

Intermediate Outcome 2

Increased green investment flows

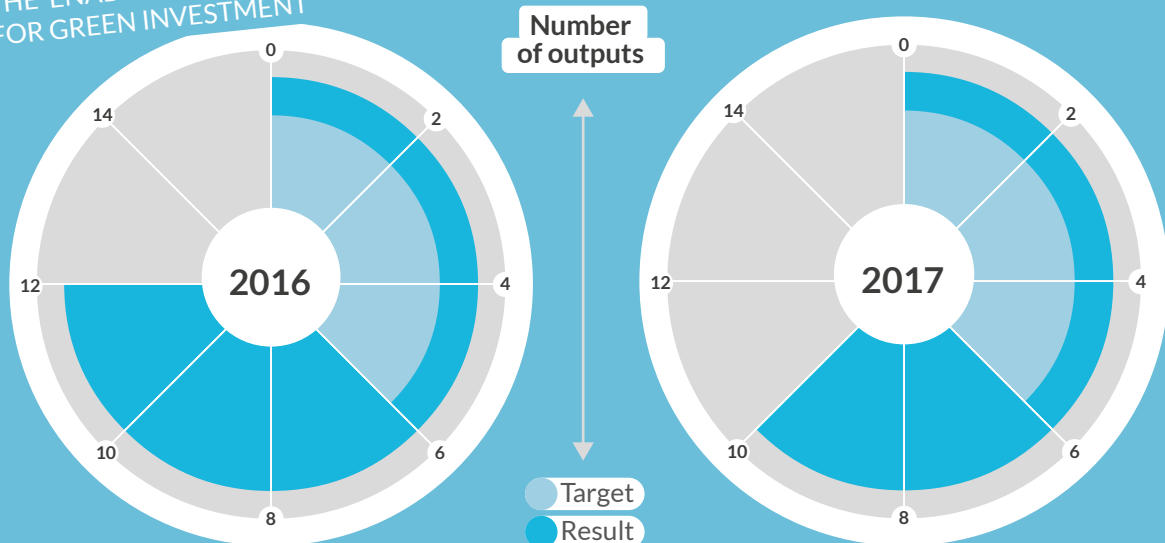
In 2016, GGGI made significant progress in developing and mainstreaming green growth in the plans and policies of its partner countries, which laid the foundation for their transformational change to green growth. In 2017, GGGI advanced its work further along the 'right side' of its value chain, focusing on scaling up the mobilization of green investment flows to fund the implementation of green growth projects.

GGGI's 2017 priority was to mobilize green investments from both the public and private sector by improving the enabling environment for investors. To that end, GGGI developed de-risking tools and helped implement regulatory reforms. GGGI also directly mobilized investments for partner countries by developing investment proposals, bankable projects and National Financing Vehicles (NFVs).

One of the most important challenges for GGGI is turning its partner government's commitments to promote green growth into funded projects that tangibly help partner countries transition to sustainable green growth. This involves identifying interventions to create the necessary financial and market conditions to make green growth investments attractive to investors. In 2017, such interventions included: removing barriers to investment; attracting domestic and international finance; developing risk reducing financial instruments. These interventions have assisted to rapidly develop markets for green growth projects and products.

In 2017, GGGI delivered 10 outputs that aim to improve the enabling environment for green growth investments, against the planned target of 6.

OUTPUTS TO IMPROVE THE ENABLING ENVIRONMENT FOR GREEN INVESTMENT





GGGI in Ethiopia: developing a climate resilient green economy

Some examples of enabling outputs delivered in 2017 included:

- Ethiopia:** GGGI produced an important de-risking instrument for the Ministry of Finance and Economic Cooperation by developing an investment profile for the Mekele City Water Supply Project. GGGI helped draft the project concept and business case and assisted with a fundraising effort that has developed an investment profile valued at approximately USD 337 million. As a result of GGGI's support, financing commitments have been obtained from private financiers for the entire project.
- Indonesia:** GGGI supported the development of a large photovoltaic (PV) project, demonstrating the commercial viability of solar power development for remote islands, with an estimated value of USD 17.45 million. GGGI also executed a feasibility study for the connection of existing Diesel-powered grids to PV plants. The study nominated 6 financially viable locations, with an estimated capital expenditure of more than USD 15 million. The projects have since received Letters of Intent and it is likely that this demonstration project provides evidence of the feasibility of similar projects and improves the enabling environment for investment around sustainable energy in Indonesia.

Enabling Environment for Green Growth Investments

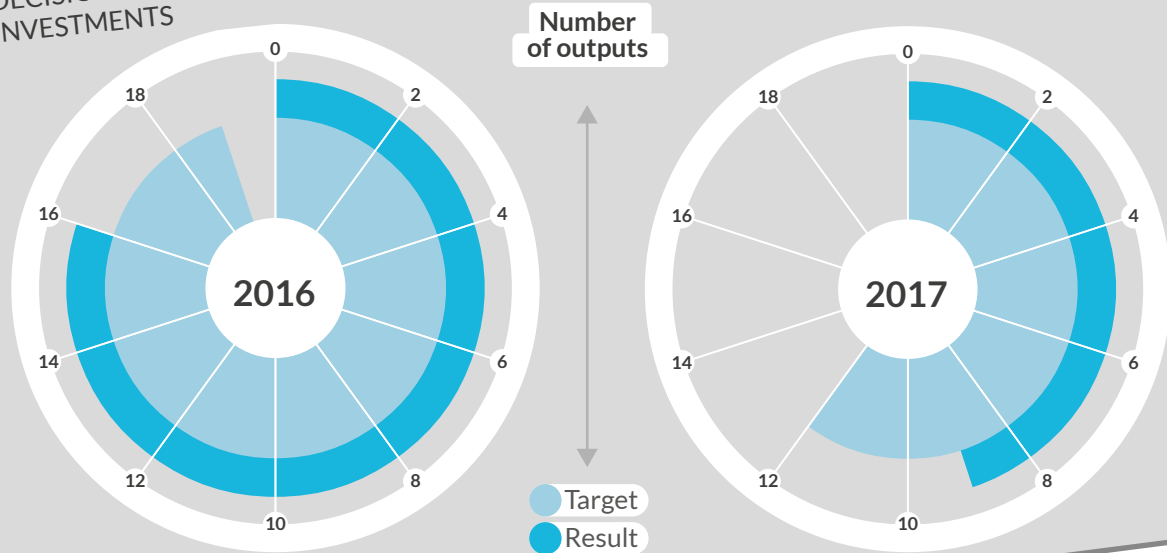
Support to operationalize the Philippines' People's Survival Fund

GGGI has assisted the Government of the Philippines to operationalize the People's Survival Fund (PSF). The PSF is a special fund under the National Treasury dedicated to financing local climate change adaptation interventions that aim to respond to the National Framework Strategy on Climate Change (NFSCC) with a minimum allocation of approximately USD 25 million annually. The PSF is designed to address the funding gaps for local climate adaptation projects for the Local Government Units and government accredited local community organizations. Ultimately, the PSF serves as an innovative financial instrument that enables investment to reach even the poorest and most rural areas of the Philippines.

In 2017, GGGI prepared institutional documents for the PSF, helping to craft its implementation strategy and preparing an institutional development plan. GGGI also supported the PSF Secretariat to develop a Monitoring and Evaluation System (MES) that provide a systematic way to monitor, track and manage the project proposals submitted by LGUs and LCOs. The MES also provides the Secretariat information and data essential for its reporting processes. Moreover, the MES functions as a knowledge management tool. It is a repository of data and information for the PSF Secretariat needed for policy decisions and actions. Additionally, GGGI developed a PSF Guidebook on Results-Based Management and Evaluation to ensure value for money and manage results to achieve meaningful progress. The guidebook serves as a preliminary document in promoting a common understanding and reliable practice of Results-Based Management and Evaluation for PSF. This allows a continuous feedback of information for governing and decision-making, ensuring an emphasis on results-driven planning and implementation.

In 2017, GGGI delivered 9 advisory outputs that informed decisions on green growth investment against a planned target of 12.

OUTPUTS THAT INFORM DECISIONS ON GREEN GROWTH INVESTMENTS



In 2017, the development of NFVs to help countries unlock green growth investments was a key priority. GGGI worked with five Member countries, Colombia, Costa Rica, Mongolia, Rwanda and Vanuatu to develop NFVs to receive and manage climate finance. GGGI also began initial assessments for NFVs in five other partner countries, Bhutan, Burkina Faso, Mozambique, Lao PDR and Uganda. Two of the NFVs completed in 2017 are described below:

- **Mongolia:** GGGI led the design of the Mongolian Green Credit Fund (MGCF), the country’s first and only dedicated financial vehicle for climate finance. The fund aims to address air pollution in Ulaanbaatar, which was among the world’s worst during last winter. GGGI helped in producing the MGCF Business Plan and commencement of a pipeline development project.

- **Vanuatu:** GGGI helped establish the National Green Energy Fund (NGEF), for Vanuatu. The NGEF aims to provide increased financing for energy access and green energy projects in Vanuatu. It was set up on May 29, 2017, and the government contributed a seed fund of USD 68,000 with a planned allocation of USD 0.6 million annually from 2018. The NGEF incorporates Safeguards Poverty Reductions and Social Inclusion best practices, including gender-sensitive project design and implementation.

Increased Green Investment

Supporting partners to access green and climate finance

Ethiopia: In 2017, USD 337 million of investment commitment was mobilized from the international private sector through the Ministry of Finance and Economic Cooperation (MoFEC) with the support of GGGI. GGGI helped produce a pipeline of projects for USD 337 million for the Mekelle City Water Project. A record for GGGI in 2017, the case demonstrated how partnerships with and funding commitments from the private sector to advance green growth programs can serve as a model for other GGGI partner countries. In addition, GGGI also supported MoFEC to develop its Global Climate Fund (GCF) Project to enhance critical irrigations systems in regularly drought-stricken areas. In October, GCF approved the USD 50 million project, contributing USD 45 million with a USD 5 million co-contribution from the Ethiopian Government. Finally, GGGI assisted MoFEC to obtain an Adaptation Fund investment of just under USD 10 million in March, 2017.

Rwanda: In 2017, GGGI helped mobilize USD 60 million in private investment for a Cactus Green Park development in Kigali as part of the Green City Pilot project, which will serve as a model for the implementation of the national green urbanization policy. Pre-feasibility studies into the Cactus Green Park development pre-feasibility studies, financed by FONERWA - a national financing vehicle in Rwanda that GGGI helped establish - found that substantial changes had to be made to make the project commercially viable. GGGI provided extensive support to complete architectural drawings and pricing structures. These pricing structures included recommendations to reduce emissions in the design process, a recommendation to use local construction materials, innovative waste water treatments and renewable energy generation and energy efficient designs. This support allowed the private investment group, Horizon, to finish its business planning and move forward with the estimated USD 60 million Cactus Park development.

India: In 2016, GGGI developed a Green Growth Strategy for Karnataka. It identified electric mobility in public transportation as a priority green growth opportunity. GGGI provided implementation support for the Strategy by assisting the Bangalore Metropolitan Transport Corporation develop a business case and financing proposal for electric buses under the national level Faster Adoption and Manufacturing of Electric Vehicles scheme. In March 2017, the Chief Minister of the State committed an investment of USD 30 million to the scheme to introduce 150 electric buses in Bangalore city.

Indonesia: GGGI supported the development of a large photovoltaic (PV) project, demonstrating the commercial viability of solar power development for remote islands, with an estimated value of USD 17.45 million. GGGI also executed a feasibility study for the connection of existing Diesel-powered grids to PV plants. The study nominated 6 locations, which are financially viable with an estimated capital expenditure of more than USD 15 million. The projects have attracted private sector investment, totaling USD 32.45 million and demonstrating the commercial feasibility of replicable and scalable sustainable energy projects in Indonesia.

Costa Rica: GGGI provided inputs in support of a concept note for the Environmental Bank Foundation (FUNBAM), a specialized financing vehicle for ecosystem management and sustainable development across the country. The inputs provided an analysis of the current capacity, performance record and legal structure. The concept for the specialized financing vehicle recommended a contribution of USD 1 million of seed funds to help FUNBAM become an independent financing entity, which the Government approved in April 2017.

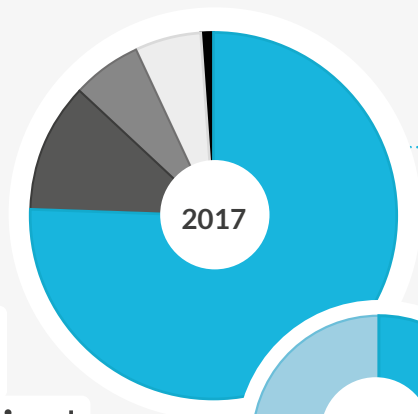
Fiji: GGGI helped complete a pre-feasibility study for a project aiming to deliver 100% renewable energy for the Islands of Ovalau and Taveuni. The successful completion of the study for Taveuni has led to a full feasibility study undertaken with the Ministry of Economy and Fiji Electricity Authority for a 1.55-megawatt Solar Power system. Upon GGGI's discussions and negotiations with the Korea International Cooperation Agency, a contribution of USD 3.5 million capital for the implementation of the project has been committed based on the completion of the full feasibility study.

In 2017, the increased focus on moving to the 'right-hand side' of GGGI's Value Chain resulted in identification and preparation of bankable projects and NFVs. GGGI's support in Costa Rica, Ethiopia, Fiji, India, Indonesia, Rwanda and Vanuatu mobilized finance from governments and donors to fund green growth activities.

GGGI, in 2017, supported the mobilization of USD 524.6 million in investment, a record that significantly exceeded the year's target of USD 64 million. Of this amount, USD 337 million of investment in Ethiopia, USD 60 million of investment in Rwanda, and USD 15 million of investment in Indonesia was mobilized from the private sector. Private sector financing accounted for 78.5% of the investments mobilized for 2017 with the balance contributed by governments and donors.

In 2017, GGGI contributed to the mobilization of USD 524.6 million toward green growth investments, against a target of USD 64.0 million.

ADVISORY OUTPUTS THAT INFORM DECISIONS ON GREEN GROWTH INVESTMENTS

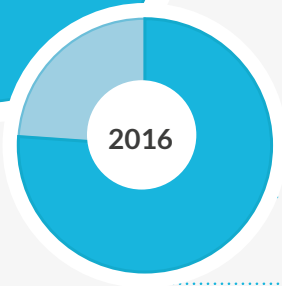


Target
USD 64 million

Result
USD 524.6 million

2017

- Ethiopia, USD 397 million
- Rwanda, USD 60 million
- Indonesia, USD 32.5 million
- India, USD 30 million
- Others, USD 5.2 million



Target
USD 18 million

Result
USD 105 million

2016

- Ethiopia, USD 80 million
- Colombia, USD 25 million

The total amount of investment was a historic record of

USD 524.6 million!

78.5% mobilized from the Private Sector

The high level of investment mobilized, particularly from the private sector, is an important step forward for GGGI in broadening the opportunities for raising investment capital to implement green growth development projects in Member and partner countries.

While the total private investment mobilized in 2017 is concentrated in only 3 countries - Ethiopia, Rwanda, and Indonesia - this achievement overall provides strong evidence that partner countries can aggressively pursue opportunities with the private sector to co-fund their green growth ambitions.