

# Danish Support to the Global Green Growth Institute (GGGI) 2020-2022

## Key results:

- GHG emissions reduction from business as usual (MtCO<sub>2</sub>) 85 by 2022 attributed to GGGI
- Number of people with access to clean affordable energy, 3 million by 2022 attributed to GGGI
- Green jobs created, 100.000 by 2022 attributed to GGGI
- Total USD value of climate finance/green growth investment commitments secured with GGGI's support – total USD 2250 million
- Total number of people in Africa have improved access to renewable energy and solar irrigation for productive use through GGGI support (target will be set November 2020))
- A significant number of people and producers in Danish climate front-post countries have gained access to renewable energy for their household- and productive use (target will be set November 2020)

## Justification for support:

- Directly addresses the climate and SDG agenda, not least SDG7, through GGGI's mission and strategic objectives of transformation of countries to inclusive, low-carbon and resilient economic models
- Promotes Danish policy priorities for inclusive, climate resilient societies that integrate a green post covid-19 recovery, as expressed in "The World 2030" as well as in the government's long term strategy for global climate action, by supporting GGGI's green growth mission based on inclusion, poverty, gender and youth responsiveness
- Directly responds to country-level needs and priorities linked to the green transition, based on GGGI's country-level presence embedded in national institutions
- Delivers on the Danish Government's commitment for a strengthened support to countries in Africa, especially in energy, water, democracy and employment, by reinforcing GGGI's activities in Africa and synergies with other Danish green-growth relevant activities in African countries
- Underscores Danish SDG7 leadership by supporting renewable energy with special focus on solar powered irrigation and bio compressed natural gas and on Danish climate front-post countries
- Supports a strengthened Danish climate diplomacy, by strengthening coherence, synergies and dialogue between GGGI and Danish engagements in climate front post countries, as well

## Strategic objectives:

Overall objective: Contribute to building low-carbon, inclusive, climate resilient societies based on models of transformative and inclusive green growth. Specific objective: Contribute to transition to renewable energy in developing countries and emerging economies encompassing engagements supporting a green and inclusive covid-19 recovery in Africa.

## Justification for choice of partner:

GGGI supports its members, especially developing countries, transform to a green growth economic model, focussed on poverty reduction, social inclusion, environmental sustainability and economic growth. Its niche combines strong green transition expertise, country-level presence, and working embedded in government institutions thus complementing other Danish supported environment organizations. GGGI increasingly delivers results, is enhancing organizational efficiency, and the long-standing relationship enables an effective partnership with Denmark.

## Summary:

To achieve the objective, the contribution of DKK 80 million is split between core funding for GGGI's Strategy 2030 and earmarked funding for Danish SDG7 priorities, not least in Africa, to target inclusive, green transition, especially through renewable energy, and will integrate concerns for innovation, gender, livelihoods and jobs as well as covid-19 green recovery at country level. In addition, Denmark will engage actively with GGGI at country- and central level, in particular on the Danish priority issues, GGGI's overall programme effectiveness, and for enhanced synergies for impact with relevant actors such as GCF, NDC-P, WRI, C40, ESMAP etc.

## Budget:

|  |                     |
|--|---------------------|
| Output 1: GGGI's Work Programme and Budget 2021-22 supported through core-funding                                  | DKK 45 mill.        |
| Output 2: Renewable energy and livelihoods in Africa strengthened  | DKK 20 mill.        |
| Output 3: Renewable energy and bio-compressed natural gas for livelihoods expanded in climate front post countries | DKK 14.4 mill.      |
| Output 4: Monitoring and reviews   | DKK 0,6 mill.       |
| <b>Total</b>   | <b>DKK 80 mill.</b> |

|                             |   |             |             |             |  |             |
|-----------------------------|---|-------------|-------------|-------------|--|-------------|
| <b>File No.</b>             | 2020-21644  |             |             |             |  |             |
| <b>Country</b>              | Regional  |             |             |             |  |             |
| <b>Responsible Unit</b>     | Department for Green Diplomacy (GDI)  |             |             |             |  |             |
| <b>Sector</b>               | Climate and green growth  |             |             |             |  |             |
| <b>Partner</b>              | Global Green Growth Institute   |             |             |             |  |             |
|                             | <i>DKK mill.</i>  | <b>2020</b> | <b>2021</b> | <b>2022</b> |  | <b>Tot.</b> |
| <b>Commitment</b>           |   | 30          | 50          | -           |  | 80          |
| <b>Projected ann. disb.</b> |   | 20          | 32,3        | 27,7        |  | 80          |
| <b>Duration</b>             | 3 years   |             |             |             |  |             |
| <b>Previous grants</b>      | DKK 60 million in 2017-19; DKK 90 million in 2014-16; and DKK 90 million 2011-13. |             |             |             |  |             |
| <b>Finance Act code</b>     | 06.34.01.40 (DKK 70 mill.) 06.34.01.70 (DKK 10 mill.)                             |             |             |             |  |             |
| <b>Head of unit</b>         | Rasmus Abildgaard Kristensen  |             |             |             |  |             |
| <b>Desk officer</b>         | Tine Anbæk  |             |             |             |  |             |
| <b>Reviewed by CFO</b>      | YES: Christina Hedegaard Hyttel   |             |             |             |  |             |

## Relevant SDGs [Maximum 5 – highlight with grey]

|   |  |  |  |   |  |
|---|--|--|--|---|--|
| <br>No Poverty               | <br>No Hunger                  | <br>Good Health, Wellbeing                | <br>Quality Education               | <br>Gender Equality                  | <br>Clean Water, Sanitation               |
| <br>Affordable Clean Energy | <br>Decent Jobs, Econ. Growth | <br>Industry, Innovation, Infrastructure | <br>Reduced Inequalities           | <br>Sustainable Cities, Communities | <br>Responsible Consumption & Production |
| <br>Climate Action         | <br>Life below Water         | <br>Life on Land                        | <br>Peace & Justice, strong Inst. | <br>Partnerships for Goals         |  |



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## Acronyms

|         |  |
|---------|--|
| Bio-CNG | Bio-Compressed Natural Gas                     |
| CIF     | Climate Investment Funds                       |
| CRF     | Corporate Results Framework                    |
| DKK     | Danish Kroner                                  |
| ESMAP   | Energy Sector Management Assistance Program    |
| GCF     | Green Climate Fund                             |
| GGGI    | Global Green Growth Institute                  |
| GHG     | Greenhouse gases                               |
| GOP     | Global Operational Priorities                  |
| IEA     | International Energy Agency                    |
| IFU     | Investment Fund for Developing Countries       |
| IPPC    | The Intergovernmental Panel on Climate Change  |
| IRENA   | The International Renewable Energy Agency      |
| IUCN    | International Union for Conservation of Nature |
| LDC     | Least-developed countries                      |
| MPSC    | Management and Programmes Sub-Committee        |
| NCE     | New Climate Economy                            |
| NDC-P   | National Determined Commitments-Partnership    |
| P4G     | Partnering for Green Growth                    |
| PD      | Project Document                               |
| SDG     | Sustainable Development Goals                  |
| SIPS    | Solar Irrigation Pumping Systems               |
| SMS     | Solar mini-grid systems                        |
| UNEP    | United Nations Environment Programme           |
| USD     | United States Dollars                          |
| WMO     | World Meteorological Organization              |
| WPB     | Work Programme and Budget                      |
| WRI     | World Resources Institute                      |

## 1. Introduction

This Project Document (PD) outlines the Danish engagement with the Global Green Growth Institute (GGGI) for 2020-2022, a continuation of Denmark's long-standing partnership with GGGI. The overall objective of the engagement is to contribute to building low-carbon, inclusive, climate resilient societies based on models of transformative and inclusive green growth – with a special focus on Danish SDG7 leadership through inclusive green transformation in Africa and strategically important Danish climate front-post countries where Denmark engages in green strategic partnerships.

GGGI is an intergovernmental organization established at the Rio+20 United Nations Conference on Sustainable Development in 2012. Focused on developing countries and emerging economies, GGGI supports close to 40 Members transform their economies to a green growth economic model, through strategies that focus on both poverty reduction, social inclusion, environmental sustainability and economic growth.

Denmark's financial contribution totals DKK 80 million, split between core funding for GGGI's Strategy 2030 and earmarked funding for Danish SDG7 priorities, not least in Africa. The support will overall target inclusive, green transition, especially through renewable energy, and will integrate concerns for innovation, gender, livelihoods and jobs as well as covid-19 green recovery at country level. In addition, Denmark will engage actively with GGGI at country- and central level, in particular on the Danish priority issues and GGGI's overall programme effectiveness. The preparation of the present programme was based on extensive (video) discussions with GGGI to jointly formulate the support and assess GGGI's current strategic, organizational, and financial situation. This was supplemented by consultations with core donors and relevant Danish embassies.

## 2. Key issues – green transition needs and challenges

Climate change is one of the biggest threats to sustainable development and its impacts disproportionately affect the poorest and most vulnerable. Therefore, action to halt climate change and address its impact is a must for delivering the SDGs. The covid-19 crisis has further underpinned this correlation and is providing important lessons for building resilience in an era of climate change. It is becoming increasingly clear that solutions responding to multiple challenges must be prioritised and that short-term solutions should not exacerbate long-term problems.

The covid-19 pandemic has also clearly illustrated that, while the response has to happen at country level, the solution is global. This is also the case for delivering on the Paris Agreement and the SDG agenda where global engagement and national commitment need to go hand in hand to tackle two central challenges in building low-carbon, inclusive, climate resilient societies - a step-up in green investments, and country-level green and inclusive policy reforms.

### **Green investment gap**

The total green investment-need to keep temperatures well below the 2-degrees limit is USD 93 trillion by 2050<sup>1</sup>, but current investments are far below this, despite sufficient available global finance. Public

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<sup>1</sup> OECD, 2017, "Investing in Climate, Investing in Growth".

finance can meet part of this need, but private finance is necessary and often best suited for the main green investment need. This green investment gap is largely due to an insufficient pipeline of bankable projects. However, it is also a fact that country or institutional risks often exceed the rewards and risk appetite of investors - mostly due to weakness in capacity or markets to manage funds in ways that satisfy international investors. For these reasons, it is among GGGI's core activities to help its Members develop pipelines of bankable projects, institutional capacity, financial sector frameworks, and financing vehicles that suit the "higher-risk" green investment segment.

### **Green policy reforms**

Governments around the world have accelerated green policy reforms, especially since the Paris Agreement in 2015, but the pace is highly uneven – and governments in developing countries and emerging economies often face multiple challenges in implementing such reforms. Green transition reforms tend to be technically demanding, require major institutional change, and management of complex multi-actor implementation processes. Yet these governments tend to have the weakest institutional capacities to manage such challenges. This underlines the rationale of 2012-Rio Conference's call for capacity building for green policy and institutional development in developing countries - GGGI's focus on supporting such policy and capacity development stems from this call.

Local **politics, power and interests** play exceptional roles in "green transition"-reforms, especially in developing countries and emerging economies, and tackling such factors are key to move reforms forward. Redistribution of resources between groups of society can be massive under "green reforms". Powerful elites that stand to lose may resist and politicians may not have the power base to carry through unpopular measures, like removing subsidies or adopt new taxes. This underscores GGGI's emphasis on working embedded in national systems to best understand and be able to work with domestic political drivers - but also that no direct, certain path exists to green policy-implementation.

Strategies that provide access and transition to **renewable and clean energy** are key for SDG7 achievement, and they have potential to impact simultaneously on the goals of GHG emission reductions, ecosystem protection, resilience and adaptation, inclusive access to services, and green, decent jobs and income opportunities. For this reason, renewable energy solutions are core to several of GGGI's programmatic solutions.

Some of these strategies that link access to clean, renewable energy with social concerns are under development in both Africa and Asia, with potential for wider dissemination and scale-up. For instance, Solar Irrigation Pumping Systems (SIPS) and Solar Mini-grid Systems (SMS) have the potential to meet needs of access to electricity by rural communities, address low agricultural productivity, create jobs, and reduce GHG emissions. Similarly, strategies based on Bio-Compressed Natural Gas (Bio-CNG) - an alternative to fossil fuels that use sustainable raw material/organic waste – have the potential to reduce GHG emissions, promote energy security and resilience, improve air quality, support circular economy practices, and create green, decent jobs and incomes. Frontrunners in developing Bio-CNG are particularly in Asia, like India, Thailand, and Indonesia, some of which through GGGI's programming.

### Poverty reduction and inclusion

The covid-19 crisis has shown how deep inequalities make society as a whole more vulnerable. The people most exposed to the pandemic and the resulting economic crisis are largely those who are also most vulnerable to climate change impacts. Green transition needs to be inclusive with particular attention to gender and youth.

Climate change affect women and men differently and **gender** needs direct attention in green policy reforms and initiatives. Women rely more on natural resources for livelihoods and are hardest hit by climatic change, their mortality from climate-disasters is higher, and their burdens like firewood and water collection increase radically with climate change. Both women and men play crucial roles with their knowledge and as leaders to combat climate change, introduce new practices, and mitigation.

**Youth** is the majority population in Africa as well as in many emerging economies in Asia. They will carry the main burden and solution to climate change and will bear the main loss in resilience, incomes, and jobs from reduced biodiversity, agriculture degradation, and other effects. They also constitute most of the growing urban poor suffering the rising air pollution, lack of access to water, sanitation, waste management, and energy. This requires integrating youth as part of climate action and to shape the green transition, in Africa and elsewhere, to generate sustainable jobs for the youth. Climate change is predicted to force **migration** of over 140 million people by 2050<sup>2</sup>, most of them young, with major risks of conflict. It underscores the need to support climate adaptation and jobs for youth in high-risk areas, also as part of alleviating migration.

## 3. The key institutions - and GGGI's positioning

Working collectively to address the above green and inclusive-transition needs is a vast system of international environment and development organizations, multilateral actors, and partnerships. Box 1 lists a few key ones, including some, which Denmark partners with.

Each actor has a distinct role and entry-point. Some operate at the global framework level to agree and set norms and monitor progress. Some engage in financing and investment of green growth and climate infrastructure. And some engage at country level with support to governments to develop capacity, reform of institutions and policies, or community-level projects.

### Box 1: The climate- and biodiversity conservation system – main actors

|   |
|---|
| <p><b>Overarching normative and monitoring frameworks</b></p> <ul style="list-style-type: none"><li>• United Nations Framework Convention on Climate Change (UNFCCC) and its Secretariat</li><li>• The Intergovernmental Panel on Climate Change (IPPC)</li><li>• United Nations Environment Programme (UNEP) (*)</li><li>• World Meteorological Organization (WMO)</li></ul> <p><b>Global climate funding and investment instruments</b></p> <ul style="list-style-type: none"><li>• Green Climate Fund (GCF) (*)</li><li>• Climate Investment Funds (CIF)</li><li>• Multilateral Development Banks (MDB) (*)</li><li>• Investment Fund for Developing Countries (IFU) (*)</li></ul> <p><b>Global collaboration and country level policy and institutional development</b></p> |
|---|

<sup>2</sup> Groundswell. Preparing for Internal Migration, World Bank, 2018.

- International Union for Conservation of Nature (IUCN) (\*)
- GGGI (\*)
- NDC Partnership (\*)
- New Climate Economy (\*)
- World Resources Institute (WRI)(\*)
- The International Renewable Energy Agency (IRENA) (\*)
- International Energy Agency (IEA)(\*)
- Energy Sector Management Assistance Program (ESMAP) (\*)
- International Solar Alliance (ISA)
- World Business Council for Sustainable Development

(\*)Partnerships with Denmark

The actors supplement each other with linkages and synergies between their activities. For instance: GGGI and GCF collaborate on readiness activities and bankable projects for GCF financing at country level; GGGI, NDC-P and UNEP collaborate on enhancing ambition at national level; GGGI, New Climate Economy and World Resources Institute collaborate on long-term modeling of climate action, including long-term low emissions development strategies. The interconnectedness and synergies facilitate addressing the crisis facing the climate, biodiversity and people in a systematic and inclusive way. At the same time, continued collaboration and focus on value addition is critical to avoiding overlaps and inefficient use of limited resources, to the detriment of much needed climate action in developing countries.

GGGI is among the organizations that work at country-level where its particular niche is:

- A distinct focus on combining climate action with integration of poverty and social inclusion, and - based on country needs - ability to support climate resilient agriculture, solar power, sustainable forests, coastal resilience, waste management, sustainable transport, green buildings and industry;
- To work embedded in government institutions along with national staff, as trusted, neutral advisor, typically present at strategic level (i.e. ministries of finance or planning) and often highly demand-responsive to needs and opportunities for change in domestic political processes, and directly building the capacity of government entities and officials;
- To support along the full “green value chain” – from policy diagnosis, to planning, policy development to implementation and financing – that maximizes the potential to translate strategies into investment plans and financial commitment necessary for the green and inclusive transition, neutral to technology and financing sources.

Through the design of the present engagement, Denmark aims to stimulate coherence between Danish aid instruments by supporting collaboration across actors for enhanced impact (see also 6.2 below). In particular, this is foreseen through closer coordination of the Danish engagement with GGGI and GCF respectively for better understanding of the effect of readiness activities and bankable projects for GCF financing at country level. Further, the support to GGGI country level engagements in renewable energy in selected countries with Danish bilateral engagements - such as strategic sector cooperation, Danish Energy Agency expertise, and “green growth” bilateral programmes – shall contribute to linking GGGI activities into broader agendas. Denmark will also build on the recent engagement with C40 for inclusive climate action in cities to promote a larger city level engagement, connecting C40’s approach to action in large cities to GGGI’s engagement in secondary cities and that of the World Resources Institute in secondary and tertiary cities.



## 4. GGGI's trajectory and achievements

GGGI remains a young organization, but its **focus and delivery** approach has developed significantly since its origin as a Korean institute. Especially the “refreshed” strategy 2015-2020 sharpened GGGI's strategic focus, defining strategic outcomes around GHG reduction, green jobs, access to sustainable services, air quality, ecosystem services, and climate change adaptation, while keeping delivery of these outcomes within three main areas: Green policy support, green finance mobilization, and international knowledge products and sharing.

### **Programme and organization**

GGGI's operations and organization have adapted in response to changing needs. The scale and reach of its operations have expanded, with operations now in 40 countries. Simultaneously, GGGI has fundamentally shifted its programmatic focus to the country-level, though it maintains some strategic cross-cutting programmes at headquarters. Its corporate layer has also been sharply reduced in favor of programmes, improving efficiency. The staff composition now includes people with competences in implementation and social development to reflect these inputs' central role to GGGI's work, while it maintains strong technical and think-tank skills. These trends – which continue with Strategy 2030 – mark an operational shift towards implementation and **country-level results in policy and green finance**.

GGGI has also seen changes in its **funding** base, which has shaped its organizational change. GGGI's main core funders over the years are Korea, UK, Norway and Denmark with the three aforementioned providing a mix of core funding and earmarked contribution. Overall, growth in earmarked funding has driven the expansion and focus of GGGI's operations (see Annex 4). This has underscored the importance of GGGI's strategic framework for maintaining organizational focus. At the same time reductions in core funding have led GGGI to lean its corporate level and business processes, a process expected to be continued.

### **Results and achievements**

GGGI has delivered good results and achievements over the years. The consistent assessment by reviews is that GGGI largely delivers the expected outputs in green transition-policy support, preparing green investments, and development of knowledge products and capacity development (see Annex 1). Previously, there were repeatedly challenges with outcome-level achievements – like implementing green policies and realizing green investment mobilization – but recent result-reports show more clear outcome achievement, with green policies adopted, over USD 1.6 billion in green investments mobilized since 2015, and a pipeline of green projects at USD 1 billion (GGGI expects to reach the 2 billion mark in 2020/2021). In the process, important lessons have been learned that now guide GGGI's efforts, including to narrow GGGI's focus to fewer areas and manage the increase in country operations tightly in order to ensure the deep understanding of local dynamics and issues it takes to be effective. Ultimately, factors like domestic politics and the larger investment environment condition GGGI's ability to fully achieve outcomes like policy implementation and investment mobilization - though GGGI with its local, embedded presence is well-placed to work with any opportunities for progress that arise.

Also, GGGI has lately improved its **monitoring system** to better capture results at the outcome- and impact levels, and to make the results-reporting more comprehensive and standardized. In addition, most

recent improvements cover stronger country-level measurement of results, distinction between GGGI's attribution and contribution, and consistent and improved approaches to measuring results in terms of poverty, gender, and social inclusion. GGGI's monitoring is based on automated reporting and is fairly efficient. It is largely based on quantitative data, which means an extra effort is required to capture results not easily measured in quantitative terms. GGGI complements this with qualitative analysis, follow-up reviews, etc. Currently, GGGI is further developing its approach to poverty, social inclusion, gender, and green decent jobs to be piloted in 2021, partly in collaboration with Denmark in selected countries. Further, GGGI has strategies and policies to comply with international standards for environmental and social sustainability, and a designated programme on "Sustainability, Gender and Safeguards" that seeks to combine national green growth plans, thematic strategies and innovative finance.

GGGI's **organizational management** has over time developed to be effective with solid accountability and transparency (see Annex 2). The governance structure is lean and well-functioning, and the donors have an active and positive engagement with GGGI, both in the Council and the Management and Programme Sub-Committee (MPSC)<sup>3</sup>. GGGI has continued to develop its administrative systems which are now comprehensive and solid, and financial management is sound and robust. GGGI's staff- and travel conditions are positioned below the international financing institutions and at par or below the level of other international organizations. GGGI's efforts to develop the administrative and financial systems have strongly emphasized the intent to meet donors' expectations for accountability and transparency. This was confirmed by a recent EU Pillar Assessment, evaluating GGGI's performance in the pillars of internal control, accounting, external audit and procurement, which made a positive assessment in all four pillars and on that basis concluded the European Commission can entrust budget implementation tasks to GGGI (see also Box 2)<sup>4</sup>.

**Box 2: Overall conclusions from selected external assessments of GGGI's performance**

- DFID Review
  - A or A+ score in all DFID reviews from 2015-2019
  - GGGI met or exceed most output targets and build significant early experience while developing its effectiveness as a multilateral institution.
- EU Pillar Assessment 2018:
  - accounting system providing timely, accurate, complete and reliable information;
  - appropriate procurement rules and procedures
  - effective and efficient internal control system;
  - regular external audits performed in accordance with internationally accepted audit standards
- Danish Appraisal 2017-2019 core support
  - Achieved most planned outputs in areas like capacity development, bankable projects/new-financial vehicles, policy and strategic support
  - Partnerships developing with pertinent partners such as GCF, GGKP and the NDC-P
  - Embedding of country offices within government institutions is functioning well and GGGI operates as a trusted partner and a potential convener between governments and other partners, including development partners.

<sup>3</sup> Denmark sat on the Council during 2012-2017 and continues in the MPSC

<sup>4</sup> Under the Indirect Management model providing larger budget management autonomy.

## 5. GGGI Strategy 2030

GGGI's "Strategy 2030" adopted in 2019 maintains six overarching Strategic Outcomes (SOs) (see Box 3), and introduces eight Global Operational Priorities (GOP) as workstreams for delivering the SOs: Five that concern programmatic work on climate/green investments, green policy development, circular economy, sustainable cities, and poverty eradication and gender equality; and three that concern GGGI's organisational foundation, namely stable funding, knowledge transfer, and organizational performance.

For the five-year period 2021-2025, Strategy 2030 is underpinned by a "Roadmap" defining 10 "Programmatic Solutions" as key priority areas that GGGI will implement at country level, where 3 will be common to all country programmes - green investments; climate action; and as cross-cutting priority poverty reduction and gender. Six "Global Programmes" support country-level activities in respective areas and promote knowledge sharing across countries.

The **Work Program and Budget (WPB) 2021-2022** operationalizes the Roadmap and Strategy 2030 by identifying main activities at global programme and country level and allocating resources to the two levels for the 2-year period. The WPB is based on latest updates of available funding, core- and earmarked, with a base scenario of USD 143 million, including a core-allocation of USD 47 million and earmarked of USD 97 million (see annex 4). The WPB will be the core document for Denmark's contribution.

### Box 3

#### GGGI's six Strategic Outcomes

1. GHG emission reduction
2. Creation of green jobs
3. Increased access to sustainable services, such as, clean affordable energy, sustainable public transport, improved sanitation, and sustainable waste management
4. Improved air quality
5. Adequate supply of ecosystem services
6. Enhanced adaptation to climate change

At country program-level, GGGI has five-year **country planning frameworks (CPFs)** discussed and agreed with partner governments aligned with national priorities and international commitments, and a biennial country business plan (CPB) that is part of the WPB. There also exists project documents with results indicators and targets set in logframes, with project-level results reporting. CPFs for the concerned countries will be the main basis for the Danish earmarked support.

The **Corporate Results Framework (CRF) 2021-2025** defines expected results, indicators, and targets at the level of country- and global programmes. The CRF sets targets for Impacts, Intermediate Outcomes, and Outputs, including for Danish concerns, like CO2 emissions, green jobs, access to energy, sanitation, and poverty and gender. The new CRF has strengthened impact monitoring, assignment of attribution and contribution by GGGI, and country-level monitoring. The CRF will be supported by country-level results frameworks. The CRF will be the basis for monitoring the Danish support.

## 6. Strategic considerations and justification

### 6.1 Results and lessons

Denmark has supported GGGI since 2011 and had a direct role in key stages of the organization's development, especially the early phase<sup>5</sup>. Denmark was a Council member during 2012-17 and since then an observer of both the Council the MPSC. Denmark has through on-going dialogue and assessments

<sup>5</sup> The Danish support was DKK 60 million in 2017-19; DKK 90 million in 2014-16; and DKK 90 million 2011-13.

supported GGGI's organizational consolidation, development of accountable administrative systems, shift towards country-level programmes, and development of comprehensive results reporting and management systems. The 2017-appraisal's recommendations focused on such issues, all of which have been implemented by GGGI (see annex 6).

Denmark's support to GGGI has been assessed on several occasions, including joint-donor reviews (2013 and 2015) and appraisals in (2015 and 2017), with largely positive assessments of results, recognition of the organization being under development, and observations on needs to sharpen focus, approaches, and further results-achievement. Most recently, the 2017-appraisal highlighted GGGI country programmes' achievement of outputs in capacity development, policy support, bankable projects, and financial vehicles, but also highlighted a challenge of showing achievements of outcomes in areas like policy reform and green financing mobilizing. In the following period, GGGI showed achievement of policy- and investment-outcomes (Annex 1) and strengthened country- level monitoring to better demonstrate outcome-results.

## 6.2 Danish interest, strengths, and opportunities

The overriding Danish **interest** guiding the engagement is that developing countries and emerging economies act to move their societies towards low-carbon, inclusive and climate resilient development in line with Denmark's larger interests for a global order that is fair, green, and responsible. By enabling GGGI to deliver its programmes, the support will also serve Danish interests in a functioning system of climate and environment institutions in which GGGI plays a distinct role, through its country-level presence embedded in national institutions and sectoral, applied expertise.

More widely, the support will strengthen linkages between Denmark, GGGI, and Danish climate frontpost countries such as India, Indonesia and Ethiopia, which are major global or regional actors on the international climate arena. The support indirectly promotes Danish commercial interests in markets managed under "green" policy- and institutional frameworks, which favor the type of green solutions that represent Danish private sector strongholds, including renewable energy, energy efficiency, water, and waste management.

The Danish **strengths** that will be used and motivates the support are:

- A well-founded relationship with GGGI, based on a good understanding of GGGI's potential and issues, which provides for an effective dialogue and partnership around results that reflect Danish priorities.
- Danish country-level presence in key GGGI member countries, which enables direct follow-up, dialogue, and lessons for achieving results on the ground.
- Danish engagements at play in GGGI member countries that offer synergies with GGGI country programmes, including Strategic Sector Cooperation, Danida Sustainable Infrastructure Finance, green growth-activities under bilateral programmes and city engagements, enabling coherence in the use of the Danish aid instruments
- Coherence and synergies with Danish-supported international/multilateral instruments and partners. These include actors such as GCF, NDC-P, ESMAP, WRI, NCE, C40 and P4G.

In sum, the **opportunities** for tackling the key green transformation issues, when considering GGGI's niche and capacity together with Denmark's strengths and interest to guide this engagement, are:

- *A chance to solidify and further strengthen GGGI's country-level results.* To this end, relations between GGGI and Danish Embassies in GGGI selected member countries will be further forged, and the collaboration around Danish instruments used to help engage with GGGI in its efforts to develop its programmes and deliver green transformation-results on the ground; supplemented by Danish dialogue in the MPSC;
- *Contribute to deliver on Denmark's priority for a stronger engagement in Africa:* This resides in the specific earmarking for three countries in Africa with GGGI presence and ongoing Danish bilateral cooperation.
- *Strengthen coherence and synergies horizontally between GGGI and other Danish partners with key roles in the system of international climate institution,* like UNEP, GCF, NCE, C40. This will rest on the Danish core funding for GGGI's WPB in combination with Danish efforts to promote synergies through dialogue, actual collaboration and lesson sharing.
- *Contribute to deliver on Danish SDG7 leadership building on shared priorities:* The immediate opportunity is renewable energy with special focus on solar powered irrigation and bio compressed natural gas. Hence, funds are earmarked for GGGI country programmes focused on these key areas of clean and green energy intervention promoting green transformation in developing countries.

### **6.3 Synergies to humanitarian, security, and fragility issues**

The climate and biodiversity crisis has well-established humanitarian and security effects. Ecosystem degradation and losses as well as climate change-related natural disaster cause droughts, floods, destruction of infrastructure and transport lines, which in turn can lead to situations of hunger, disease, and conflict, as climate refugees move into lands occupied by others and struggle for resources, like water, land, etc. The majority of GGGI's interventions aim at contributing to preventing or attenuating crisis and its multiple consequences. In addition, GGGI engages in specific programmes dedicated to conflict prevention. The Peace Forest Initiative is a recent example with its aim to promote collaboration between countries to rehabilitate degraded land and forest in fragile and post-conflict locations while promoting peace and confidence (including e.g. water services protection and sustainable livelihood in the upland watersheds of the Jordan-valley in areas impacted by the Syrian refugee crisis and rehabilitation of rainforest in post-conflict Colombia).

### **6.4 Aid effectiveness considerations**

The Danish core funding to GGGI represents the most aid effective modality as it directly funds GGGI's overall WPB and will rely exclusively on GGGI's budgeting-, spending-, planning- and reporting-systems and be based on joint-donor reporting procedures. Donor coordination will be based on the established and well-functioning joint-donor set-up. The Danish earmarked funding is designed the most effective way for earmarking as it is based on the GGGI-defined programme, interventions and budget, and rely on GGGI reporting procedures. The earmarking allows to enhance probability of impact on the ground in countries of particular interest - from a poverty/fragility and/or a climate strategic perspective - by ensuring that renewable energy interventions build on synergies with bilateral Danish engagements.

## 6.5 Relevance and justification

The support is directly **relevant** for addressing the **climate agenda**, through GGGI's mission and strategic objectives of transformation of countries to low-carbon and resilient economic models. GGGI's integration of poverty reduction, social inclusion, and gender respond to the central role these concerns play for the green economic transformation to improve equality and address needs of the poor.

GGGI's fundamental shift to country-programmes designed with national partners ensure their relevancy to country level priorities and needs. GGGI's green growth mission, based on inclusion, poverty, and gender responsiveness, aligns directly with **Danish policy priorities** for building carbon-neutral, inclusive, climate resilient societies integrating a fair and green post covid-19 recovery in developing countries. Such as reflected in Denmark's Strategy for Development Cooperation and Humanitarian Action, "The World 2030", and the government's new long term strategy for global climate action "A Green and Sustainable World".

Danish support to GGGI will contribute to **poverty reduction and gender equality** through GGGI's explicit priority to accelerate progress on tackling these concerns in country programs. Denmark will take active part in the MPSC to engage in the upcoming revision of GGGI's gender strategy in collaboration with other core funders. Here Denmark will also seek to advance GGGI's work with integration of **youth**, in particular through GGGI's employment and green job creation engagement.

The engagement helps deliver on the Danish Government's commitment for a strengthened support to countries in **Africa** - especially in energy, water, democracy and employment, by reinforcing GGGI's activities in Africa and boosting impacts through a country-level focus and synergies with other Danish green-growth relevant activities.

The Danish support to GGGI is expected to be **effective** since it directly supports GGGI's implementation of its WPB which is assessed will likely achieve the defined results, both at outcome- and output-levels, as the WPB itself is considered feasible and realistic and GGGI in the last strategy period has further strengthened its management and monitoring of results.

To continue effectiveness improvement, Denmark will work with GGGI to stay on its trajectory of delivering results on the ground through an even stronger country-level engagement and emphasis on implementing green policy reforms and green investment mobilization. To this end, the earmarked Danish funding for access to clean, renewable energy in Africa and selected Danish climate front-post countries, combined with the collaboration with Danish-supported activities in these countries, is expected to further improve and scale up results to make the support effective. The country-level Danish collaboration will enable monitoring of progress and result on the ground, which can enable learning and adaptation to best achieve results.

The support is expected to be **efficient**, due to GGGI's transition where its programmes, especially at country-level, have been scaled up, while the corporate layer has reduced significantly. There is potential for further improving efficiency, through concentration and focus of the programmes and operations, especially to limit the expansion of country programmes.

GGGI has a continued focus on **sustainability** and impact at country level and in parallel works on securing organisational sustainability. Program goal setting is increasingly happening in relation to GGGI's 6 Strategic Outcomes (SO) (see 2.2. above). Learning to do this well is part of GGGI's strategy to demonstrate impact. GGGI's track record of turning policy advice and analysis into actual reforms for green growth will be an essential element in demonstrating continued impact at country level. GGGI's financial sustainability is solid, not least based on a pipeline of earmarked projects from an increasingly diversified donor-group.

The Corporate Results Framework indicates the expected **impacts** of the support, linked to GGGI's strategic outcomes (GHG emissions reduction, green jobs, access to sustainable services, improved air quality, ecosystem services, adaptation to climate change).

In addition, there will be country-level impacts linked to GGGI's country programmes to be defined in country results frameworks. In the countries targeted by Danish earmarked funding, some of these impacts will link more directly to the Danish support and derive also from the synergies with the other Danish instruments at play in those countries.

## 7. Theory of change and key assumptions

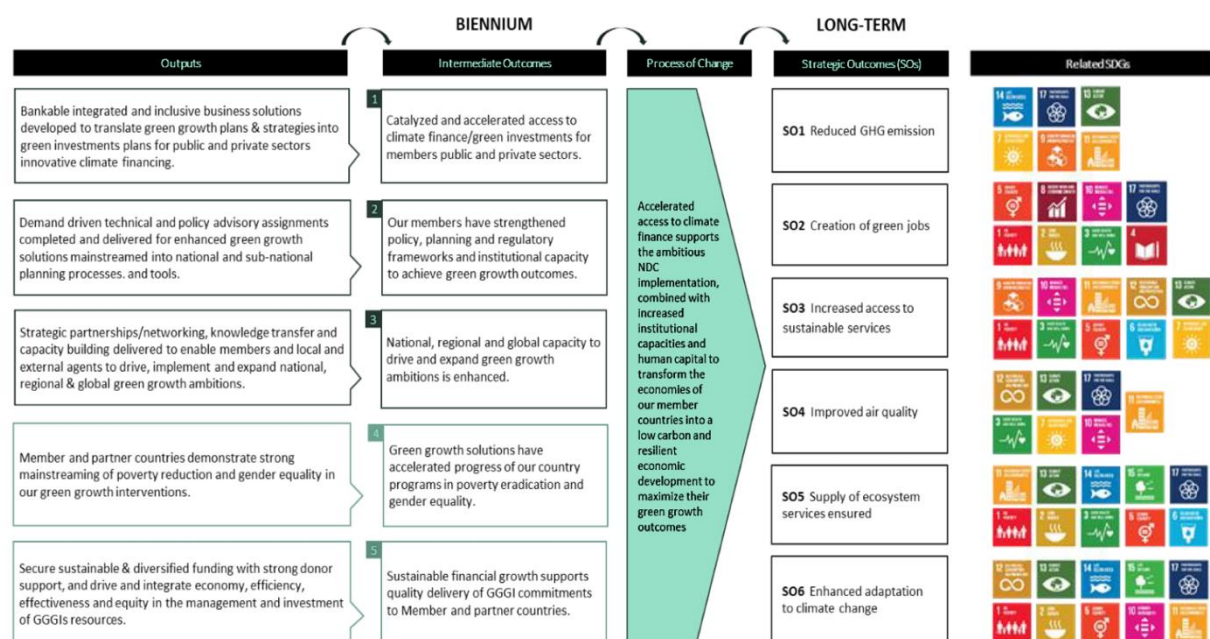
The TOC is designed to achieve the objective of the support - namely to contribute to transition to renewable energy in developing countries and emerging economies encompassing engagements supporting a green and inclusive covid-19 recovery in Africa.

Mainly, the TOC is based on Danish support to GGGI's implementation of its own TOC (summarized below), where Denmark - additional to the core support for GGGI's TOC - supplements with extra initiatives intended to reinforce outcomes of special importance to Denmark and GGGI's efficient and effective operations.

In sum, the main preliminary pathways will be:

- *If* Denmark contributes with planned core funding for WPB 2021-2022, then GGGI will have the resources to implement the WPB based on the CRF
- *Then* GGGI will achieve the intermediate outcomes on green financing, green policies, green growth implementation capacities, poverty reduction and gender equality - and GGGI will continue develop to be an effective, accountable, and financially sustainable organization
- Further, *if* Denmark earmarks funding for renewable energy relevant for rural areas in Africa, like solar powered irrigation and mini-grids, then GGGI's outcomes on green policy and investments in Africa will be scaled up – and rural livelihoods, and income opportunities in agriculture will have improved for Africa's youth
- Moreover, *if* Denmark earmarks funding for GGGI's strategic focus on renewable energy, like bio-CNG, solar and wind, in selected Danish climate front-posts, then Denmark can partner with GGGI at country level to reinforce efforts and increase impacts on GHG reductions, cleaner air, cleaner production, and jobs and income opportunities
- And by enabling GGGI's enhanced engagement in India, Indonesia, and Thailand, then partnership with some major, GHG-emitters for an inclusive green transformation will be achieved

- If Denmark engages with partners in dialogue with GGGI to sharpen GGGI’s programmatic focus, then GGGI’s achievement of outcomes will improve.



## 8. Objectives, engagement outline, and summary results framework

The **overall objective** of the development cooperation among the parties is:

- Contribute to building low-carbon, inclusive, climate resilient societies based on models of transformative and inclusive green growth.

Within this objective, **the focus** will be:

- Contribute to transition to renewable energy in developing countries and emerging economies encompassing engagements supporting a green and inclusive covid-19 recovery in Africa.

To achieve this, Denmark’s engagement with GGGI will be a package of mutually reinforcing elements, designed to best achieve expected results, as described in Table 1:

**Table 1: Main elements in Denmark’s engagement with GGGI 2020-2022**

| Element of engagement   | Opportunity targeted  | Requirements and process   |
|---|---|--|
| <b>1. Core funding</b> (DKK 45 million) for support to implementation of WPB 2021-22  | Will promote achievement of GGGI’s strategic objectives; continued development of its organisational effectiveness and efficiency; and increased impact at country level. | The basis for the core funding is the WPB 2021-2022 approved by the Council in October 2020.         |
| <b>2. Earmarked funding</b> (DKK 20 million) for support to implementation in Africa of GGGI’s engagement on renewable energy, especially solar | Will reinforce GGGI’s impact in Africa on clean energy (SDG7), climate action (SDG13), food security and sustainable agriculture (SDG2), and                              | The funds are earmarked at the level of the individual GGGI Country Programmes in the WPB 2021-2022. |



|  |   |   |
|--|---|---|
| <p>powered irrigation and mini-grids in rural areas. The earmarked contribution is included in GGGI Country Programmes in Burkina Faso, Ethiopia and Uganda and details developed in dialogue with Danish embassies.</p>   | <p>sustainable jobs and growth (SDG8) - by expanding the scale of GGGI's programmes on solar irrigation and mini-grids, and by realizing synergies with Danish engagements in the target countries.</p> <p>Will especially reinforce renewable energy through solar powered irrigation and mini-grids strengthening rural livelihoods, agricultural efficiency and income opportunities for the youth.</p>  | <p>Based on inputs from relevant embassies in Africa, GDI will review and endorse adequacy of country programmes (and concept notes where pertinent) as basis for the funding. After this endorsement, earmarked funding will be disbursed, normally in Q2.</p>   |
| <p><b>3. Earmarked funding</b> (DKK 14,4 million) for GGGI's broader strategic focus on renewable energy, with emphasis on Bio-CNG, solar and wind in selected Danish climate front-post countries. The contribution is included in Country Programmes in India, Indonesia and Thailand.</p> | <p>Will contribute to operationalize and scale up a renewable energy source with high potential impact on GHG reductions, cleaner air, cleaner production, and jobs and income opportunities. SDG7, SDG13 and SDG8.</p> <p>Will support efforts by India, Indonesia and Thailand to move ahead with Bio-CNG, a renewable energy source, with important potential in the region, where Thailand is Bio-CNG frontrunner.</p> <p>Will support GGGI's establishment of a firm partnership with India, the world's 3<sup>rd</sup> largest carbon-dioxide emitter and a central strategic partner on the global climate arena as well as on the SDG agenda. The Danish contribution will further contribute to kick-starting GGGI's new partnership with the India based International Solar Alliance (ISA) raising ambition for solar-irrigation and testing potential for South-South cooperation (India/Africa).</p> <p>Will underpin Denmark's Green Strategic Partnership with India and link closely to Denmark's bilateral engagement in energy scenario planning and integration of renewables in the power sector in India as well as Indonesia.</p> | <p>The funds are earmarked at the level of the individual GGGI Country Programmes in the WPB 2021-2022.</p> <p>Based on inputs from relevant climate front-posts, GDI will review and endorse adequacy of country programmes - and concept notes where pertinent - as basis for the funding. After this endorsement, earmarked funding will be disbursed to GGGI, normally in Q2.</p> |
| <p><b>4. Dialogue</b> with GGGI and GGGI's key donors on:</p>  | <p>Will be a platform for working with GGGI to further sharpen its strategic</p>  | <p>The main platform will be active Danish engagement in the MPSC.</p>  |

|   |  |   |
|---|--|---|
| <ul style="list-style-type: none"> <li>• GGGI's further development of its organizational effectiveness, efficiency, and sustainability</li> <li>• Progress on "green policy reform" outcomes at country level</li> <li>• Progress on mobilizing green financing</li> <li>• Progress on piloting results-monitoring on poverty reduction, social inclusion, gender and jobs at country level</li> </ul> | <p>focus and strengthen results at the country level.</p> <p>Lessons and insights from the Denmark-GGGI collaboration at country level (the earmarked contribution) will help inform the dialogue at MPSC/Council level.</p> | <p>This will be supported by external reviews, either joint-donor or solely Danish.</p> <p>DKK 0,6 million set aside for reviews and monitoring will be managed by GDI for engagement of external expertise to global and country level analysis etc.</p> |
|---|--|---|

The GDI will base the actual support on progress attained in the implementation of the engagement as described in the documentation and in close dialogue with relevant Danish embassies for country level implementation. Progress will be measured through GGGI's CRF and based on GGGI's monitoring and reporting system, including the results frameworks for country programmes that benefit from the Danish earmarked support. In addition, the earmarked engagements in the three countries in Africa will be subject to GGGI piloting more granular results monitoring on poverty reduction, social inclusion, gender and jobs at activity/country level. Lessons from these pilots will inform GGGI's continued global work on monitoring results related to equity.

While Denmark will monitor the contribution based on GGGI's full results framework, the sub-set of indicators in the results framework below (Table 2) reflect Denmark's special priorities. Denmark will give special attention to these indicators in the monitoring and dialogue and use these for Danish communication of results and to document progress. The results and indicators are selected from the CRF and the country-programmes with Danish earmarked support.

**Table 2: Results framework (selected indicators for special Danish priorities)**

|                      |      |   |           |
|----------------------|------|---|-----------|
| Title                |      |   |           |
| Outcome 1 (GGGI SO1) |      | GHG emissions reduction   |           |
| Outcome indicator    |      | GHG emissions reduction from business as usual (MtCO2) attributed to GGGI |           |
| Baseline             | Year |   |           |
| Target               | Year | 2022  | 85        |
| Outcome 2 (GGGI SO2) |      | Increased access to clean affordable energy                               |           |
| Outcome indicator    |      | Number of people with access to clean affordable energy                   |           |
| Baseline             | Year |   |           |
| Target               | Year | 2022  | 3,000,000 |
| Outcome 3 (GGGI SO3) |      | Green jobs creation   |           |
| Outcome indicator    |      | Number of green jobs created  |           |
| Baseline             | Year |   |           |
| Target               | Year | 2022  | 100,000   |

|  |        |  |   |
|--|--------|--|---|
| Output 1<br>(GGGI IO1)   |        | Accelerated access and secured climate finance/green investments for members from both public and private sectors  |   |
| Output indicator   |        | Total USD value of climate finance/green growth investment commitments secured with GGGI's support (annual)  |   |
| Baseline   | Year   | 2019   | 360 mil.  |
| Target   | Year 1 | 2020   | 700 mil.  |
| Target   | Year 2 | 2021   | 750 mil.  |
| Target   | Year 3 | 2022   | 800 mil.  |
| Output 2<br>(GGGI IO2)   |        | GGGI members have strengthened policy, planning, regulatory, financing and institutional frameworks to achieve green growth outcomes                               |   |
| Output indicator   |        | Number of green growth policies adopted by governments with GGGI's support (numbers per year)  |   |
| Baseline   | Year   | 2019   | 21  |
| Target   | Year 1 | 2020   | 20  |
| Target   | Year 2 | 2021   | 25  |
| Target   | Year 3 | 2022   | 30  |
| Output 3<br>(GGGI IO 5)  |        | GGGI's sustainable financial growth supports quality delivery of GGGI commitments to Member and partner countries  |   |
| Output indicator   |        | Meet 80% of the annual budget targets for core and earmarked funding   |   |
| Baseline   | Year   | 2019   | 80%   |
| Target   | Year 1 | 2020   | 80%   |
| Target   | Year 2 | 2021   | 80%   |
| Target   | Year 3 | 2022   | 80%   |
| Output 4<br>(GGGI indicators selected from results frameworks in Uganda, Burkina Faso, and Ethiopia) |        | A significant number of people and producers in Africa have gained access to renewable energy for their household- and productive use                              |   |
| Output indicator   |        | Total number of people in Burkina Faso, Uganda, and Ethiopia have improved access to renewable energy through GGGI support   |   |
| Baseline   | Year   | 2019   |   |
| Target   | Year 1 | 2020   |   |
| Target   | Year 2 | 2021   |   |
| Target   | Year 3 | 2022   | To be determined based on GGGI country level results frameworks available November 2020 |
| Output 5<br>(GGGI indicators selected from results frameworks for India,                             |        | A significant number of people and producers in Danish climate front-post countries have gained access to renewable energy for their household- and productive use |   |

|                         |        |  |   |
|-------------------------|--------|--|---|
| Indonesia and Thailand) |        |  |   |
| Output indicator        |        | Total number of people in India, Thailand, and Indonesia have improved access to renewable energy through GGGI support |   |
| Baseline                | Year   | 2019   |   |
| Target                  | Year 1 | 2020   |   |
| Target                  | Year 2 | 2021   |   |
| Target                  | Year 3 | 2022   | To be determined based on GGGI country level results frameworks available November 2020 |

## 9. Budget

Budget GGGI 2021-2022, incl. funding (USD million, base scenario)

|   | Total      | Core funding | Overhead funding | Earmarked funding |
|---|------------|--------------|------------------|-------------------|
| <b>Grand total</b>                      | <b>143</b> | <b>47</b>    | <b>7</b>         | <b>90</b>         |
| <b>Programmes Total</b>                 | <b>123</b> | <b>27</b>    | <b>7</b>         | <b>90</b>         |
| Country-level total                     | 110        | 17           | 6                | 87                |
| Programmes headquarters                 | 13         | 9            | 1                | 3                 |
| <b>Corporate/non-programmatic Total</b> | <b>21</b>  | <b>21</b>    |                  | <b>0</b>          |
| Operations Enabling Division            | 12         | 12           |                  | 0                 |
| Office of Director General              | 8          | 8            |                  | 0                 |

Danish contribution (DKK)

|  | 2020      | 2021        | 2022        | Total     | Core       | Earmarked  |
|--|-----------|-------------|-------------|-----------|------------|------------|
|  | (DKK)     |             |             |           | (USD)*     |            |
| <b>Total</b>                               | <b>20</b> | <b>32,3</b> | <b>27,7</b> | <b>80</b> | <b>7,3</b> | <b>5,6</b> |
| Core funding                               | 20        | 15          | 10          | 45        |            |            |
| <b>Earmarked:</b>                          |           |             |             |           |            |            |
| Renewable energy and livelihoods in Africa |           | 10          | 10          | 20        |            | 3,2        |
| Renewable energy, bio LNG Frontpost        |           | 7           | 7,4         | 14,4      |            | 2,3        |
| Reviews and monitoring                     |           | 0,3         | 0,3         | 0,6       |            | 0,1        |

\*The Danish contribution is in DKK; amounts in USD are indicative.

DKK/USD 6,2

## 10. Institutional and Management arrangement

The parties have agreed to the following management arrangement with the aim to ensure adequate dialogue and timely decisions about this program.

Denmark will participate in MPSC formally as an active observer (on average two annual meetings). The current donor representatives in the Council are Australia, Republic of Korea, Norway and UK.

The **monitoring** of the support will happen through GGGI's monitoring system, which in the past support period has developed significantly into a comprehensive system. The improvements enable donors and GGGI to better monitor results at impact level, GGGI's attribution and contribution to

results, and country programme results. The donors including Denmark will receive the progress reports, which from 2020 will be produced twice per year (through on-line reporting), with the GGGI Annual Report as the most comprehensive one. Further, commencing from 2021 (for 2020 fiscal year), GGGI will publish annual results reports at the level of country programs, based on an impact pathway approach, to respond to an increasing number of projects and risk of fragmentation of reporting.

As core-funder, the Danish monitoring will cover the entire CRF 2021-2025, which includes impact and outcome indicators that reflect special Danish concerns (including impact targets on CO2 emissions, green jobs, access to energy and sanitation, and adaptation to climate change; and outcome targets on poverty and gender). As such, Denmark will monitor progress, results, and accounting through the annual reporting from GGGI and participate in regular discussion of results management and progress in the MPSC. Further, Denmark will support GGGI's effort to develop a strengthened approach for monitoring poverty, gender, and social inclusion to be introduced gradually from 2021. This will include pilots related to earmarked Danish funding in the three countries in Africa for more granular monitoring (see also under chapter 8 above).

Additionally, in countries where GGGI's country programmes receive earmarked Danish contributions, there will be collaboration between GGGI country offices and relevant other Danish instruments through the embassies to both pursue synergies and allow on-the-ground monitoring and follow-up of the contribution's results at country level. Prior to MPSC meetings, GDI will engage with selected embassies to collect information on country level progress and collaboration. In exceptional cases of particular challenges to progress or collaboration on the ground, meetings uniting MFA and GGGI at headquarters as well as country level may be necessary.

In coordination with GGGI and core donors, Denmark will undertake external monitoring of selected activities benefitting from Danish earmarked funding. The exact scope will be defined in collaboration with relevant Danish embassies and GGGI. Denmark will also engage in an external mid-term review in 2021 and possibly an end-review in 2022.

## 11. Financial Management, planning and reporting

The Danish contribution will be managed in accordance with GGGI's guidelines for management of donor contributions, including with regards to reporting and financial audits.

Denmark will not require separate reporting or accounting but will rely fully on GGGI's reporting and financial management accounting.

As the overall principle, the earmarked contributions will be managed as integral part of GGGI's country programmes for the concerned countries. This implies the earmarked contributions are reflected in GGGI's WPB 2021-2022 under the relevant country-level budget lines, and their spending will be planned and budgeted as integral part of the concerned GGGI's country programmes. The financial accounting and progress and results reporting of the earmarked contributions will be done through GGGI's accounting and report system at country and overall corporate level.

Disbursement of the Danish grant will be made once a year based on endorsement of annual progress report and subsequent submission of annual audited accounts.

The responsible MFA unit shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme. After the termination of the engagement, the Danish Ministry of Foreign Affairs reserves the right to carry out evaluation in accordance with this article.

## 12. Risk Management

The backbone for managing the risks will be GGGI's own risk management system, which consists of a Risk Management Framework and risk registry and mitigation measures and monitoring framework for risks management.

The Director-General oversees the RMF's implementation and reports biannually on risks to the MPSC and Council. The Council reviews and advises on the appropriateness of risks taken. The system involves risk mitigation assigned to responsible staff and elevation to senior staff/DG when they escalate. The risk management system will be rolled out during 2020 with training of staff.

The below identifies the main risks from the perspective of the Danish support.

### **Main contextual risks:**

- Political sentiments in individual countries turn away from green and inclusive priorities, which may have major impacts on adoption of green policy reforms, supported by GGGI in the member countries.

The continued risks of global economic downturn and trade competition may push out long-term, green transition priorities in favor of short-term economic and social priorities. However, recent years' global rise in public concerns for climate change and environmental sustainability will counteract this. The main mitigation is to focus on countries with reasonable political will to reform and to work in-country with constituents that favor green transition reforms. The remaining risk is acceptable, in view of the inherent nature of green policy reform being politically challenging.

- Economic decline in target regions worsen conditions for public and private investments in green infrastructure and investors' propensity to invest in bankable projects, which reduces GGGI's mobilization of green investments to below targets.

However, certain green transformation investments are not highly dependent on economic cycles, including water, renewable energy, and may continue irrespective of economic downturns, and adoption of "green recovery" strategies after covid-19 may have countercyclical fiscal effects and raise green investments.

- Periodic resurgence of covid-19 lead to repeating shut-downs and restrictions on trade, travel, and interaction, which delay progress on GGGI programmes, leading to reduced or delayed output and outcome achievement.

This risk will continue to be very likely and with major impact. The main mitigation is up-front planning and adaption, which can limit impacts somehow. The remaining risks will be significant but will be accepted.

### **Main programmatic risks:**

- Further reductions in GGGI's core funding hamper the organization's capability to run its programmes (including earmarked funded projects) and to achieve its strategic outcomes

Effects are partially off-set by overheads from GGGI's increasing levels of earmarked funding. The main mitigation is that GGGI continue its organizational adjustment with emphasis on non-programmatic elements. The WPB 2021-22 reflects the realistic revenue and spending projections.

- Failure to translate policy advice into green policy change and reforms because of political obstacles and counteracting powerful interests

The inherent nature of green transition policy to be politically challenging means some GGGI policy-reform outcomes may not be achieved. The mitigation is for GGGI to focus on green transition-policies with political chances of change. Even so, the remaining risk is acceptable, since GGGI should not exclude work on difficult policy reforms considering the potential gains, and GGGI may prepare for long term change even if short-term obstacles are overwhelming.

- Weak design or implementation lead some projects or programmes to fail and yield weak results.

The diverse set of country programmes with a large number of projects/programmes, countries, and sectors present operational risks of ensuring quality and standards. The main mitigation is to apply GGGI's Project Cycle Management system with its quality control system, staff training, and oversight of implementation.

### **Main institutional risks:**

- The possibility of the existence of a perception of insufficient efficiency of GGGI in the Danish public - given GGGI's history in a Danish context.

The main mitigation is to rely on the evidence of change, which is solid – as also confirmed through the EU Pillar Assessment - and should be sufficient to inform the public perceptions and debate about conditions at GGGI. GGGI's concerted effort the past years to tighten staff conditions, procedures, and efficiency have positioned it “below” the large international financing institutions and levelled it with other main international institutions in terms of conditions of staff.

- Fraud, Corruption, and Unethical Behavior occur in connection with projects and programmes.

The risks are contained by GGGI offices not providing grants or loans, but mainly advisory services. Moreover, GGGI's safeguards are effective in minimizing corruption risks, including policies to safeguard its operations from fraud, misuse of funds, and corruption, whistle-blower mechanisms, and periodic audits, and establishment of an ethics process.

## Annex 1: GGGI summary results and achievements

GGGI reports its corporate results annually to demonstrate the delivery of its country and global programs in the WPB and to be transparent and accountable for its results and activities to donors, Members and key stakeholders. At the Immediate Outcomes level GGGI focuses on (1) Developing green growth and national policy frameworks; (2) Catalyzing Green Growth Investments; and (3) Multi-country knowledge sharing and capacity building. Key achievements over the period 2017-2019 include,

### Under Intermediate Outcome 1:

- 2019 – Mobilized USD 369 million in 14 countries (71% funded by the public sector and 29% by the private sector).
- 2018 – Mobilized USD 482 million in 17 countries. In addition, GGGI achieved the target of 48 completed advisory outputs informing decisions on green growth investments.
- 2017 - Mobilized USD 525 million toward green growth investments, against a target of USD 64 million. Private sector financing accounted for 78.5% of the investments mobilized with the balance contributed by governments and donors.

### Examples:

- GGGI supported Indonesia East Kalimantan Province’s Jurisdictional Emission Reduction Program that provides incentives for protecting one of the world’s largest and most biodiverse tropical rainforests and to mobilize USD 180 million Result-Based Payment through the Forest Carbon Partnership Facility-Carbon Fund (FCPF-CF) (2019).
- GGGI supported Senegal’s Ministry of Agriculture and Rural Equipment (MAER) in the design of bankable project opportunities in the agricultural waste to energy sector, for ‘greening’ of the rice milling industry through the introduction of rice husk waste to energy solutions, leading to USD 5.4million from private sources for a 1.5 MW Rice Husk Waste to Energy Project through 3 rice mills (2018).

### Under Intermediate Outcome 2:

- 2019 – Completed 69 advisory outputs that informed the development of green growth policies, 50 advisory outputs that informed decisions on green growth investments, and 21 adopted policies that will have transformative green growth impacts.
- 2018 – Completed 88 advisory outputs that informed the development of green growth policies, 48 advisory outputs that inform decisions on green growth investments and 32 adopted policies that will have transformative green growth impacts.
- 2017 -Delivered 21 advisory outputs that supported 14 governments to develop green growth policies against a planned target of 33 outputs. GGGI outputs contributed to 17 green growth policies being adopted by 11 partner governments against a target of 1.

### Examples

- Support for the Uganda Green Growth Development Strategy (UGGDS), adopted by Government in 2017, which aims to operationalize green growth principles and accelerate the implementation of global development goals, Uganda Vision 2040 and the second National Development Plan (NDP II), covering agriculture, natural capital management, green cities (urban development), transport and energy (2017).
- Produced forest economy analyses in Peru that were incorporated into the draft National Forest and Wildlife Plan (NFWP), part of Peru’s National Green Growth Strategy Action Plan, which identifies priority land use investments and financing opportunities to prevent deforestation.

### Under Intermediate Outcome 3:

- 2019 – 247 capacity building activities mainly in the form of workshops, seminars, training events and study tours. This was supplemented by 90 knowledge products and services delivered by GGGI in various forms, including publications, toolkits, methodologies and knowledge sharing with the aim of advancing the global green growth agenda and global and national actions.



- 2018 - Delivered 319 capacity building activities, benefitting a total of 10,466 participants in Member and partner countries, 53% of whom were men and 47%, women. 46% of capacity development activities shared experiences and lessons from other GGGI Member and partner countries.
- 2017 -Delivered 160 capacity building. Of these activities, 37% involved sharing of lessons from other countries. Partnerships were forged to facilitate 26 projects across 17 countries, against a target of 5.

A DFID review (February 2020) scored GGGI's performance in 2018 to "A" and found that outputs had largely been met and/or exceeded, while outcomes had fallen marginally short of expectations, though also noting the 2018-outcome targets had been raised to more ambitious levels. Further, the review found that GGGI had delivered strong value for money. The review pointed to shortcomings in: i) writing the expected number of Country Planning Frameworks; ii) having policy advice adopted by partner governments; and iii) leveraging private finance for green growth projects.

## Annex 2: Key features of GGGI's organizational set-up

### **Mission, vision, foundation**

- GGGI supports its members transform their economies to a green growth economic model, through strategies that focus on both poverty reduction, social inclusion, environmental sustainability and economic growth, focused on developing countries and emerging economies
- Established as an international intergovernmental organization in 2012 at the Rio+20 United Nations Conference on Sustainable Development.
- It has now 38 Members and operations in 40 countries, of which 23 are country programmes.

### **Governance structure**

- **Assembly:** Composed of all GGGI Members, meets yearly, advises on overall direction and reviews progress on objectives; elects Council members and appoints a Director-General.
- **Council:** 11 Members, 5 Experts/Non-State Actors and the Director-General, the executive organ, meets yearly, approves strategy, budget, admits new members and criteria for green growth planning and implementation programs, nominates Director-General.
- **Management and Programme Sub-Committee (MPSC),** supports the Council, instrumental in preparing Council sessions.
- The Institute, GGGI's operational body, manages and implements GGGI's global and country programmes, led by Director General

### **Organizational set-up and budget**

- Above >300 staff, mainly high-level technical/professional, with competences in various "green transition" topics
- Expenditure (2019): USD 46,6 million (core USD 32.8 million, earmarked USD 13.8 million)
- Budget estimate (2020): USD 43 million (core USD 18.9 million, earmarked and other USD 24.1 million)
- GGGI's budget has increased and stabilized over the years, but with earmarked funding driving the increase become more restricted in spending-flexibility. Earmarked revenues are forecasted to continue increase and diversify, hence financially ensure GGGI's operations. GGGI is financially solid with a working capital of estimated USD 15 million (2020)

### **Administrative and management/organizational management**

- GGGI comprehensive administrative procedures covering all key aspects of its operations, including a project management system covering the full project cycle; staff management systems including time registration; travel management procedures; procurement, etc.
- GGGI's financial management system and procurements provide for full accountability and transparency. They received a "positive conclusion" by EU's recent Pillar Assessment of GGGI's internal control, accounting, external audit, and procurement.
- All systems are rolled out to country offices through on-line connections.
- Continued reduction of transaction costs with non-programmatic costs estimated at 19.8% in 2020, down from 27% in 2016 and on trajectory to meet 2024 target of 15%.

### **Monitoring and evaluation**

- GGGI's overarching Corporate Results Framework (CRF) 2021-2025 defines results, indicators, and targets at levels of impact ("strategic outcomes"), outcomes ("intermediate outcomes"), and outputs ("project results"), and cascaded down to results frameworks at country-levels.
- The monitoring system has developed significantly in the past years, with new guidelines in 2020, and full roll-out and development continuing in 2021. Changes include: Stronger impact-level reporting; stronger country-level results measurement; clearer attribution/contribution assignments; stronger monitoring of poverty, gender, and social inclusion. The system is designed for data reporting to feed needs at all levels, including reporting to donors.
- The Impact and Evaluation Unit (IEU) conducts evaluations of GGGI's country and global programmes through its own staff and/or independent external evaluation teams. This is supplemented by targeted reviews and evaluations by individual or groups of donor partners. An evaluation of GGGI's Strategic Plan 2015-20 is planned by IEU for 2021.
- Results-based management (RBM) has been stepped up with Strategy 2030, involving a new RBM system based on the six SOs, CRF 2021-2025, and Strategy 2030's theory of change.

## Annex 3: GGGI Corporate Results Framework



### CORPORATE RESULTS FRAMEWORK (CRF) 2021-2025

GGGI countries move towards a model of green growth that simultaneously achieves poverty reduction, social inclusion, environmental sustainability, and economic growth

#### I. EXPECTED IMPACTS

| STRATEGIC OUTCOMES (SO) |   | ATTRIBUTED<br>OUTCOME TARGETS<br>2021-2022<br>(000) | ATTRIBUTED<br>OUTCOME TARGETS<br>2021-2025<br>(000) | ATTRIBUTED<br>OUTCOME TARGETS<br>2017-2030<br>(000) | CONTRIBUTED<br>OUTCOME TARGETS<br>2017-2030<br>(000) |
|-------------------------|---|---|---|---|--|
| SO1                     | GHG emission reduction<br>SO1.1 GHG emissions reduction from business as usual (MtCO <sub>2</sub> e)                | 85  | 300   | 1000  | 1,600  |
| SO2                     | Creation of green jobs<br>SO2.1 Number of green jobs created (millions)   | 0.1   | 0.5   | 2   | 4  |
| SO3                     | Increased access to sustainable services<br>(millions of people who gained access to each service)                  | 14  | 40  | 100   | 500  |
|                         | SO3.1 Access to clean affordable energy   | 3   | 10  | 30  | 90   |
|                         | SO3.2 Access to improved sanitation   | 2   | 4   | 10  | 50   |
|                         | SO3.3 Access to sustainable waste management  | 7   | 20  | 80  | 400  |
|                         | SO3.4 Access to sustainable public transport  | 2   | 6   | 20  | Not Available  |
| SO4                     | Improved air quality<br>SO4.1 Number of days above 'Orange' Air Quality (in major cities)                           | Not Available                                       | Not Available                                       | Not Available                                       | Not Available  |
| SO5                     | Adequate supply of ecosystem services ensured<br>SO5.1 Area of deforestation avoided and/or reforested (million-ha) | 0.04  | 0.1   | 0.5   | 20   |
| SO6                     | Enhance adaptation to climate change<br>SO6.1 Number of people supported to cope with climate change (millions)     | 0.7   | 2   | 8   | 16   |

\*Proportion of projects which report a material contribution to each SO can also be reported/analyzed in terms of dollars invested

## II. EXPECTED PROGRAM OUTCOMES

| INTERMEDIATE OUTCOMES (IO) |   | INDICATOR 1  | INDICATOR 2  |
|----------------------------|---|--|--|
| IO1                        | Accelerated access and secured climate finance/green investments for members from both public and private sectors.                    | IO1.1 Total USD value of climate finance/green growth investment commitments secured with GGGI's support, disaggregated by public and private sector financing.<br><i>Result: (2019) USD 360M</i><br><i>Target: (2020) USD 700M</i><br><i>Target: (2021) USD 700M</i><br><i>Target: (2022) USD 800M</i>            |  |
| IO2                        | GGGI members have strengthened policy, planning, regulatory, financing and institutional frameworks to achieve green growth outcomes. | IO2.1 Number of green growth policies adopted by governments with GGGI's support.<br><i>Result: (2019) 21</i><br><i>Target: (2020) 20</i><br><i>Target: (2021) 25</i><br><i>Target: (2022) 30</i>  |  |
| IO3                        | National, regional, and global capacity to drive and expand green growth ambitions is enhanced.                                       | IO3.1 Extent to which GGGI's training events have directly strengthened Member and partner countries capacity to develop and implement green growth policies and investments. To be assessed on a 5-point scale balanced scorecard with a maximum score of 10.<br><i>Target 2021: 6+</i><br><i>Target 2022: 6+</i> |  |
| IO4                        | Green growth solutions support Member and partner countries in reducing poverty and achieving gender equality.                        | IO4.1 Number of beneficiaries assisted through GGGI's poverty aligned projects, disaggregated by gender.   | IO4.2 Number of women supported through GGGI's projects with targeted gender interventions, disaggregated by gender. |
| IO5                        | Sustainable financial growth supports quality delivery of GGGI commitments to Member and partner countries.                           | IO5.1 Meet 80% of the annual budget targets for core and earmarked funding.  |  |

Note: In recent update, GGGI has revised IO1 2021 target to USD 750M

### III. EXPECTED PROJECT RESULTS

| OUTPUTS   | INDICATOR 1   | INDICATOR 2  | INDICATOR 3  |
|---|---|--|--|
| <p>1 Bankable, investment plans and inclusive business solutions developed to translate green growth plans and strategies into green investment plans and projects for public and private sector financing.</p>                       | <p>O1.1 Number of completed advisory outputs that inform decisions on green growth investments.<br/> <i>Result: (2019) 50</i><br/> <i>Target: (2020) 50</i><br/> <i>Target: (2021) 50</i><br/> <i>Target: (2022) 60</i></p>               |  |  |
| <p>2 Demand driven technical and policy advisory assignments enhance the mainstreaming of green growth into national and sub-national planning processes.</p>   | <p>O2.1 Number of completed advisory outputs that inform the development of government green growth policies.<br/> <i>Result: (2019) 69</i><br/> <i>Target: (2020) 60</i><br/> <i>Target: (2021) 70</i><br/> <i>Target: (2022) 80</i></p> |  |  |
| <p>3 Strategic partnerships/networking, knowledge transfer and capacity building delivered to enable members and local and external agents to drive, implement and expand national, regional &amp; global green growth ambitions.</p> | <p>O3.1 Number of workshops and webinars delivered.</p>   | <p>O3.2 Number of green growth knowledge products delivered.<br/> <i>Result: (2019) 90</i><br/> <i>Target: (2020) 30</i><br/> <i>Target: (2021) 30</i><br/> <i>Target: (2022) 40</i></p> | <p>O3.3 Number of completed projects that leveraged a range of strategic partnerships.</p> |
| <p>4 GGGI projects mainstream poverty reduction and gender equality.</p>  | <p>O4.1 Percentage of new projects that address poverty reduction and inclusiveness.<br/> <i>Target: 75%</i></p>  | <p>O4.2 Percentage of new projects delivering intended gender equality results.<br/> <i>Target: 75%</i></p>  |  |



## IV. BUSINESS MANAGEMENT AND ORGANIZATIONAL PERFORMANCE

| OUTPUTS   | INDICATOR 1  |
|---|--|
| 5 Secure sustainable and diversified funding with strong donor support, and drive and integrate economy, efficiency, effectiveness and equity in the management and investment of GGGI's resources. |  |
| <b>Economy</b><br>measures the cost of inputs to a system   | O5.1 Percentage of annual budget spent on management and administration<br><i>Target (2020): 17%</i><br><i>Target (2023): 15%</i>                              |
| <b>Efficiency</b><br>measures how successfully the inputs are transformed into outputs  | O5.2 Percentage of annual budget spent on in-country programs<br><i>Target: 60%</i>  |
| <b>Equity</b><br>measures the extent to which resources are allocated in favor of the needy   | O5.3 Percentage of core budget allocated to Vulnerable countries = LDCs, LLDCs & SIDS (UNOHRLLS definition)<br><i>Result (2019): 84%</i><br><i>Target: 60%</i> |
| <b>Effectiveness</b><br>measures how effective the system achieves desired outputs  | O5.4 Sustain a 15:1 ratio of green investment commitments secured for every USD spent on GGGI operations (Strategy 2030).                                      |
| <b>Financial sustainability</b><br>measures liquidity and solvency  | O5.5 Sustainable level of reserve working capital is maintained<br><i>Target: USD 15 million</i>   |

Acronyms GGGI = global green growth institute; GHG = greenhouse gas; LDCs = least developed countries; LLDCs = landlocked least developed countries; NFV = national financing vehicle; SIDS = small island developing states; SO = strategic outcomes; UNOHRLLS = united nations office of the high representative for the least developed countries, landlocked developing countries and small island developing states; USD = united states dollar



## Annex 4: GGGI WPB –Budget scenarios

### Core funding in USD '000

| Partner country | 2020          | 2021          | 2022          |
|-----------------|---------------|---------------|---------------|
| Korea           | 8,436         | 10,000        | 10,000        |
| United Kingdom  | 3,800         | 2,500         | 2,500         |
| Denmark         | 3,151         | 2,400         | 1,600         |
| Norway          | 1,798         | 1,900         | 1,900         |
| <b>Total</b>    | <b>17,185</b> | <b>16,800</b> | <b>16,000</b> |

### Income and Expenditure budget in USD '000

|                     | 2020          |               |               | 2021          |               |               | 2022          |               |               |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                     | Core/other    | Earmarked     | Total         | Core/other    | Earmarked     | Total         | Core/Other    | Earmarked     | Total         |
| Core contribution   | 17,185        | 22,200        | 39,385        | 16,800        | 34,800        | 51,600        | 16,000        | 45,000        | 61,000        |
| Overhead recovery   | 1,650         |               | 1,650         | 3,000         |               | 3,000         | 3,600         |               | 3,600         |
| Investment income   | 750           |               | 750           | 200           |               | 200           | 200           |               | 200           |
| Fees for service    | 100           |               | 100           | 200           |               | 200           | 200           |               | 200           |
| <b>Total income</b> | <b>19,685</b> | <b>22,200</b> | <b>41,885</b> | <b>20,200</b> | <b>34,800</b> | <b>55,000</b> | <b>20,000</b> | <b>45,000</b> | <b>65,000</b> |





## Annex 5: Risk matrix

### Contextual risks

| <b>Risk Factor</b>  | <b>Likelihood</b> | <b>Impact</b> | <b>Risk response</b>   | <b>Residual risk</b>  | <b>Background to assessment</b>   |
|---|-------------------|---------------|--|---|---|
| Political sentiments in some countries turn away from green and inclusive policy choices and reforms  | Likely            | Major         | Work with GGGI to focus on countries that show reasonable political will for green reform.<br><br>Work with constituents and actors in countries that favour green transition reforms.                                 | Some residual risks will remain.  | The risks continue for global economic downturn and trade competition which could push priorities for long-term green transition in the background to favour short-term economic and social priorities in the countries; but public concerns for environmental sustainability and especially climate adaption is expected to remain strong. |
| Economic decline in target regions worsens the conditions for public and private investments in green infrastructure and investors' propensity to invest in bankable projects | Unlikely          | Major         | GGGI can still continue its work to prepare bankable projects and support developing institutional frameworks to enable a pipeline and enabling frameworks to be in place for when the investment environment improves | Some risks will remain, since   | Certain green transformation investments are not highly dependent on economic cycles, including water, renewable energy, so may continue irrespective of economic downturns.<br><br>The "green recovery" proposition may increasingly be adopted, so as to have countercyclical fiscal policies promote green investments.                  |
| The resumption of a positive economic growth after covid-19's first impacts is delayed or erratic and thereby also  | Highly likely     | Major         | GGGI to advocate for green recovery policies and investments in their work on policy advice and preparing  | Some risk will remain, but be very country specific; some green transformation impacts may materialize but over a longer time-horizon | The general slow-down in economic activity will also affect the pace in implementation of green transformation investments, but the opportunities during recovery to shift investments towards green transformation will compensate, and contribute to scale up levels of green transformation investments overall.                         |

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|---|--|--|--|--|--|
| delaying the greening (and inclusiveness) of growth |  |  | bankable projects and financing vehicles |  |  |
|---|--|--|--|--|--|

### Programmatic risks

| Risk Factor  | Likelihood    | Impact | Risk response  | Residual risk   | Background to assessment   |
|--|---------------|--------|--|---|--|
| Further reductions in GGGI's core funding hamper the organization's capability to run its programmes (including earmarked funded projects) and to achieve its strategic outcomes | Highly likely | Minor  | Denmark has slightly increased core funding to GGGI to compensate<br><br>Denmark engage with GGGI to strengthen its organizational effectiveness, strategic focus, and results to improve conditions for other donors to increase core funding | A minor residual risk will remain   | Some major core funding donors could reduce core funding as part of domestic political agendas, which GGGI is currently adjusting to through restructuring and cost reduction measures, mainly on non-programmatic elements. This will impact programmes also. Meanwhile, GGGI expects increasing levels of earmarked funding which from which the agreed overhead charges will add to GGGI's unrestricted funds and partly compensate the reduction in core funds. The WPB 2021-22 reflects the realistic revenue and spending projections. |
| An increasing imbalance in earmarked funding (above 50%) split GGGI's focus and hamper its ability to work proactively towards its strategic outcomes                            | Likely        | Major  | Work with GGGI to continue narrow and deepen its thematic focus, so GGGI's overarching strategic focus become a primary driver of the uptake of earmarked projects.  |   | GGGI is working to sharpen its thematic and country focus, but pressures remain for GGGI to include projects not strictly within its core focus. The continued efforts by GGGI to streamline its country programmes will reduce the basis and inclination to take in earmarked projects outside the GGGI's thematic and country focus.   |
| Failure to translate policy advice into green policy change and reforms  |               |        | GGGI ensure they focus on green transition-policies with political chances of change – but should  | A major residual risk will remain, but this is justified given the significant need and potential impact of | It's inherent to green transition policy reform to be politically challenging and often faced with powerful opposition and interests, so it's in the nature of GGGI's defined outcomes on "policy reforms adopted" that many will not be partly  |

|  |        |       |   |  |  |
|--|--------|-------|---|--|--|
|  |        |       | not by default exclude work on policy reforms in cases where adoption and implementation will be politically difficult.   | implementation of green transition policies  | or fully implemented. Even so, it will be crucial that GGGI help prepare the basis for policy change, even where there may be powerful interests and opposition against, considering the value of preparing the conditions for change – and the massive scale of impact in case where policy reforms are successfully adopted. |
| Weak design or implementation<br>Lead some projects or programmes to fail and yield weak results | Likely | Minor | GGGI's Project Cycle Management system includes a quality control system for program design and implementation, which involves project/programme risks and mitigation measures. This combines with effective management of the PCM, staff training, and oversight of implementation, reviews. | The residual risk is expected to be low, since the PCM system is expected to capture the most significant risks, and GGGI has come far in the past years in terms of effective programme management and implementation | GGGI works through a spread-out country programme setup that implements a large number of projects/programmes, across countries, sectors, and human resources, which involves operational risks.   |

### Institutional risks

| Risk Factor  | Likelihood | Impact | Risk response   | Residual risk                         | Background to assessment   |
|--|------------|--------|---|---------------------------------------|--|
| The possibility of a perception in the Danish public as result of GGGI's history in a Danish | Likely     | Minor  | Continue with transparent dissemination of factual evidence on GGGI's organizational set- | The residual risk is considered minor | GGGI's concerted effort the past years to tighten staff conditions, procedures, and efficiency have positioned it "below" the large international financing institutions and levelled it with other main international institutions in terms of conditions of staff. The evidence on the |

|  |          |       |  |  |   |
|--|----------|-------|--|--|---|
| context that GGGI is associated with extravagant conditions  |          |       | <p>up, overheads, and conditions for staff and travel</p> <p>Danish monitoring of GGGI's organizational efficiency and staff conditions and procedures to ensure they remain on the last years' clear trajectory towards accountability, efficiency, and standard conditions</p> |  | changes is solid and should be sufficient to inform the public perceptions and debate about conditions at GGGI.   |
| GGGI maintains ambition to expand up to 50 country programmes by 2030 without adequate resources to support this, leading to superficial engagement and low impact in individual countries | Unlikely | Major | <p>Application of GGGI's country-programming criteria (approved by Council) to limit GGGI's spread too thinly.</p> <p>Dialogue jointly donors and with GGGI in the MPSC and separately to monitor and encourage to stay within the WPB's stated expansion.</p>                   | The residual risk is considered minor. | <p>GGGI's elaboration of the WPB 2021-22 reflects its concern and commitment to have a manageable expansion, yet it must manage pressures to establish new programmes as new members join. The new criteria for adding country programmes express GGGI's intention to limit and focus the expansion, though may not guarantee it will happen.</p> <p>But GGGI commits to a prudent position by carefully programming operations in new partner countries based on its value chain approach that commences a new partner relationship through a thorough assessment of needs and identification of commitment of the new partner to green growth objectives.</p> |
| Continued budgetary reductions lead to high performing staff leaving the organisation for  | Unlikely | Minor | Donors like Denmark cannot influence this directly, other than monitor GGGI's precautionary  | The residual risk is considered minor  | Generally ,GGGI's staff are comparatively committed to the organization and its mission, so within the funding environment defined in the WPB, the staff turnover is expected to be within normal levels.   |

|  |          |       |  |  |  |
|--|----------|-------|--|--|--|
| better off organisations and more secure employment  |          |       | measures and any impacts carefully.  |  |  |
| Fraud, Corruption, and Unethical Behavior occur in connection with projects and programmes | Unlikely | Major | GGGI has policies to safeguard its operations from fraud, misuse of funds, and corruption. Staff receive frequent training and are competent to control and foresee such risks. In addition, GGGI has established a whistle-blower mechanism to facilitate staff reporting of malfeasance. | The weak “opportunities” for corrupt behaviour with GGGI’s advisor-model for support and GGGI’s safeguards will leave very low corruption risks. | Corruption and fraud are significant problems in many of the contexts where GGGI works, which invariably means GGGI staff can be exposed to such. GGGI offices however do not provide grants or loans but mainly advisory services, which limits corruption risks. GGGI’s safeguards are found to be effective in minimizing corruption risks. |

## Annex 6: GGGI’s follow-up to Danish appraisal in 2017

| Observation / recommendation – 2017  | Progress - 2019  |
|--|--|
| <p>GGGI should give high priority to consolidating its activities and organization. This includes establishing a strong corporate culture, consolidating and embedding tools and procedures, and consolidating, unifying and focusing of global activities at headquarters and programs at country level. GGGI must create an organization that delivers as one. The quick expansion of staff is a key managerial challenge for the organization to ensure quality and coherence in all corners of the organization. This includes ensuring integration between headquarters and country deliverables as well as between deliverables from different divisions as well as ensuring synergy between country programs and bankable projects.</p> | <p>GGGI refreshed Strategy Plan 2015-2020 outlines six strategic outcomes that programmatic areas are targeted – reducing GHG emissions, creating green jobs increasing access to sustainable services, improving air quality, ensuring adequate supply of ecosystem services, and enhancing adaptation to climate change.</p> <p>GGGI has established organizational values of boldness, integrity, excellence, inclusiveness, and transformation. These were developed as part of a change management process launched in 2017 that was informed by a series of culture circles convened in parallel to the mid-term review of GGGI’s Strategic Plan 2015-2020. GGGI’s five core values provide the guiding framework for the way GGGI works.</p> <p>GGGI has sought to consolidate and strengthen its business processes since 2017. Center to this has been the review and revision of GGGI’s Project Cycle Management (PCM) system and supporting information systems. GGGI Online was launched to provide support project design, implementation and reporting on results, and a CRM system launched to capture engagements with government, deliver and resource partners.</p> <p>GGGI established a risk management framework – structured around organization and reputation, operational program and portfolio management, finance, information technology and data, legal, human resources, and work environment risks – in 2017, reviewing its Risk Management Matrix and reporting semiannually on risk management to MPSC and annually to the Council.</p> |
| <p>GGGI needs to improve its documentation of results, not just its activities and processes, in order to demonstrate its value. GGGI aims to assist countries to identify the aspects of green economic change and work with them to understand how they can translate this into policies, programs and projects that will eventually lead to real change on the ground; and by this generate examples which other countries would want to follow. Moreover, GGGI needs to fully implement a Result Based Management system, which enables the institution to make informed management decisions</p>  | <p>GGGI produces an Annual Report and, since 2017, Project Results Reports (PRRs) for each GGGI projects. These reports measuring achievements against GGGI’s Corporate Results Framework (CRF) and programmatic delivery. They are published within 6 months of the end of the fiscal year, with the most recent report available <a href="http://report.gggi.org/2018/">http://report.gggi.org/2018/</a>.</p> <p>In 2017, GGGI established an Impact &amp; Evaluation Unit (IEU) to assess the impacts of the organization’s work. IEU primarily achieves this by commissioning independent evaluations that: help improve the design and implementation of GGGI programs and operations; strengthen transparency and accountability to GGGI members and donors; and contribute to building an evidence base for green growth. IEU has developed an Evaluation Policy for the way GGGI’s evaluation function is run. It describes the key principles, management</p>   |

|   |   |
|---|---|
| <p>regarding the effective use of resources to deliver on the envisaged results</p>   | <p>arrangements, implementation approach and quality standards for evaluation. IEU develops an annual work plan in consultation with the MPSC. These documents and IEU's evaluations are published online <a href="https://gggi.org/results-evaluation/evaluations/">https://gggi.org/results-evaluation/evaluations/</a>.</p> <p>GGGI is committed to strengthen its RBM system towards an institutionalized system and culture of managing its investments and interventions for results. In 2018, 70+ senior managers were trained on Results Based Management to guide the design of new programs and projects. Efforts are being continued in 2020 with the design and introduction of a GGGI e-learning training module.</p> <p>GGGI's CRF was updated at the end of 2018 to improve the quality of reporting of GGGI's annual results. This has seen the introduction of balanced score cards to measure the quality of reported outcomes in relation to green growth policies and plans and green investments. GGGI is also currently working on the estimation of its six Strategic Outcomes to demonstrate the extent of its programmatic impacts. Methodologies for measuring SOs have been developed and country-level SO estimates are being prepared as part of the Strategy 2030 and should be ready in August 2019.</p> <p>In June, Management agreed to the review and revamping of GGGI's project monitoring system to strengthen accountability and tracking of project delivery and implementation and for timely decision making. The aim is to adopt a standard project monitoring system using GO.</p> |
| <p>GGGI has continued to enhance the effectiveness and value for money required in a young developing organization. GGGI has given priority to and allocated relevant resources to maintain focus on developing a sound financial management set-up. Denmark should continue focusing on the organisation's internal efficiency and budget flexibility. GGGI's anti-corruption policy and zero tolerance towards corruption is well described and communicated. GGGI has upon suggestion from Denmark agreed to develop a policy for communication with donors about detection and reporting of irregularities.</p> | <p>GGGI has changed its business model, from one financed predominantly by core resources to one that is mixed – with most countries now geared through the adoption of the envelope budget to increase their mix of core and earmarked resources targeting 50% core and 50% earmarked in line with Strategy 2015-2020. With these changes, country teams are being tasked to be directly responsible for raising their earmarked resources. GGGI remains committed to delivering value for money in its programs by doing more with less. Staff costs have increased since 2016 to 63% of total spend in 2018 due to hiring of new staff and GGGI's programmatic growth but has been offset by the reduction in consultancy costs. While staff travel costs has increased to 8% in 2018 from 5.6% in 2015, this expense has been managed by a new policy that ensures advanced booking of plane tickets to generate savings. GGGI has already achieved the targets outlined in its Strategic Plan 2015-2020 to reduce spending on management and administration to 17% and</p>   |

% spending for non-programmatic activities to 30%. GGGI performed strongly in leveraging USD 1 billion in green investments during the WPB 2017-2018 period achieving new ambitious targets set by management. GGGI spent 49% of core program budget on LDCs, 50% on MICs and 72% on Member LDCs and MICs combined.

GGGI has internal established policies with rules and regulations for finance, procurement, risk management, human resources, results reporting, fraud, anti-corruption and whistle blowing, risk management, monitoring and evaluation, and asset and inventory management reporting. All the policy documents along with rules and regulations are available online on GGGI website <http://gggi.org/policy-documents/>

GGGI's Anti-Corruption Policy has a zero-tolerance policy against fraud, corruption, coercion and collusion by staff members or third parties with whom they do business. All staff members are obliged to report any suspicious breach of this policy to the Deputy-Director General for Management (or the Chair of the Council, where it regards a member of staff in the executive category. A staff member who fails to do so may be subject to disciplinary action under GGGI staff regulations.

The GGGI is committed to transparency, accountability and openness in the organization. Its whistle-blower policy supports the anti-corruption policy by creating an environment where staff members and externals feel safe to report any suspected misconduct without fear of retaliation. An on-line mechanism, is used to report allegations of misconduct or integrity violation, including breaches of the GGGI anti-corruption policy. This is prominent on the homepage of their website.

The GGGI's whistle-blowing policy states that It is the duty of staff members (and other applicable parties) to report any violation of GGGI regulations, rules, policies and to cooperate fully with audits and investigations. An individual who makes such a report and cooperates fully with audits and investigations has the right to be protected against retaliation. Any person who reports a suspected integrity violation or misconduct may remain anonymous or request that his or her identity be kept confidential. However, whistle-blowers are encouraged to report in a transparent manner that will facilitate effective investigation, rather than anonymous, reporting. GGGI also has a Compliance Review Mechanism, through which external parties adversely affected by GGGI's failure to comply with its own regulations, rules, policies and procedures can bring allegations to the attention of



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|--|--|
|  | <p>7 GGGI. To support this, GGGI has an online reporting mechanism that is available on GGGI’s external website. Policies and guidelines are communicated to staff through the Staff Code of Conduct, publication on the website and intranet, and mandatory online training within 3 months for all new staff and in 2015 for all existing staff.</p>   |
| <p>Increasing GGGI’s focus on poverty reduction and social inclusion was previously one of the main Danish priorities. These issues have now to a large extent been integrated into the work of GGGI. While poverty reduction and social inclusion remains a priority for Denmark, it is expected to require less attention.</p> | <p>Since the 2017 Denmark Review, GGGI has taken progressive steps in the last one and half years to integrate poverty reduction and social inclusion in its strategy, programmatic and results reporting orientation. With the formation of the Sustainability and Safeguards Unit (SSU), GGGI has managed to incorporate gender and poverty reduction design features/measures in its PCM process through the introduction of poverty and policy markers. This will ensure the mainstreaming of poverty reduction and gender in the PCM.</p> <p>GGGI has included a new gender and social inclusion performance indicator in its new CRF, 2019-2020. This indicator will track and report on the poverty reduction and gender benefits of GGGI projects from 2019 onwards. PRSI had also undertaken extensive awareness and messaging campaigns to inform and guide programmatic and corporate support divisions on the necessary alignment work and actioning of these changes.</p> <p>7 GGGI is also offering strengthening of partner capacity in the areas of safeguards, gender and social inclusion in order to meet donor and financier requirements, which further helps unlock investment flows. The work has resulted in a steadily increasing pipeline of inclusive green growth policy and investment projects since 2017.</p> |

## Annex 7: Plan for communication of results

The Communications opportunities will be identified on an ongoing basis with advanced planning on a semestrial basis. Below overview is thus indicative and subject to specific agreement on each item.

| What?<br>(the message)   | When?<br>(the timing)                               | How?<br>(the mechanism)  | Audience(s)  | Responsible   |
|--|---|--|--|---|
| Results and impact stories in key countries in Africa (Burkina Faso, Ethiopia, Uganda) and in Asia (India, Indonesia, Thailand). | During implementation as soon as available          | <p>MFA SoMe &amp; webpage<br/>                     Relevant Embassy SoMe &amp; webpages<br/>                     MFA public diplomacy<br/>                     Denmark Daily newsletters, MFA SDGs Magazine, etc.</p> <p>GGGI website (Click <a href="#">here</a>), examples of news articles (click <a href="#">here</a> and <a href="#">here</a>), and social media (<a href="#">Twitter</a>, <a href="#">LinkedIn</a>, <a href="#">Facebook</a>, <a href="#">YouTube</a> and <a href="#">Instagram</a>)<br/>                     GGGI <a href="#">newsletter</a></p> <p><a href="#">Arirang TV</a>, Korea's first English-language <a href="#">television station</a> and the <a href="#">Korea JoongAng Daily</a> are media partners of GGGI.</p> <p>Examples of blogs written by GGGI's leadership:<br/> <a href="#">Q&amp;A: The promise of a green COVID-19 recovery</a><br/> <a href="#">Q&amp;A: The road to greening the COVID recovery</a><br/> <a href="#">An ambitious year for climate is a big year for women's empowerment</a></p> | <p>The Danish resource base and taxpayers and international partners in Danish development cooperation</p> <p>Green leadership incl. think tanks and mayors, and population in target countries.</p> | <p>MFA/GDI and Public Diplomacy Team MFA</p> <p>GGGI HQ</p> <p>GGGI HQ &amp; country level with input from DK embassies</p> |
| Larger results and impact stories related to global climate ambition   | Leading up to COP26 and SDG7 ministerial conference | Same channels as above but adding relevant international media platform/s.   | Same as above but adding relevant international audiences  | MFA/GDI and Public Diplomacy Team MFA<br>GGGI HQ  |

Below are given links to social media platforms with news communication from GGGI.

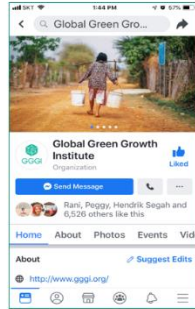
GGGI SoMe  
"signature"

Links to GGGI on key social media:

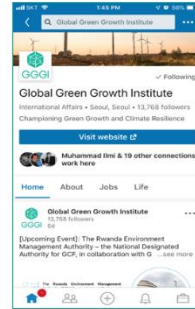
GGGI Social Media



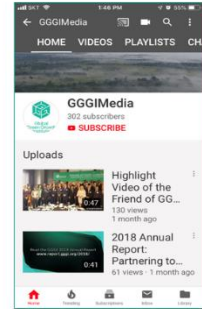
@gggi\_hq  
Followers: > 10,400



Global Green Growth Institute  
Fans: > 9,500



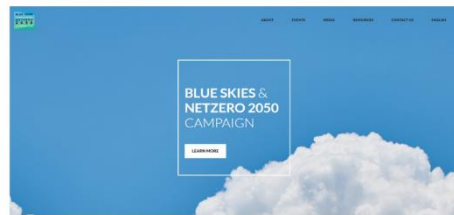
Global Green Growth Institute  
Followers: > 35,000



GGGIMedia  
Subscribers: > 550

Website

<https://blueskiesandnetzero2050.org/>



<https://report.gggi.org/2019/>

<https://storiesofchange.gggi.org/pacific/index.html>



## Annex 8: Process Action Plan

| Action/product  | Dates/Deadlines 2020                       | Responsible unit                    |
|---|--|-------------------------------------|
| Programme Committee Meeting   | 20 August                                  | MFA                                 |
| 3 <sup>rd</sup> Formulation meeting (half day meeting, thematic approach based on feed-back from programme committee and DFID evaluation and GGGI response) | 25 August                                  | MFA/GGGI<br>(including MFA/QA team) |
| 1 <sup>st</sup> draft programme document for GGGI contributions and comments  | 25 September                               | MFA                                 |
| 1 <sup>st</sup> draft programme document with GGGI inputs and GGGI/GDI call   | 1 October                                  | GGGI                                |
| Final draft Programme Document submitted for MFA last step in appraisal and internal approval   | 25 Sept. to 8 October                      | MFA                                 |
| Final revisions of Programme Document   | 8 to 12 October                            | MFA                                 |
| Programme document submitted to Council for Development Policy  | 13 October                                 | MFA                                 |
| 9 <sup>th</sup> Session of Assembly and 13 <sup>th</sup> Session of Council – E-consultation<br>-Joint session  | 12-23 October<br>28 October                | MFA/GGGI                            |
| Council for Development Policy Meeting  | 28 October                                 | MFA                                 |
| Approval by the Danish Minister for Development Cooperation   | First half November                        | MFA                                 |
| Signing of Agreement GGGI/MFA, immediately upon Minister's approval   | Mid-November                               | MFA and GGGI                        |
| MFA disbursement of 1 <sup>st</sup> tranche of funding to GGGI  | Late November                              | GDI/GGGI confirmation               |
| GGGI Submission of annual reports to MFA  | Late February 2021, 2022, 2023, 2024, 2025 | GGGI                                |
| Strategic monitoring dialogue   | Mid- June 2021                             | MFA/GGGI                            |
| Periodic Review. Jointly with other GGGI core funders if possible.  | Late 2021                                  | MFA                                 |

## Annex 9: Signed Quality Assurance Checklist and follow up actions

|  |   |
|--|---|
| <b>Title of (Country) Programme</b>  | <b>Danish support to GGGI 2020-2022</b>   |
| <b>File number/F2 reference</b>  | <b>F2 2020-21664</b>  |
| <b>Appraisal report date</b>   | <b>8-10-2020</b>  |
| <b>Council for Development Policy meeting date</b>   | <b>28-10-2020</b>   |
| <p><b>Summary of possible recommendations not followed (to be filled in by the responsible unit)</b></p> <p>Recommendation 7, to encourage GGGI to set up a challenge fund in Africa, is not followed. While GDI agree on the importance of mobilising investment for Africa, GDI is engaged in the consolidation and focus of GGGI work and impact and do not intend to contribute to further spread of GGGI's administrative burden. Rather, in close collaboration with other core donors, GDI will maintain a focus on investment mobilisation in Africa through focused dialogue with GGGI on their strategy, efforts, results and lessons in this area.</p>  |   |
| <p><b>Overall conclusion of the appraisal</b></p> <p>The proposed support to GGGI is relevant, and it is an effective and efficient way of supporting a green transformation that is impacting positively on poverty reduction and equitable sustainable development in the global south. The final draft of the Project Document is a solid document that contains all the relevant information and descriptions needed to form the basis for the agreement between Denmark and GGGI. A few adjustments to the Project Document are recommended by the Appraisal Team. The Appraisal is positive, and it is recommended that the support to GGGI should progress in the planned approval process while addressing the adjustments in the project document as recommended in the appraisal report.</p> |   |
| <b>Recommendations by the appraisal team</b>   | <b>Follow up by the responsible unit</b>  |
| <p>1. The appraisal is positive and recommends the continued support to GGGI as outlined in the Draft Project Document with a total budget of DKK 80 million. The proposed engagement should be presented for the Council for Development Policy for endorsement, with consideration to the following recommendations.</p>   |   |
| <p>2. The PD outlines several modalities for an active Danish engagement in GGGI. The appraisal appreciates the wish of the Ministry of Foreign Affairs to become an active partner, and it is assumed that the necessary resources will be allocated for an active partnership.</p>   | <p>Agree. GDI will allocate the necessary resources to ensure an active partnership including participating in MPSC twice annually (occasionally by skype) in addition to ad-hoc bilateral dialogue. This is supplemented by the on-going interaction between Danish embassies and GGGI in the countries in Africa and climate front-posts targeted by the earmarked support.</p> |

|   |   |
|---|---|
| <p>3. It should be considered to create more coherence between the support for GGGI and other Danish engagements contributing to building low-carbon, inclusive, climate resilient societies and green growth, e.g. collaboration between the UNEP DTU Partnership and GGGI could create value addition to both institutions. Other engagements, such as the Danish support to IUCN, SEforAll, NDC-P, ESMAP etc. could also benefit from closer connection between the engagements.</p> | <p>Agree. The PD already builds on a strategy to promote coherence between GGGI and other Danish partners and instruments (see 3, 6.2, and Table 1), however, it will be considered if there are additional opportunities to promote coherence, including with the suggested institutions.</p>  |
| <p>4. The core funding should be maintained, but should be partly targeted to support HQ activities that are clearly associated with contributions to country programmes and support for in-country policy advice and fund raising activities.</p>  | <p>Agree, however, with the qualification that the core-funding as unrestricted funding will be allocated based on GGGI's WPB, reflecting the distribution approved by the Council. Prior to this Council approval, the MPSC discuss the distribution of core funding between global/ country -level programmes and corporate functions (see section 9 and Annex 4). Denmark will through the dialogue in MPSC advocate for ensuring that, in the context of the overall budget, country-level activities are properly targeted in the WPD.</p> |
| <p>5. GGGI should initiate a financial analysis in order to forecast the income from contributors/donors for the period 2020-2025 to the core budget, in order to assess whether GGGI will face a financial gap during the period. At the same time, the current cost structure should be analyzed, in line with the requests from the Norwegian Government. This includes contribution to HQ level in the form of overhead from restricted, earmarked funds.</p>                       | <p>Agree. GDI will discuss this with Norwegian colleagues as well as in the broader donor group and in the MPSC.</p>  |
| <p>6. GGGI should undertake an analysis on the implications of expanding the Member countries to 38 up to 2025, and to 50 up to 2030 resp., in particular in relation to the need for extra resources to be deployed at national level, and what it would entail to get the necessary impact at national level.</p>   | <p>Agree. GDI will bring this up in the donor group and suggest a discussion in the MPSC.</p>   |

|  |   |
|--|---|
| <p>7. In order to facilitate private investments, Danida should encourage GGGI to set up a structured challenge funds that can be used to subsidize private investors by reducing the transaction costs associated with investments among African countries. The fund should be structured in such a way where individual donors can pledge contributions into the fund.</p> | <p>Disagree. GGGI's main functions are to provide advice, facilitate policy and investment processes, and as think-tank to develop knowledge projects. GDI agrees it is relevant to focus on GGGI's work with private investment mobilization. However, rather than contributing to further spread of GGGI's administrative burden, GDI will contribute through focused dialogue with GGGI on their strategy, efforts, results and lessons in this area. This will be done in close dialogue with other core donor.</p> |
| <p>8. The already started initiative to deploy personnel from HQ with expertise in finance to country offices should be continued, and special considerations be given to ensure finance expertise in new countries.</p>   | <p>Agree.</p>   |
| <p>9. The existing efforts to reinforce uptake of the policy advice at national level should be continued through provision of GGGI services which will aim at strengthening implementation of legal frameworks etc. supporting initiatives promoting transformation of national economies into green growth models.</p>   | <p>Agree. This will be GGGI's on-going mission.</p>   |

I hereby confirm that the above-mentioned issues have been addressed properly as part of the appraisal and that the appraisal team has provided the recommendations stated above.

Signed in Copenhagen on 9 October 2020, **Henning Nøhr, Appraisal Team leader**

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in Copenhagen on 9 October 2020, **Rasmus Abildgaard Kristensen, Head of GDI**