of Environment

*Dr. Pepukaye Bardouille*

- Dr. Pepukaye Bardouille, Expert/Non-State Actor Member of the Council / Resilience Lead,

IFC)

GGGI Secretariat

- Dr. Frank Rijsberman, Director-General
- Ms. Helena McLeod, Deputy Director-General and Head of Green Growth Planning & Implementation Division
- Mr. Gerard O'Donoghue, Assistant Director-General and Head of Office Enabling Division
- Dr. Kyungham Shin, Assistant Director-General and Head of Investment and Policy Solutions Division
- Ms. Achala Abeysinghe, Director of Asia, Green Growth Planning & Implementation Division
- Ms. Edna Zapata, Intern, Governance Unit, Office of the Director-General
- Ms. Fenella Aouane, Deputy Director - Head, Carbon Pricing Global Practice
- Ms. Jae Eun Ahn, Senior Strategy Officer, Office of the Director-General
- Ms. Kyuhwa Park, Events Manager
- Mr. Lasse Ringius, Nepal Country Representative and Green Investment Services Global Practice Lead
- Mr. Mahamadou Tounkara, Director, Office of the Director-General
- Ms. Mihwa Wi, Associate, Office of the Director-General
- Ms. Nayoung Moon, Governance Officer, Office of the Director-General
- Mr. Romain Brille, Head of strategy, Office of the Director-General
- Mr. Sivabalan Muthusamy, Director of Finance

**Annex 3. List of Sessional Documents**

<a href="#">MPSC/2022/AG/1</a>	Provisional Agenda of the Fourteenth Meeting of the MPSC
<a href="#">MPSC/2022/1</a>	Director-General's Progress Report
<a href="#">MPSC/2022/2</a>	Annual Results Report 2021
<a href="#">MPSC/2022/3</a>	Overview of Work Program 2022
<a href="#">MPSC/2022/4</a>	Planning Direction for Work Program and Budget 2023-2024
<a href="#">MPSC/2022/5</a>	GGGI's Total Remuneration Benchmarking Exercise 2021 for International and HQ-Based National Staff
<a href="#">MPSC/2022/5-1</a>	Addendum to "GGGI's Total Remuneration Benchmarking Exercise 2021 for International and HQ-Based National Staff"
<a href="#">MPSC/2022/6</a>	Pacific Regional Strategy: Progress Update and Consultation on Strategic Orientation
<a href="#">MPSC/2022/7</a>	GGGI Carbon Transaction Platform: Concept and Key Design Elements
<a href="#">MPSC/2022/8</a>	GGGI Trust Funds: Updates on Latest Developments and Implementation
<a href="#">MPSC/2022/10</a>	2021 Financial Results
<a href="#">MPSC/2022/12</a>	2022 Operational Budget
<a href="#">MPSC/2022/11</a>	2021 Audited Financial Statements

**Annex 4. Full List of Questions, Comments and Responses in E-Consultations ([LINK](#))**