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The Global Green Growth Institute: On a Mission to Prove Green Growth

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Introduction

On October 23, 2012, a new international organization dedicated to changing the way countries grow economically made its official debut on the world stage. The eighteen member countries of the Global Green Growth Institute (GGGI) convened for the first time as an international body in Seoul during a ministerial meeting just a month in advance of the United Nations (UN) climate talks in Qatar.¹ Three years ago, the GGGI was only an idea championed by South Korean president Lee Myung-bak, who has made green growth a centerpiece of his administration's policy agenda. Since the institute's launch in June 2010, it has evolved from a small South Korean nonprofit into an organization that has built the necessary foundation for conversion to an international organization.² It currently has sixty-two staff members and three regional offices in Abu Dhabi, Copenhagen, and London, in addition to its Seoul headquarters.³ The GGGI has an estimated 2012 budget of more than \$35 million.⁴

The GGGI reflects President Lee's "me first" approach to climate change, which he has described as the idea that countries should take initiative and execute policies appropriate to their respective circumstances without waiting for others to act first.⁵ The GGGI is already at work on the ground in ten countries. The institute focuses on developing and emerging economies that want technical and policy advice on how to pursue more sustainable economic growth. It is intended to be an economic counterpart to the global bodies that focus on the scientific aspects of climate change.⁶ Generally, green growth refers to the idea that economic growth and environmental protection are not at odds, but can be mutually reinforcing. Though green growth is now widely discussed, it remains an aspiration.

The GGGI has staked its future on its ability to prove that green growth is possible. It is a grand experiment. While other international organizations have been formed in order to address collective challenges, the GGGI is organized around the pursuit of a solution that is not yet proven. Can developing countries achieve broad-based economic growth while avoiding environmental damage? And can avoiding environmental damage in itself present new opportunities for growth? The GGGI will test these ideas in countries that want to integrate green growth into their core economic development agendas and use those experiences to advance the body of knowledge.

If it is successful, the GGGI's work could revolutionize international economic development efforts. However, the institute will face obstacles related to maintaining international political support, recruiting staff, and securing funding. Ultimately, the GGGI's success depends on its ability to effectively address developing countries' institutional and technical shortcomings over the long term. Maintaining continuity of political support for green growth plans inside South Korea will also need attention. In this way, it faces the same challenges that have dogged traditional development efforts for decades.

Economics First

The Rio+20 UN Conference on Sustainable Development held in June 2012 generated a slew of epithets. A news release from CARE International claimed the conference was “nothing more than a political charade.”⁷ Greenpeace International executive director Kumi Naidoo said it was “a failure of epic proportions.”⁸ Rio+20 secretary-general Sha Zukang’s verdict: “An outcome that makes nobody happy.”⁹ Over the past several years, many observers have expressed frustration with the inability of environmental talks that include thousands of participants to produce concrete action or meaningful results. However, Rio+20 did produce numerous side agreements on a variety of sustainable development actions. These were negotiated on the margins of the conference between communities, countries, and corporations.¹⁰ In a sense, this do-it-yourself spirit reflects the ethos of the GGGI, which seeks to combine coherence and technical capacity with local desires for action on green growth initiatives.

There are two important premises to the GGGI’s approach. The first is that environmental challenges, such as water stress, biodiversity loss, and climate change, are economic policy challenges.¹¹ Though the GGGI expects that its work will make positive contributions to climate change mitigation and poverty reduction, it operates by looking through a wider lens that assesses how countries can use resources more efficiently. The first step is to take an economic view of the situation. “We view ourselves as an economic institution, not an environmental institution,” GGGI executive director Richard Samans said of the institute.¹² By acknowledging that economic growth and rising living standards are crucial for developing countries, and by accounting for the incentives that have led to stress on natural resources, this view is a welcome complement to the global climate bodies that tend not to emphasize these points as first principles.

The second premise is that years of intense focus on global, top-down, legalistic solutions to climate change have come at the expense of a “how-to” focus on the ground.¹³ The result is severe underinvestment in the economic framework necessary for countries to attract private and public capital to achieve economic development goals that can produce both economic and environmental pay-offs, such as projects that can simultaneously produce new jobs and access to clean energy sources. The GGGI seeks to fill this economic gap by developing an “enabling economic architecture,” or frameworks for integrating economic and environmental goals that include plans to attract investment to fulfill them.¹⁴ In this way, the GGGI’s country-by-country (or in some cases, province-by-province), bottom-up approach is the right supplement to top-down, global negotiations. In short, global discussions advance ideas about what to do. The GGGI focuses on how to do it.

A core activity of the GGGI is advising countries on forming what it calls a Green Growth Plan (GGP). This begins with assessing the country’s own goals for economic development. The GGGI then helps make a thorough evaluation of where economic performance targets can overlap with potential environmental benefits. It also helps identify policy options, taking into consideration the trade-offs inherent in policy choices. “Green growth is not a free lunch in most cases,” Samans argues.¹⁵

The GGGI also assists with the crucial step of investment analysis—building quantifiable investment cases that can help attract public and private sector resources—to help countries fulfill their plans. Reducing information and policy barriers to investment through rigorous analysis is seen as a critical part of the GGGI’s work. In effect, the GGGI diagnoses an economy’s green growth potential and then helps to craft investment cases to translate policy into reality. This is a distinguishing feature of the GGGI: a whole-of-government approach that seeks to integrate green growth into a country’s economic development agenda, rather than produce disparate, one-off environmental projects. This is ambitious but necessary: uncoordinated, small-scale projects are unlikely to be enough to achieve the paradigm shift to a green economy that the GGGI seeks.

Building a Green Growth Model

The idea that there is no one-size-fits-all solution to economic development has become something of a mantra in the development community. Consideration of political, environmental, and economic conditions on the ground is an imperative often mentioned in discussions about development. This is as true when striving for green growth as it is for traditional growth. How then can the GGGI achieve its mission of building a green growth model that is widely applicable?

The GGGI aims to do this by focusing intensively on a small number of countries that vary by region, income level, and type of economy in order to test green growth in diverse locations.¹⁶ The goal is to produce successful examples that show green growth is possible in a variety of settings and that there are best practices that can be adapted to different situations. These on-the-ground experiences will also feed into the GGGI's own research, including through two multilateral initiatives for which it is acting as the secretariat: the Green Growth Knowledge Platform and the Green Growth Best Practice Initiative.¹⁷ According to Samans, the GGGI plans to work with ten to twenty countries over the next several years “that are serious about driving green growth into their economic development plans.”¹⁸

How to judge whether a country is serious about green growth? The GGGI pursues projects only in countries from which it has received a high-level request, usually at the ministerial level, and also consults widely with interested parties and ministries.¹⁹ This ensures buy-in at the highest levels, though this may last only as long as the current government is in place. What happens when administrations change, and along with them, the political dynamics that initially favored green growth? The GGGI hopes that successful cases of green growth will eventually inspire other countries to adapt green growth models to their own situations.²⁰ However, changes in political support or opposition from domestic interest groups will be potential risks to successful implementation of green growth plans.

Even where political conditions are supportive of green growth, underlying problems can stymie the best of green growth intentions. A recent World Bank report cautions, “[Green growth] is not a panacea to a country's economic ills: if economic growth is insufficient because of institutional or policy problems, green growth will not boost it in the absence of other structural changes.”²¹ Buy-in without strong institutions and technical knowledge is not enough. The GGGI tries to address such deficiencies head-on from the beginning by integrating a strategy to strengthen institutional and technical capacity into its plans. Although such foresight is commendable, the task of fortifying institutions so that they can absorb and retain technical know-how for the long term remains a tall order for broader international development efforts.

As a young organization, the GGGI is still building a pipeline of projects. Ethiopia is one of the first countries in which the GGGI began its work, and it offers one of the most complete cases so far to illustrate the GGGI's approach. In 2010, the government of Ethiopia announced an ambitious Growth and Transformation Plan (GTP) that set a goal of achieving middle-income status and a climate-resilient economy through low-emissions growth.²² The country's contribution to global car-

bon emissions is minimal and it already generates the bulk of its power from renewable sources, mostly hydropower.²³ Ethiopia's interests are avoiding future increases in emissions, using resources more efficiently, and reducing its vulnerability to changes in the climate.²⁴

Working within the context of the GTP, the GGGI assisted the Ethiopian government with developing a green growth plan called the Climate Resilient Green Economy (CRGE) strategy. To build domestic support, the GGGI helped create a cross-ministerial committee to coordinate actions for shepherding the process along. The institute invested in local technical capacity from the start by forming technical committees to develop sectoral strategies and to serve as a repository for transferring technical knowledge to teams from relevant ministries.²⁵ The CRGE includes over sixty projects in multiple sectors for low-emissions growth. The GGGI is currently working with the Ethiopian government on an implementation and investment plan, called the "iPlan," to achieve these and other green growth objectives.²⁶

A country's decision to commit to sustainable development through green growth can offer an attractive benefit: access to financing. Economic development plans that can be sold as "green" can attract new sources of financing dedicated explicitly to green initiatives. Last month, the Ethiopian government launched the Climate Resilient Green Economy Facility, a tool for mobilizing public and private sources of funding to support projects in line with the CRGE. So far, the fund has received pledges of \$60 million from the Norwegian government and \$24.3 million from the government of the United Kingdom.²⁷ This is far short of the estimated \$150 billion that the Ethiopian government is seeking to support the iPlan.²⁸ Current economic conditions may make it difficult for governments to follow through on funding pledges for new financing vehicles.

The GGGI acknowledges that bringing Ethiopia's plan into action will require strong commitment from the government and others.²⁹ A look at some of its proposed projects for low-emissions growth is instructive.³⁰ For example, some could require significant investment, such as building a light rail transit system. Some may require serious expertise and introduce competing demands for a resource, such as bringing non-forest land into agricultural production through new irrigation projects. Still others may require political action and enforcement mechanisms, such as enacting fuel efficiency standards. Culture matters, too. For example, Ethiopia's CRGE cites "cultural reasons" as a barrier to the adoption of efficient cooking stove technologies, a strategy for reducing forest degradation.³¹ The "enabling economic architecture" that the GGGI seeks to build requires complementary institutional strength and political support in order to translate these priorities into reality.

This will be the real test for the GGGI. Building institutional capacity is a long-term project and political dynamics can be unpredictable and difficult to maneuver. The best green growth plan will not help a country achieve a true paradigm shift to green economic development if it stays on the shelf because the capacity to implement it is lacking or political support is weak. Recognizing this, the GGGI addresses these challenges from the time it begins working in a country. Whether it can manage them over the long term and leave in place something that will endure when its time in a country is over is an open question.

Becoming an International Organization

There are other organizations that pursue green economy projects around the globe, such as the UN Development Program and the Climate Knowledge and Development Network. Consulting powerhouses such as McKinsey & Company have generated numerous ideas related to advancing green growth strategies in recent years.³² Until now, however, there has never been an international organization dedicated solely to developing green growth strategies for integration into a country's core economic development agenda. The GGGI will remain small for now, but it sees itself as a new kind of organization.³³

The GGGI aims to be a hybrid organization, linking developed and developing countries as well as governments and nonstate actors. Its advisory committee will consist entirely of nonstate actors, such as leading experts in fields related to green growth.³⁴ In addition, its executive body, called the council, which will oversee the GGGI's strategy and budget, will include a range of contributing member countries and participating member countries, along with experts or other nonstate actors, the host country, and the director general.³⁵

The GGGI's financing has come primarily from voluntary contributions from members, with additional project funding from member and nonmember countries and international financial institutions.³⁶ The GGGI has also received funds from Korean steel giant POSCO and Denmark-based manufacturer the Danfoss Group.³⁷ The institute will seek Official Development Assistance (ODA) eligibility status from the Organization for Economic Cooperation and Development (OECD) as a means to enhance its attractiveness to some donor countries.³⁸

On October 20, South Korea won a bid to host the secretariat of the Green Climate Fund (GCF), a victory that could enhance the GGGI's prospects for securing future financing from a fund that aims to raise \$100 billion per year by 2020.³⁹ The GCF was established during global climate talks last year to help developing countries access financing for climate change mitigation and adaptation projects. Locating the GCF secretariat in Songdo, near Seoul, could reinforce the GGGI's efforts and pave the way for relationship building between the two organizations. The decision to choose South Korea will become final upon endorsement by countries participating in the annual UN climate negotiations later this year in Qatar.⁴⁰

Prospects for Success

There are at least two important criteria for the GGGI's success in the long run. First, can it amass enough evidence to prove that green growth is possible? Second, can it show that successful cases can be emulated in diverse settings? These are two separate challenges. Even if green growth is shown to be possible somewhere, is this a guarantee that it can succeed anywhere? It will take only one successful case of implementing a wide-ranging green growth plan in a country to show that green growth has potential.

The second question is more difficult because answering it with an unequivocal "yes" means overcoming the same challenges that traditional development efforts have long faced: finding a way to address developing countries' institutional and technical limitations in a way that endures over the long term and successfully navigating in-country political dynamics. As a brand-new international organization, the GGGI has the benefit of decades of lessons learned in the broader development community, and the institute's embrace of these insights are evident in its approach, especially in the priority it places on gaining wide-ranging domestic support from the start and creating platforms for helping countries learn from each other's green growth experiences. Still, in order to achieve a paradigm shift, it will have to clear the same hurdles that continue to confront traditional development efforts. The GGGI will need many years of sustained support before it can show that green growth is truly possible in any setting.

Maintaining international political support will be an ongoing task. The GGGI has begun to operate as an international organization without the ratification of its host country. The South Korean National Assembly has yet to ratify the agreement that established the GGGI; fourteen other member countries have also not ratified the agreement.⁴¹ Distractions related to South Korea's upcoming presidential election may be one reason why the National Assembly has not acted. The National Assembly's lack of action raises the question of who will be the GGGI's national champion in the international sphere after President Lee's term is over. It is unclear whether South Korea will continue to be the driver of the GGGI that it has been under President Lee. Does South Korea see the GGGI specifically, and green growth more generally, as an agenda of the Lee administration, or will internationalizing the institute firmly establish it as an organization with its own identity? Denmark's early and strong support of the GGGI has endured, and the GGGI has amassed eighteen institutional partnerships so far, including with the Asian Development Bank and the World Economic Forum. These relationships may help it gain long-term traction. Winning over countries and other partners through the power of its ideas may also be a driver for its eventual success: the participants will be the ones who want to be there. This could add to unity of purpose, even if differences emerge among member countries on where to focus the institute's efforts.

The GGGI will have to recruit more expert staff to carry out its goals of diagnosing the economies of up to twenty countries for their green growth potential and devising follow-up actions. This will be a big task in the months ahead; the GGGI plans to more than double its staff of sixty-two by 2014.⁴² Its elevated status as an international organization is expected to confer a certain gravitas upon it that

will be useful in attracting talent and boosting its credibility.⁴³ Operating as an international organization might also help it attract more funding, but where will the money come from? The Green Climate Fund is in its infancy; details about how it will operate and raise funds are not yet settled.⁴⁴ It will be important for the GGGI to show successful cases of green growth to attract more financial support in the future. To that end, one of the GGGI's strengths seems to be a willingness to show restraint—it will be a cheerleader for green growth only to the extent that its own theory and practices show evidence for its success. This approach can help build confidence in its work. “We will build a body of evidence and call it like we see it,” said Samans. “We are not an advocacy organization.”⁴⁵

The GGGI is unique for forging ahead and pursuing a bottom-up approach to green growth without waiting for a global, consensus-based organization to agree on what should be done. The self-starter gene that seems fundamental to this international organization's DNA is commendable. The GGGI will be successful in the short term because action trumps inaction. The only way to know for sure if green growth is possible is to try it. Green growth as a concept has already caught on in the global discourse about the environment, development, and climate change. The real question is whether the GGGI will be able to succeed fast enough to maintain interest in and funding for its work. Achieving a wholesale paradigm shift, if that is possible, is likely to take many years. The GGGI itself acknowledges that this is an ambitious vision.⁴⁶ However, one thing is certain: the GGGI is sure to advance the body of knowledge about green growth in a way that would likely not occur if this organization had never come into existence. By kick-starting green growth efforts on the ground and learning by doing, the GGGI is already contributing to green growth theory. In a few years' time, the world will know more about the possibilities of green growth than it does today because of the GGGI's work.

Endnotes

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1. Australia, Cambodia, Costa Rica, Denmark, Ethiopia, Guyana, Indonesia, Kiribati, Korea, Norway, Papua New Guinea, Paraguay, the Philippines, Qatar, the UAE, the United Kingdom, and Vietnam are the seventeen member countries that signed an agreement in June to convert the GGGI into an international organization. Mexico became the eighteenth member country on October 15, 2012.
 2. The Republic of Kiribati's approval of the Agreement on the Establishment of the Global Green Growth Institute on September 18 officially paved the way for the GGGI's conversion into an international organization in October. The governments of Denmark and Guyana had previously ratified the agreement. According to the GGGI, under international law, three countries were required to ratify the treaty in order to convert the GGGI into an international organization.
 3. Global Green Growth Institute website, www.gggi.org.
 4. Speech by Richard Samans, September 21, 2012, Seoul.
 5. For example, see Lee Myung-bak, "Shifting Paradigms: The Road to Global Green Growth," *Global Asia* volume 4, no. 4, 2010, pp. 8–12.
 6. As noted by President Lee Myung-bak, see "S. Korea Establishes 'Strategic Point' for Global Green Growth," *Yonhap*, June 17, 2010.
 7. See CARE International media release, <http://www.care-international.org/Media-Releases/rio20-nothing-more-than-a-political-charade.html>.
 8. Mark McDonald, "U.N. Report from Rio on Environment a 'Suicide Note,'" *International Herald Tribune*, June 24, 2012. <http://rendezvous.blogs.nytimes.com/2012/06/24/u-n-report-from-rio-on-environment-a-suicide-note/>.
 9. Ibid.
 10. Simon Romero and John M. Broder, "Progress on the Sidelines as Rio Conference Ends," *New York Times*, June 23, 2012, http://www.nytimes.com/2012/06/24/world/americas/rio20-conference-ends-with-some-progress-on-the-sidelines.html?_r=1.
 11. As noted by Richard Samans in an interview with the author, October 3, 2012.
 12. Ibid.
 13. Ibid.
 14. Ibid.
 15. Ibid.
 16. As noted by GGGI staff in an email interview, August 25, 2012. The GGGI is currently working on national green growth plans in Brazil, Ethiopia, Mongolia, United Arab Emirates, Cambodia, Kazakhstan, and Thailand. The institute is working on provincial-level green growth plans in Indonesia, the Philippines, and China. See <http://www.gggi.org/project/public>.
 17. Email interview with GGGI staff, August 25, 2012.
 18. Interview with author, October 3, 2012.
 19. Email interview with GGGI staff, August 25, 2012.
 20. Ibid.
 21. "Inclusive Green Growth: A Pathway to Sustainable Development," World Bank, 2012, p. 153.
 22. "Growth and Transformation Plan," draft, Federal Democratic Republic of Ethiopia, Ministry of Finance and Economic Development.
 23. "Ethiopia's Climate Resilient Green Economy Strategy," Federal Democratic Republic of Ethiopia, <http://www.undp-aap.org/sites/undp-aap.org/files/Ethiopia%20CRGE%20Strategy%20Final.pdf>.
 24. "Growth and Transformation Plan," draft, Federal Democratic Republic of Ethiopia, Ministry of Finance and Economic Development.
 25. "Green Growth Planning: GGGI Country Programs," Global Green Growth Institute, http://www.gggi.org/sites/www.gggi.org/files/attachment/20120514_GGGI_Country_Programs.pdf.
 26. Email interview with GGGI staff, August 25, 2012.
 27. "Ethiopia: Govt Launches Green Economic Funding Facility," *Afrik-News*, September 18, 2012, <http://www.afrik-news.com/article19299.html>.
 28. Green Growth Planning: GGGI Country Programs," Global Green Growth Institute, http://www.gggi.org/sites/www.gggi.org/files/attachment/20120514_GGGI_Country_Programs.pdf.
 29. Ibid.

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30. "Ethiopia's Climate Resilient Green Economy Strategy," Federal Democratic Republic of Ethiopia, <http://www.undp-aap.org/sites/undp-aap.org/files/Ethiopia%20CRGE%20Strategy%20Final.pdf>.
31. *Ibid.*, p. 112.
32. For example, see "India: Taking on the Green Growth Challenge," *McKinsey on Sustainability & Resource Productivity*, by Rajat Gupta, Sushant Mantry, and Ganesh Srinivasan, Number 1, Summer 2012.
33. See comments by GGGI chairman Lars Rasmussen in "Green institute seeks quality-driven expansion," by Shin Hyon-hee, *Korea Herald*, August 23, 2012.
34. See "GGGI's Conversion into an International Organization," GGGI News Release, July 2, 2012, <http://www.gggi.org/news/release/2011/00/00/gggi-s-conversion-international-organization>.
35. *Ibid.*
36. According to a speech by Richard Samans on September 21, 2012, in Seoul, core funding for 2012 comes from "Australia, Denmark, Japan, and UAE and project funding from Germany, Norway, UK, and international financial institutions."
37. Interview with Richard Samans, October 3, 2012.
38. Speech by Richard Samans, September 21, 2012, Seoul and email interview with GGGI staff, August 25, 2012.
39. "S. Korea selected as host of GCF secretariat," *Yonhap*, October 20, 2012. South Korea prevailed over five other countries vying to host the GCF: Germany, Mexico, Namibia, Poland, and Switzerland.
40. Green Climate Fund press advisory, "Republic of Korea selected to host the Green Climate Fund," October 20, 2012.
41. Lee Jae-min, "A bumpy road for the GGGI," *Korea Herald*, October 2, 2012.
42. Shin Hyon-hee, "Green institute seeks quality-driven expansion," *Korea Herald*, August 23, 2012.
43. Interview via email with GGGI staff, August 25, 2012.
44. For an assessment of the Green Climate Fund, see <http://blogs.cfr.org/patrick/2012/08/09/guest-post-ready-for-primetime-the-100-billion-climate-fund/>.
45. Interview with author, October 3, 2012.
46. As noted on the Global Green Growth Institute website, www.gggi.org.

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