

REPORT ON ASSESSMENT OF FINANCIAL AND ADMINISTRATIVE PROCEDURES OF GGGI IN
ACCORDANCE WITH RECOMMENDATION 8 OF THE DANIDA APPRAISAL NOTE OF FEBRUARY 2011

1. According to recommendation 8 of the Danida Appraisal Report regarding Danish Support to Global Green Growth Institute (GGGI) "The Danish Embassy in Seoul should assess the financial and administrative procedures of GGGI before disbursing any funds. Subsequently, a first instalment of an inception period of six –eight months can be disbursed based on an approved budget and work-plan for the period. The rest of the funding should depend on the outcome of the inception review where overall strategy, work plan and budget will be assessed. The staff policy of GGGI could be assessed a part of an inception review."

2. To undertake the above assessment the undersigned together with Mette Ekerøth, First Secretary, on 5th September 2011 met with the CEO of GGGI, Rick Samans, the Director of finance, Mr. Suyoung Choi, The Director of Administration and Management, Mr. Alexander Fisher, Ms. Ha Sun Sung, Senior Program Manager, finance Unit, as well as Partner of Ernst & Young Han Young, Mr. Hyung Woo Kim.

During the meeting Mr. Hyung Woo Kim presented a detailed Treasury Manual and Internal Controls" developed by Ernst & Young for GGGI based on requirements of both Korean public organisations and multinational companies.

The Treasury Manual and Internal Controls comprised the following deliverables:

- 1) Treasury Policy
 - 1-1) Implementation Guideline on Receipt and Disbursement
 - 1-2) Guideline for Payment of Expenses and Travel Expenses
 - 1-3) Implementation Guidance for Accounting Closing
 - 1-4) Guideline for Internal Audit
- 2) Guideline for Compilation of budget
- 3) Guideline for Fixed Asset Management
- 4) Guideline for Accounting System Management Evaluation
- 5) GGGI Accounting Manual
- 6) Regulations for Overseas Office Management
 - 6-1) Guideline for Overseas Office Management
 - 6-2) Accounting guideline for Overseas Offices
 - 6-3) Guideline for Education Assistance for Expatriate Children
 - 6-4) Guidelines for Overseas Offices' Management of Local Employees

6-5 Guideline for the Management of Overseas Company Housing

In addition to the very detailed Treasury Manual and Internal Controls for the Department of Finance a summary was produced for all staff. An internal web-based system for financial management in support of oversight on the part of GGGI Headquarters was being implemented.

GGGI CEO informed that the Management Team of GGGI would take a decision on the Treasury Manual and Internal Controls documents within the next two weeks.

Also the CEO of GGGI referred to the proposal to the Board of Directors for establishing an Audit Sub-Committee

The Embassy stressed the importance of ensuring that all staff both at headquarters and at Overseas Offices received sufficient training in the Treasury Manual and Internal Controls as well as the electronic financial management system.

3. With regard to the Human Resources situation the CEO of GGGI presented a paper stating the staff additions since June 1, 2011. In total 11 new persons had been hired including the Director for Administration and Management and the Senior Program Manager, Finance Unit.

4. As far as administrative procedures is concerned the CEO of GGGI stressed that this was work in progress particularly since the arrival of the Director for Administration and Management. A salary policy based on the UN system was in place and being used when hiring new staff.

Furthermore a number of projects were being initiated in this field including:

- a) Language policy
- b) Personnel Evaluation
- c) Travel Policy
- d) Pensions
- e) Performance-based bonus
- f) Housing

The Embassy stressed the importance of developing an organisational manual comprising all relevant administrative procedures. Furthermore the Embassy stressed the need for a filing system for essential documents.

5. The CEO of GGGI also presented a short paper outlining the key elements of the 2011 Work program and the budget for 2011. Furthermore the Embassy received a copy of invitation to tender for consulting services in 1) supporting the implementation of the organization's strategic plan and design of its management team operating process, including with respect to Results Based Management ;2) developing best practice core operating processes across major program departments; and 3) developing GGGI's donor and country program reporting system.

6. It is the Embassy's assessment that much progress has been made especially with regard to financial procedures since the Appraisal in February 2011. When the Treasury Manual and Internal Controls has been approved by GGGI's Management Team, GGGI's financial procedures will in the view of the Embassy live up to international standards.

The Embassy therefore approves the disbursement of ½ the annual Danish contribution for 2011 of USD 2,5 mill. as soon as the GGGI in writing informs the Embassy of the approval of the Treasury Manual and Internal Controls as presented by Ernst & Young with possible adjustments.

Furthermore the Embassy recommends that GGGI initiates a comprehensive training program in the Manual for all staff.

While progress is being made with regard to administrative procedures, the Embassy recommends that GGGI speeds up the development of an organisational manual comprising all relevant administrative procedures and involves the staff actively in this process with a view to have it completed as soon as possible and before the end of 2011.

Furthermore the Embassy recommends that GGGI initiates development of a simple filing system comprising all essential documents.

Seoul, 6th September 2011

P. Lysholt Hansen