

This two pager consist of a summary¹ of Sida's contribution to the Swedish annual climate report to the EU regarding 2019. Furthermore, it also gives an overview of the main findings from the assignment in Sida's letter of appropriation about how Swedish Development Cooperation could be even more in-line with the Paris agreement². This paper is developed with the aim to increase the knowledge and understanding about Swedish climate finance reporting.

SIDA'S CLIMATE FINANCE REPORT 2019

Sida is obligated to contribute to the Swedish climate finance reporting according to the Climate Finance Regulation (2014:1434). There are three types of reporting: the national communication to the UNFCCC, the biennial report to the UNFCCC, and the annual report to the EU.³ In the summer of 2020, an annual report for 2019 was prepared. The submission of the contributions to the reports by relevant Swedish governmental agencies is coordinated by the Swedish Environmental Protection Agency.

SIDAS CONTRIBUTION

Sida's contribution to the reports consists of statistical data and descriptive documents. The statistical data is weighted using the Rio markers. In order to be transparent the same statistical data is used for the data reported to UNFCCC. According to reporting guidelines, Sida needs to report on climate financing to all its partner countries, excluding Annex 1 countries and non-parties to the UNFCCC⁴. As a result, the climate financing presented in the reports is strictly not Sida's total climate financing but only the financing relevant for the reporting to the UNFCCC/EU. When reporting the climate financing data Sida is using both the OECD/DAC sector division and the sector codes stated in the reporting guidelines to EU and UNFCCC. This is done in order to be able to compare over time as well as for transparency reasons.

1 For the full versions of Sida's contribution to the report, please see Dox errand 20/001189.

2 <https://www.esv.se/statsliggaren/regleringsbrev/?RBID=20271>

3 The Swedish report to EU on Article 16 2020 can be access here: https://cdr.eionet.europa.eu/se/eu/mmr/art16_finance/envx3mvsq/

4 This means that Ukraine, Turkey, Russia, Belarus and Kosovo are excluded from the report.

RESULTS

Sida's climate financing in 2019 was 4.65 billion SEK which is about 18% of Sida's total budget. Sida voluntarily reports the level of gender integration in its climate finance. In 2019, the level of gender integration was approximately 84%.

The distribution of contributions having mitigation, adaptation or cross-cutting objectives is presented in table 1.

Table 1: Proportion of contributions having mitigation, adaptation or cross-cutting objectives 2018–2019

Year	Adaptation	Mitigation	Cross-cutting
2018	48%	23%	28%
2019	44%	23%	33%

The countries receiving the biggest proportion of Sida's bilateral climate finance in 2018 and 2019 are presented in table 2.

Table 2: Top five countries receiving Sida climate finance 2018–2019

2019	Country	Climate outcome (SEK)
1.	Mozambique	254 758 689
2.	Burkina Faso	238 574 681
3.	Somalia	166 511 741
4.	Mali	140 245 194
5.	Kenya	131 754 788

2018	Country	Climate outcome (SEK)
1.	Tanzania	208 916 600
2.	Mozambique	189 346 400
3.	Somalia	185 319 600
4.	Mali	154 869 200
5.	Afghanistan	145 173 200

Sida also reports on mobilized capital. By the end of 2019, Sida's guaranteed volume in its total active portfolio amounted to nearly SEK 7 billion. This had generated almost SEK 17 billion in mobilized capital and made close to SEK 34 billion available for lending. Sida also provides some examples of mobilization of capital through other instruments, such as Public Private Development Partnerships (PPDPs) and challenge funds.

One example of a contribution within the so called market development multi sector is the Procredit, Bosnia.⁵ In 2019, Sida and USAID renewed its cooperation by issuing a new guarantee together. The guarantee is intended to strengthen Procredit's ability to provide loans to businesses in Bosnia and Herzegovina to expand SMEs in several sectors, including renewable energy and energy production and, thereby, stimulating sustainable economic growth. The Sida/USAID guarantee is capped at 60%, USD 1.2 million, however the level of the guarantee may vary between 30–60% for different loans.

A DEVELOPMENT COOPERATION IN LINE WITH THE PARIS AGREEMENT

The Paris Agreement was adopted at the United Nations Climate Change Conference (COP 21) in Paris in 2015. In order to achieve the objectives set out in the agreement, all parts of society and the economy need to contribute. In the latest letter of appropriation for 2020, Sida was instructed by the government to analyse how development cooperation could be even more in line with the Paris Agreement.

Below is an overview of the main findings from the assignment.

There is today not a common definition of what a development aid that is in line with the Paris agreement looks like. The issue is still under discussion and the work Sida has done in regards to this should be seen as a part of that ongoing discussion.

The point of departure for the assignment was the Paris Agreement article 2.1.c which says: Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Sida chose to analyse three identified important areas more thoroughly:

Integration of climate in contributions. Sida's main tool for integrating climate issues and adhering to the ambitions of the Paris agreement is mandatory environmental assessments. This is something that shall be done on all Sida assessments of contributions in

⁵ <https://openaid.se/activities/SE-0-SE-6-13560A0201-BIH-32130>

all sectors. The analysis performed shows that there is a need to continue working with contributions that have been marked with "0" for the Rio or OECD DAC marker for environment and climate. This in order to assure these contribution does not negatively affect the fulfilment of the Paris agreement. The analysis show that Sida has the necessary tools in place but that here is a need to increase adherence.

Transformative potential. An analysis was done using the recently released OECD DAC criteria⁶ for assessing transformative potential in contributions. The results show that by drawing from experiences of contributions that have been assessed and marked as having climate change as principal goal Sida can potentially evaluate the transformative potential. However, to get the most out of this potential there is a need to develop and clarify Sida's assessment tool. Furthermore, experiences from contributions marked as principal objective and lessons learnt from these can show the way in other sectors.

Normative dialogue. There are a great possibility for Sida to take on an even higher profile regarding environment and climate dialogue with multilateral organisations, both UN institutions and Multilateral Development Banks. To do this in an efficient way there is a need to increase the knowledge of multilateral actors' work on the issues. To push issues in existing fora and by that advancing the normative dialogue within for example UN, that could start a broad process for increased alignment to the Paris Agreement.

Sida will continue working with the results of the findings from the assignment in order to make the work of the agency even more climate relevant.

⁶ <http://www.oecd.org/development/aligning-development-co-operation-and-climate-action-5099ad91-en.htm>