

# Agreement on the Establishment of the Global Green Growth Institute

## Introduction

- 2.1 On 12 March 2013, the *Agreement on the Establishment of the Global Green Growth Institute (Rio de Janeiro, 20 June 2012)* was tabled in the Commonwealth Parliament.
- 2.2 The Global Green Growth Institute (GGGI)<sup>1</sup> was founded by the Republic of Korea in 2010 as a public-private, globally represented, non-profit institution under South Korean domestic law. It is dedicated to supporting the creation and diffusion of the 'green growth' model (sustainable, climate resilient, low-carbon economic development).<sup>2</sup>

## Overview and national interest summary

- 2.3 Australia joined the GGGI in 2012. The Institute has a tripartite strategy, comprising:
- country programmes – support for developing countries in the development of green growth plans and capacity building on implementation;

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1 Global Green Growth Institute website: <<http://www.gggi.org/>>, accessed 14 March 2013.  
2 National Interest Analysis [2013] ATNIA 4 with attachment on consultation *Agreement on the Establishment of the Global Green Growth Institute*, (Rio de Janeiro, 20 June 2012) [2012] ATNIF 12NIA, (Hereafter referred to as 'NIA') para 4.

The Council on Foreign Relations provided some analysis of the GGGI in late 2012. <<http://www.cfr.org/south-korea/global-green-growth-institute-mission-prove-green-growth/p29398>>, accessed 14 March 2012.

- research and knowledge – on green growth theory, models, methodology and tools, including lessons learned from country programmes; and
  - fostering public-private cooperation – partnerships with donor and recipient countries, international agencies, academia and the private sector to enhance green growth.<sup>3</sup>
- 2.4 The Agreement's primary purpose is to convert the GGGI into an international organisation to increase its visibility and market presence as an expert body on green growth. According to the NIA, the conversion will support the GGGI's objectives and strategic partnerships, strengthen its governance arrangements, increase transparency, and promote international membership.<sup>4</sup>
- 2.5 Ratification will make Australia a GGGI Member in its new form as an international organisation. This would enable Australia to participate fully in the activities of the GGGI, including exercising a vote in the GGGI Assembly and the GGGI Council.<sup>5</sup>
- 2.6 The government claims that internationalisation of the GGGI serves Australia's national interest in sustainable and low-emissions development by facilitating operations and partnerships with other international bodies, academic institutions and the private sector.<sup>6</sup>

## **Reasons for Australia to take the proposed treaty action**

- 2.7 The NIA states that ratification of the Agreement would reflect Australia's interest in green growth and low-emissions development, and would ensure Australia receives the full benefit of being able to participate in the Assembly and Council.<sup>7</sup>
- 2.8 Signatory States which have not ratified the Agreement shall have the same capacities as Members at the first session of the Assembly meeting only. As such, although Australia was able to act in the capacity of a Member at the inaugural session of the GGGI Assembly in October 2012,

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3 NIA, para 4.

The London School of Economics has provided some background on some of its research projects supported by the Global Green Growth Institute:  
<<http://www2.lse.ac.uk/GranthamInstitute/research/GreenGrowth/global-green-growth-institute-research-projects.aspx>>, accessed 14 March 2012

4 NIA, para 5.

5 NIA, para 6.

6 NIA, para 7.

7 NIA, para 8.

this capacity will only remain for subsequent Assembly meetings if Australia ratifies the Agreement.<sup>8</sup>

- 2.9 According to the NIA, continuation as an Assembly and Council member would allow Australia to influence the strategic direction of the GGGI's annual work program, including directing it towards strategic international and domestic interests.<sup>9</sup>
- 2.10 The Australian Agency for International Development (AusAID), tasked with being the lead agency for Australia's engagement, informed the Committee that GGGI is different from other international organisations that deal with climate change, due to the manner in which it provides technical assistance to its developing members on sustainable development, particularly in the coordination and financing of long-term national planning strategies.<sup>10</sup>
- 2.11 Tangible benefits arising from GGGI-based initiatives over the past five years are evident in countries such as Cambodia and Ethiopia.

In Cambodia there has been a partnership with the private sector, particularly around waste management. Waste is being used for renewable energy.

In Ethiopia . . . work has been done in relation to water management. That has had an impact on sustainability associated with agriculture and has spin-offs in terms of food security and in terms of jobs for people in Ethiopia. That has had the added benefit of moving a number of those people out of poverty.<sup>11</sup>

## Obligations

- 2.12 Membership of the GGGI is open to any member state of the United Nations that subscribes to the objectives of the GGGI, namely, to promote the sustainable development of developing and emerging countries by:
- supporting a new paradigm of 'green growth', which balances economic growth and environmental sustainability;
  - targeting key aspects of economic performance and environmental sustainability; and

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8 NIA, para 9.

9 NIA, para 10.

10 Mr Rod Hilton, Assistant General Director, International Development Policy and Finance Branch, International Policy and Partnerships Division, Humanitarian and International Group, AusAID, *Committee Hansard*, 13 May 2013, p. 33.

11 Mr Ewen McDonald, Deputy Director General, Humanitarian and International Group, AusAID, *Committee Hansard*, 13 May 2013, p. 35.

- improving the economic, environmental and social conditions of developing and emerging countries through partnerships between developed and developing countries and between the public and private sectors.<sup>12</sup>
- 2.13 The GGGI's activities in pursuit of its objectives include: capacity building to help developing and emerging countries develop and implement green growth plans; research to advance the theory and practice of green growth; facilitating public-private cooperation for resource-efficient investment, innovation, production and consumption; outreach and awareness-raising activities; and any other activities relevant to the objectives of the GGGI.<sup>13</sup>
- 2.14 The GGGI's structure is set out in the Agreement. The Assembly, composed of all Members, is the GGGI's supreme organ. The Council, consisting of up to 17 members, is the GGGI's executive organ, responsible for directing its activities under the Assembly's guidance. Assembly and Council decisions are taken by consensus; or, when consensus cannot be reached, by a simple majority of Members present and voting, as well as a majority of 'contributing Members' present and voting and a majority of 'participating Members' present and voting. The Advisory Committee, composed of experts and non-state actors, serves as a forum for public-private cooperation on green growth and advises the Council on the GGGI's strategy and activities. The Director-General, appointed by the Assembly for a four-year term (renewable once), oversees the GGGI Secretariat's work.<sup>14</sup>
- 2.15 The GGGI will be funded through voluntary contributions from Members and non-government sources; the sale of publications and other revenue; interest on income from trusts; and any other sources in accordance with the financial rules to be adopted by the Assembly.<sup>15</sup>
- 2.16 The GGGI has independent legal personality, including the capacity to enter into contracts, acquire and dispose of assets and institute and defend itself in legal proceedings. It may seek such privileges and immunities in the territory of Member States as may be necessary and appropriate for the GGGI's proper functioning. It may establish cooperative relationships with other international, inter-governmental and non-governmental organisations and may invite other organisations to enter into strategic partnerships on a medium- or long-term basis.<sup>16</sup>
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12 NIA, para 11.

13 NIA, para 13

14 NIA, para 14.

15 NIA, para 15.

16 NIA, para 16.

2.17 AusAID will apply an assessment framework to evaluate and monitor the success of the GGGI. Additionally, a range of environmental indicators have been developed under the OECD's Green Growth Strategy for the purpose of measuring green growth initiatives. The Committee notes that the OECD is currently working in collaboration with the GGGI, World Bank and United Nations Evaluation Program to further develop initiatives for green growth, including environmental indicators, which will progress through 2013 and 2014.<sup>17</sup>

## Implementation

2.18 No changes are required to Australian law for Australia to meet its obligations. There will be no changes to the existing roles of Commonwealth, State or Territory governments.<sup>18</sup>

## Costs

2.19 Australia is not under any financial obligations under the Agreement. However, Members are encouraged to support the GGGI and ensure its financial stability through voluntary annual contributions, active engagement in its activities or other appropriate means.<sup>19</sup> There are two categories of membership:

- 'contributing Members' (Members who have provided a multi-year financial contribution of core funding of no less than US\$15 million over three years or US\$10 million over the first two years); and
- 'participating Members' (all other Members).

2.20 Australia, through AusAID, has committed A\$10 million to the GGGI over two years and therefore qualifies as a 'contributing Member' and Australia was elected to the Council on that basis. Apart from their financial commitment, contributing Members and participating Members have the same rights and obligations under the Agreement.<sup>20</sup>

2.21 Australia's A\$10 million contribution will be provided over the financial years 2011-12 to 2012-13. The first A\$5 million tranche was transferred in 2011-12 and the second A\$5 million will be transferred by June 2013, depending on when the GGGI meets the disbursement conditions

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17 AusAID, *Submission 13*, p. 1.

18 NIA, para 17.

19 NIA, para 18.

20 NIA, para 19.

contained in its funding agreement with AusAID. Australia's contribution is drawn from AusAID's existing budget.<sup>21</sup>

2.22 AusAID informed the Committee that any possible future funding from Australia would need to be considered by the Minister for Foreign Affairs. However, the possibility of further funding would be based on an assessment as to whether the GGGI:

- retains its strong focus in the Asia-Pacific;
- establishes strong governance procedures; and
- connects with some of Australia's leading research agencies.<sup>22</sup>

## Conclusion

2.23 The accelerated growth of Asia's industrialising states over recent years has generated concerns over resource constraints in energy, water and food. This in turn has the potential to affect a state's social cohesion, long-term economic development and regional stability. The Committee notes that international initiatives designed to enhance sustainable development are of fundamental importance to international stability and growth, particularly within developing regions such as Asia.

2.24 The Committee agrees that GGGI's conversion from a Korean non-profit organisation to an international organisation will assist the overall effectiveness of the Institute in its pursuit of improving the social, economic and environmental conditions of developing countries through a balance of economic growth and environmental sustainability initiatives.

2.25 Furthermore, the Committee is aware that GGGI's initiatives directly address Objective one and Objective seven of the United Nation's Millennium Development Goals (MDGs) concerning the eradication of poverty and sustainable development, thereby reasserting Australia's commitment to the MDGs.<sup>23</sup>

2.26 No additional financial costs automatically apply should Australia decide to undertake binding treaty action. The Committee notes that Australia's provision of additional funding towards GGGI would only occur following an assessment of the GGGI's overall effectiveness in delivering results. This would also need to be approved by the Minister for Foreign Affairs.

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21 NIA, para 20.

22 Mr Hilton, AusAID, *Committee Hansard*, 13 May 2013, p. 36.

23 The list and description of the eight MDGs can be located at <http://www.un.org/millenniumgoals/bkgd.shtml>

2.27 Given these factors, the Committee supports the Agreement and recommends that binding treaty action be taken.

### **Recommendation 1**

**The Committee supports the *Agreement on the Establishment of the Global Green Growth Institute (Rio de Janeiro, 20 June 2012)* and recommends that binding treaty action be taken.**

