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MAXIMIZING ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY

As an organization, GGGI has grown in size and its scale of outputs which has required a shift in its staff and financial resources increasingly in-country (particularly out of HQ and into LDCs) and spending more on program delivery. With this underlying objective, GGGI's ongoing efforts to improve its financial stability and strengthen its business processes are geared to enhance its performance, effectiveness, governance and brand.

BALANCE BETWEEN LDCs AND MICs AND PROGRAM ALLOCATIONS

To enhance its presence in the LDCs that are GGGI's Members, GGGI has established 2020 targets to allocate 42% of core country program budget to Members LDCs (see table below). In 2019, core funding to LDCs was 51%, compared to 49% in 2018, already exceeding the 2020 target. Similarly, GGGI has established 2020 targets to allocate 87% of the core budget to Member LDCs and MICs combined. In 2019, core funding to Members LDCs and MICs increased to 80%, from 77% in 2018, but is still 7% below 2020 target. Similarly, GGGI in 2019 allocated 84% of its core budget to vulnerable countries which include LDCs, Land Locked Developing Countries (LLDCs) and Small Island Developing States (SIDS) already well exceeding the 2020 target of 60%.

2019 Allocation for LDCs and MICs

	2018	2019	2020 (Target)
% of core budget allocated to LDCs	49%	51%	50%
% of core budget allocated to MICs	28%	29%	50%
% of core budget allocated to LDCs and MICs combined	77%	80%	87%
% of core budget allocated to vulnerable countries (UNOHRLLS definition)	N/A	84%	60%

BUSINESS PROCESS IMPROVEMENTS

GGGI has taken concerted efforts to improve its business processes through the iGROW business reform. This is both in response to the 2015 Joint Donor Review, but it is also fundamentally necessary to provide corporate support for improved delivery of programmatic and operational priorities and strengthen transparency and integrity. The aim is to ensure our business model is geared toward the delivery of our IOs and SO impacts, enabling the organization to be more nimble and flexible, making GGGI a great place to work. In 2019, some of the major actions taken include the review and strengthening of the PCM process, including the finalization of the new PCM 4 Manual on project implementation and management, effective use of GGGI Online, particularly for project management, increased engagement in the use of the CRM system for resource mobilization, adaptation of GGGI's business travel policies, greater flexibility in budget allocation and better management of its financial resources.

ENHANCING EFFICIENCY

Implementation of the WPB in 2019 reflected a commitment to efficiency of internal support functions, particularly performance of human resources management, legal, finance, and facilities services in line with the reform agenda. GGGI is further strengthening the foundation for a country-based operation business model and ability to respond to the needs of its partners, by empowering staff in the field and those closer to the clients, to make necessary decisions on GGGI operations. An example of this reform is to move the responsibility and accountability for GGGI's resource mobilization to its country offices.

To track performance of enhancing efficiency, GGGI has established 2020 targets for percentage of spending on management and administration and non-programmatic activities (see table below). The results for 2019 have showed a decrease in the percentage of total budget spending on management and administration from 15% in 2018 to 12% in 2019. Similarly, the percentage of total budget spent on non-programmatic activities decreased from 22% in 2018 to 20% in 2019, exceeding the 2020 target by 10%.

2018 Management & Administration and Non-Programmatic Budget Allocations

	2018	2019	2020 (Target)
% of total budget on management and administration	15%	12%	17%
% of total budget spent non-programmatic activities	22%	20%	30%

STRENGTHENING OUR EVALUATION EFFORTS

GGGI undertakes evaluations of its work through its Impact & Evaluation Unit (IEU). In line with GGGI's Annual Evaluation Workplan 2019, IEU focused on: (a) delivering country and thematic evaluations; (b) introducing and piloting Impact Pathway Review (IPR) as a tool for assessing and demonstrating impact; (c) delivering M&E services in response to program needs. In the first half of 2019, IEU finalized and published two evaluation reports on the Peru Country Program and Green City Strategies. IEU also commenced a new thematic evaluation on the topic of Green Investment Services. In addition, IEU also developed an improved methodology for evaluating country programs, called Impact Pathway Reviews (IPR), and piloted the new approach on GGGI's Mongolia Country Program between April and October 2019. The IPR sought to combine improved program logic mapping and visual presentation methods and integrate the 'Green Growth Evidence Base' work initiated in previous years, to create more easily digestible, credible and usable products for key decision making audiences. Based on the results of the pilot, IPRs will be undertaken on 4 additional country programs and also mainstreamed into GGGI's programming systems in 2020. Finally, IEU also delivered M&E services in response to country program needs. Over 40 requests for support were met by IEU during 2019, covering: development of logframes and drafting text for earmarked proposals; reviewing proposals for core funding; supporting project implementation; and supporting M&E-related procurements and recruitments.

For more on individual evaluation products, visit: https://gggi.org/results-evaluation/evaluations.

STRENGTHENING OUR FUNDING BASE

Since 2013, GGGI has relied primarily on core contributions to fund its operating income. However, since 2015, core contributions have decreased, while earmarked contributions have increased. In response to this trend, GGGI has taken decisive and prudent steps to change its business model to be able to attract sufficient earmarked funding. The business process reforms (iGROW) is aimed at transforming GGGI's operating business and funding models with the objective of reducing its reliance on core contributions and increase, correspondingly, the share of earmarked funding in its funding model. The iGrow reforms also aim to move GGGI from a contracting management agency toward a greater in-house capacity to implement projects, maximizing the technical services for GGGI's Members and partners provided by its staff.

To respond to this challenge, GGGI is focused, through collaboration among its Seoul headquarters and country offices, to identify potential earmarked funding sources to meet GGGI's programmatic priorities going forward. The primary goal of these efforts is to increase resources to respond to the needs of its Members and partners and to add value by catalyzing additional resources for them to provide green growth support.

RISK MANAGEMENT

GGGI proactively manages its risks related to the organization and reputation, operational program and portfolio, finance, legal, information technology and data, human resources, and work environment. In 2017, GGGI adopted a Risk Management Framework (RMF), which consolidated GGGI's risk awareness and risk management culture, established a risk registry and mitigation measures, and provided a monitoring framework for risk management. The Director-General oversees implementation of the RMF and reports every six months to the GGGI Management and Program Sub-Committee (MPSC) and publicly to the Council in the Annual Report. This involves the Council's review and provision of advice on the appropriateness of the risk assessment, effectiveness, and adequacy of risk mitigation and management.

The RMF is monitored by the GGGI Management Team through the Risk Management Matrix. The matrix is a tool for internal consultation and assessment of risks with indications of the priority rating using traffic-light color-coding. It includes risk mitigation measures, which, in turn, are implemented through daily operations by assigned accountable staff. In a situation where risks that would impact GGGI significantly escalate to a high likelihood of occurrence, the Management Team would support the Director-General to identify options for reducing the probability of risk from occurring and the impact on the organization.

In May 2019, both the RMF document as well as the matrix were reviewed by the Management Team and below key updates were reported the MPSC Members in the July MPSC session:

- **Financial Management & Operations:** While GGGI implemented a growing portfolio of earmarked projects and developed online-business tools to support resource mobilization such as Customer Relationship Management (CRM), it is important to note that the core resources still remain critical for the organization.
- **Operational Program and Portfolio Management:** GGGI added a risk on Environmental and Social Safeguard (ESS) - GGGI program failing to meet ESS standards due to weak project design, implementation, inadequate resources or lack of capacity, may lead to eroding Members, partners and public trust and GGGI's reputation.
- **Working Environment:** GGGI added a risk on Security for Country Offices - security situation in country(ies) not properly taken into account in the planning and implementation of GGGI's operations, resulting into failure to deliver commitments to donors and Members, and posing threats to the safety and security of personnel and loss or damage to assets.
- **Human Resources:** Reduced likelihood of the risk on appeals against HR administration decisions and disciplinary matters due to increasing efforts to provide channels for informal conflict resolutions such as appointing Ombudsperson, Respectful Workplace Advisors and recent membership to ILO Administrative Tribunal.

In November 2019, the GGGI Management Team reviewed both the RMF and the matrix for the second time in the year. The main conclusion was that risks to the organization in terms of operational program and portfolio management, financial, legal and human resources were assessed to be at satisfactory levels overall, and that adequate measures were being implemented to sufficiently manage and reduce GGGI's risks. GGGI noted additional mitigation measures for risk on foreign exchange from donor contributions and also noted that both likelihood and impact levels of risk on safety of staff assignment in countries without Host Country Agreements are lower due to implementation of the approved country programming criteria which will eliminate the situation in the future.

GGGI plans to implement the RMF in all country and regional offices in 2020. The rationale for the roll out being that whilst most of the risks identified in the RMF are common across all regions and offices, there may be some additional risks which are either regional or country specific. The intention of the roll out is, therefore, to identify additional regional or country specific risks and to ensure that adequate mitigation strategies are in place. GGGI will update the roll out to MPSC Members as part of the next update of the RMF scheduled for the MPSC session in July 2020.

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