

This one-pager provides a summary<sup>1</sup> of Sida's contribution to the Swedish annual report to the EU regarding climate finance distributed in 2021.

## BACKGROUND

Sida is obligated to contribute to the Swedish climate finance reporting according to the Climate Reporting Regulation (2014:1434, 2021:1292). There are three types of reports<sup>2</sup>: the national communication to the UNFCCC; the biennial report to the UNFCCC; and the annual report to the EU.<sup>3</sup> In 2022, the annual report to the EU was submitted. The submission of contributions to the reports by relevant Swedish governmental agencies is coordinated by the Swedish Environmental Protection Agency (SEPA).

## SIDA'S FINANCIAL SUPPORT

Sida's contribution to the report consists of statistical data and descriptive documents. The statistical data is weighted using the Rio markers for climate change adaptation and climate change mitigation.<sup>4</sup>

In 2021, Sida provided 4 121 MSEK as bilateral climate finance. This is a slight increase in comparison with 2020, when levels dropped after having increased in previous years. Sida continuously works to mobilise climate finance through various instruments (e.g. guarantees), develop internal system mechanisms for ensuring alignment with the Paris Agreement<sup>5</sup> and integrate climate action in Sida operations as well as in national budgets and development processes in developing countries. Broad-based local and national ownership is key to sustainable development and sustainable results from climate finance. In Sida's bilateral work, the countries' and organisations'

own needs, priorities and strategies are weighed into the development cooperation strategies decided by the Swedish government, and constitute a fundamental entry point for all of Sida's contributions.

Globally, the majority of international climate finance continues to be directed to climate change mitigation and only a relatively small proportion to climate change adaptation. While adaptation is underfunded, the needs continue to grow. Since the Climate Change Initiative of the Swedish government in 2009, Sida has made efforts to focus on supporting countries in climate change adaptation and meet the growing demand and needs from a poverty perspective, given Sida's mandate. The distribution of contributions having mitigation, adaptation or cross-cutting objectives is presented in table 1.

Table 1: Climate finance provided by Sida during 2021 (MSEK)

	2021
Adaptation	1 859 (45 %)
Cross-cutting	1 395 (34 %)
Mitigation	867 (21 %)
<b>Total</b>	<b>4 121</b>

In terms of distribution across sectors, the largest climate finance disbursements in 2021 were made to initiatives within general environmental protection, agriculture, other multisector, energy, water and sanitation, and government and civil society. Sida is working on having climate change being better integrated in all Sida sectors, e.g. in health; education; and emergency response.

The five countries receiving the biggest proportion of Sida's bilateral climate finance in 2021 are presented in table 2.

Table 2: Top five countries receiving Sida climate finance 2021

2021	Country	Disbursed (MSEK)
1.	Mozambique	301
2.	Kenya	152
3.	Burkina Faso	152
4.	Mali	146
5.	Somalia	142

<sup>1</sup> For the full versions of Sida's contribution to the report, see 22/000912.

<sup>2</sup> The three reports include different recipients of climate finance and therefore the total climate finance provided by Sida varies slightly between the reports. The national communication excludes non-parties to the UNFCCC, the biennial report includes non-annex 1 countries and the annual report includes all ODA-eligible recipients (countries and regions).

<sup>3</sup> Since 2021, new reporting guidelines for the annual report to the EU are applied.

<sup>4</sup> [Climate Change: OECD DAC External Development Finance Statistics - OECD](#)

<sup>5</sup> According to [Sida's climate and environment policy](#), Sida's activities will contribute to the implementation of the Paris Agreement. In 2020 and 2021, Sida received specific assignments from the Swedish government to enhance the alignment between Sida's operations and the goals of the Paris Agreement.

Sida voluntarily reports of the level of gender integration in its climate finance. The overall level of gender integration in Sida's climate finance 2021 is around 81%. There is a slightly decreasing trend, and therefore further stepping up of efforts need to be sought. In 2022, Sida voluntarily reported on integration of biodiversity in its climate finance for the first time. This is of high importance to Sida's work given the interlinkages between climate change and biodiversity. In 2021, approximately 34% of climate finance integrated aspects related to biodiversity.

Sida also reports on mobilised capital. In 2021, Sida entered into new agreements for guarantees to climate-relevant initiatives with a guarantee volume of approximately 0.76 billion SEK, mobilising about 2.14 billion SEK.<sup>6</sup> Sida continuously works to enhance mobilisation of additional climate finance and is currently supporting the Global Innovation Lab for Climate Finance – an incubator which works with identifying and strengthening innovative financing instruments that mobilise capital within climate finance, including sectors such as sustainable cities, renewable energy and sustainable food systems.

<sup>6</sup> These figures refer to new agreements 2021 and not all ongoing agreements for guarantees to climate-relevant initiatives.

## LOOKING AHEAD

In 2022, Sida received a specific assignment from the Swedish government to contribute to the doubling of Swedish climate finance by 2025 (compared with 2019 levels).<sup>7</sup> In 2022, Sida has conducted several activities to enable an increase in climate finance, for example: developing internal system mechanisms; identifying possibilities to increase support to activities with mitigation or adaptation as the main objective; identifying strategic development cooperation strategies and partners; exploring opportunities to make use of synergies with ongoing activities within biodiversity; analysing opportunities to develop multi-country interventions; and developing method support to strengthen integration of climate change and environment into Sida's operations.

Sida is part of the Swedish delegation to the UNFCCC negotiations. Sida follows article 7 in the Paris Agreement, related to adaptation.

<sup>7</sup> This does not include mobilised climate finance.