Nordic Council of Ministers

Paris Alignment of Export Credit Agencies:

SWEDEN

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This publication is also available online in a web-accessible version at: https://pub.norden.org/temanord2024-536

Acknowledgements

Perspectives Climate Research

Perspectives Climate Research gGmbH (PCR) is an independent and internationally active research company based in Freiburg, Germany. PCR conducts research for both governments, international organizations, non-governmental organisations and the private sector maintaining high methodological standards. As the research branch of the renowned consultancy Perspectives Climate Group, PCR has extensive expertise in political science, economics and climate science and works on informing international climate policy as well as UNFCCC negotiations.

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This research report was led by Max Schmidt and co-authored by Philipp Censkowsky, Ziqun Jia and Igor Shishlov (Perspectives Climate Research).

Acknowledgements

The authors would like to thank Victor Carstenius from EKN and Helena Engner Aili from SEK for valuable comments as well as detailed and constructive discussions. This project is financed by the Nordic Council of Ministers. The views and recommendations expressed in this report are those of the project institution and do not necessarily reflect the views of the Nordic Council of Ministers.

Disclaimer

Abbreviations

BOGA	Beyond Oil & Gas Alliance
CCS	Carbon capture and storage
CETP	Clean Energy Transition Partnership
CIRR	Commercial Interest Reference Rates
CWG	Climate Working Group
E3F	Export Finance for Future
ECA	Export Credit Agency
ESG	Environmental, Social, Governance
EIFO	Export and Investment Fund of Denmark *(Danmarks Eksport- og Investeringsfond)*
EKN	Swedish Export Credit Agency (Exportkreditnämnden)
G7	Group of 7
G20	Group of 20
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse gas
GICS	Global Industry Classification Standard
IEA	International Energy Agency
IWG	Infrastructure Working Group
LNG	Liquefied natural gas
MDB	Multilateral development bank

NZECA	Net-Zero Export Credit Agencies Alliance
OECD	Organisation for Economic Co-operation and Development
O&G	Oil and gas
PCAF	Partnership for Carbon Accounting Financials
PAWG	Paris Alignment Working Group
PFI	Public finance institution
RE	Renewable energy
SDG	Sustainable Development Goals
SEK	Swedish Export Credit Corporation (AB Svensk Exportkredit)
Skr	Swedish Krona
tCO_2e	Tonnes of carbon dioxide equivalents
TCFD	Task Force on Climate-Related Financial Disclosures
TNFD	Task Force on Nature-Related Financial Disclosure
UNFCCC	United Nations Framework Convention on Climate Change

Viktiga budskap

- *Exportkreditnämnden (*EKN), som är Sveriges officiella exportkreditinstitut (ECA), och *AB Svensk Exportkredit (*SEK), som är det statligt ägda svenska exportkreditbolaget, utvärderades med avseende på deras anpassning till Parisavtalet i fem dimensioner med hjälp av den metod som utvecklats av Perspectives Climate Research. **Sammantaget bedömdes EKN och SEK vara** "**Parisanpassade"** (bedömningsresultat 2,22/3,00 och 2,30/3,00).
- Framför allt har både EKN och SEK framgångsrikt fasat ut den mesta finansieringen av fossil energi i sin portfölj under de senaste åren, i linje med Sveriges åtagande i **COP26 Statement on the Clean Energy Transition (CETP)** som genomfördes genom en **policy för utfasning av fossila bränslen inom ramen för initiativet Export Finance for Future (E3F)**. Dessutom har båda ECA:erna nått praktiskt taget 100% av energirelaterade transaktioner som går till förnybar energi (RE) sedan 2021, vilket gör Sverige till den 4th största finansiären av RE bland E3F-medlemmarna mellan 2015-2022 (E3F, 2023a; EKN, 2024b; SEK, 2024a).
- Vi erkänner också Sveriges nyckelroll för att skapa en "level-playing field" i det globala exportfinansieringssystemet, bland annat som ordförande för **Europeiska rådets arbetsgrupp för exportkrediter som** framgångsrikt breddade möjligheterna att använda finansiering för gröna och klimatpositiva projekt inom OECD, med hjälp av nordiskt samarbete. EKN och SEK var också båda grundande medlemmar i **Net-Zero Export Credit Agencies Alliance** (NZECA), medan EKN har varit medlem i Bernunionens Climate Working Group sedan starten och leder den sedan 2023.
- Båda ECA:erna har dock inte fått betyget "Transformational" på grund av **avsaknaden av detaljerad rapportering av** uppgifter om utsläpp av **växthusgaser på projektnivå,** av **finansierade utsläpp (scope 3)** (EKN), **en tydlig definition av klimatfinansiering** samt avsaknaden av **sektoriella mål för utsläppsminskning.**

Bedömningsdimension	Vikt	Beskrivning	Resultat EKN	Resultat SEK
1. Öppenhet	0.2	Finansiell och icke-finansiell information	1.75/3.00	1.75/3.00
2. Begränsning I	0.4	Ambitioner att utesluta eller begränsa fossila bränslen	3.00/3.00	3.00/3.00
3. Begränsning II	0.2	Klimatpåverkan och mål för utsläppsminskning för alla aktiviteter	1.00/3.00	1.33/3.00
4. Klimatfinansiering	0.1	Positivt bidrag till den globala klimatomställningen	2.00/3.00	2.20/3.00
5. Engagemang	0.1	Revisionsrättens och dess regerings utåtriktade verksamhet och "proaktivitet	2.67/3.00	2.67/3.00
Bedömningsresultat:		**'Paris i linje'**	**2.22/3.00**	**2.30/3.00**

Viktiga rekommendationer till den svenska regeringen

Den **svenska regeringen**, **EKN och SEK** bör fortsätta arbetet med att förändra det globala exportfinansieringssystemet i nära samarbete med likasinnade länder. Viktiga rekommendationer inkluderar:

i. **Införande (EKN) och fortsatt (SEK) transparent bedömning och redovisning av finansierade utsläpp (scope 3)** baserat på internationell bästa praxis såsom Partnership for Carbon Accounting Financials (PCAF): Endast fullständig redovisning av portföljrelaterade utsläpp och växthusgasintensitet skulle vara i linje med andra ECA:s standard för att följa bästa praxis.

ii. På samma sätt **uppskattad utsläppsdata för både sina befintliga portföljer och nya åtaganden på projektnivå,** inklusive information om baslinjer och utsläpp av växthusgaser under **deras** llöptid.

iii. **Fastställa sektorsvisa reduktionsmål (EKN och SEK) på kort till medellång sikt mot nettonollutsläpp 2045,** i linje med Sveriges klimatmål.

iv. **Anta en gemensam definition av klimatfinansiering som är tillämplig för båda ECA och som** bygger på EU:s taxonomi, både för nya affärer och total exponering som en bredare kategori som omfattar finansiering av förnybar energi och relaterad infrastruktur men även övergripande aktiviteter för både begränsning och av klimatförändring.

v. **Ändra ECA:s mandat så att de kan införa nya "gröna" incitament** och därmed avsevärt öka klimatfinansieringen från nuvarande portföljandelar på mindre än 10%, särskilt finansiering av förnybar energi och relaterad (ren) infrastruktur.

vi. Utnyttja sitt klimatledarskap i internationella forum och utnyttja det nordiska samarbetet för att **reformera reglerna för offentligt stöd till fossila bränslen globalt**.

Mer detaljerade rekommendationer för den svenska regeringen samt för EKN och SEK ges i varje utvärderingsdimension. En översikt över alla rekommendationer finns i avsnitt 5.

Key messages

- *Exportkreditnämnden* (EKN), the Swedish National Export Credits Guarantee Board as the official export credit agency (ECA) of Sweden and *AB Svensk Exportkredit* (SEK) as the government-owned Swedish Export Credit Corporation were assessed with regards to their alignment with the Paris Agreement across five dimensions using the methodology developed by Perspectives Climate Research. **Overall, EKN and SEK were rated** '**Paris aligned**' (assessment scores 2.22/3.00 and 2.30/3.00).
- Most notably, both EKN and SEK have successfully phased out most fossil fuel energy financing in their portfolio over the past years, in line with Sweden's commitment to the **COP26 Statement on the Clean Energy Transition (CETP)** which was implemented via a **fossil fuel phase out policy under the Export Finance for Future (E3F) initiative**. Moreover, both ECAs have reached virtually 100% of energy-related transactions flowing to renewable energy (RE) since 2021, making Sweden the 4th biggest financier of RE among E3F members between 2015-2022 (E3F, 2023a; EKN, 2024b; SEK, 2024a).
- We also recognise Sweden's key role to create a 'level-playing field' in the global export finance system, among others as chair of the **European Council Working Party on Export Credits** which successfully broadened the possibilities of using financing for green and climate-positive projects within the OECD, aided by Nordic cooperation. EKN and SEK were also both founding members of the **Net-Zero Export Credit Agencies Alliance** (NZECA), while EKN has been a member of the Berne Union's Climate Working Group since its inception and leading it since 2023.
- However, neither ECAs scored 'Transformational' due to the **absence of granular reporting on project-level greenhouse gas** (GHG) emissions data, of **financed (scope 3) emissions** (**EKN**), a **clear definition of climate finance** as well as the **lack of sectoral emissions reduction targets.**

Assessment dimension	Weight	Description	Score EKN	Score SEK
1. Transparency	0.2	Financial and non-financial disclosures	1.75/3.00	1.75/3.00
2. Mitigation I	0.4	Ambition of fossil fuel exclusion or restriction policies	3.00/3.00	3.00/3.00
3. Mitigation II	0.2	Climate impact of and emission reduction targets for all activities	1.00/3.00	1.33/3.00
4. Climate finance	0.1	Positive contribution to the global climate transition	2.00/3.00	2.20/3.00
5. Engagement	0.1	Outreach and 'pro-activeness' of the ECA and its government	2.67/3.00	2.67/3.00
Assessment outcomes:		**'Paris aligned'**	**2.22/3.00**	**2.30/3.00**

Key recommendations for the Swedish government

The **Swedish government**, **EKN and SEK** should continue working on transforming the global export finance system in close collaboration with Nordic and other like-minded countries. Key recommendations include:

i. **Introducing (EKN) and continuing (SEK) transparent tracking and disclosure of financed emissions (scope 3)** based on international best practices such as the Partnership for Carbon Accounting Financials (PCAF): Only full disclosure of portfolio-related emissions and GHG intensity would be aligned with the best practice-standard of other ECAs.

ii. Similarly, **publishing estimated future emissions data for both their portfolios and new commitments on project-level**, including information on baselines and lifetime GHG emissions of assets.

iii. **Setting sectoral GHG emissions reduction targets (EKN and SEK) for the short-to-medium-term towards net-zero emissions by 2045**, in line with Sweden's climate target.

iv. **Adopting a common climate finance definition applicable to both ECAs** which builds on the EU Taxonomy and the latest climate science, both for new authorizations and total exposure as a broader category that includes finance for RE and related infrastructure but also cross-cutting activities for both mitigation and adaptation.

v. **Amending the ECAs' mandates so that they can introduce new 'green' incentives**, and thus significantly increase climate finance from current portfolio shares of less than 10%, especially finance for RE and related (clean) infrastructure.

vi. Building on its climate leadership in international fora and leveraging Nordic cooperation to **reform rules governing public support for fossil fuels globally**.

More detailed recommendations for the Swedish government as well as for EKN and SEK are provided in each assessment dimension. An overview of all recommendations is available in section 5.

1. Introduction

Limiting temperature increase to 1.5 °C above pre-industrial levels requires massively re-directing financial flows away from carbon-intensive and towards low-carbon activities. However, despite commitments made under Article 2.1(c) of the Paris Agreement – in which Parties agreed to making "finance flows consistent with a pathway towards low greenhouse gas emissions [...]" (UNFCCC, 2015) – many countries still provide significant financial support to fossil fuel value chains, among others, through their export credit agencies (ECAs). This contributes to a global lock-in of carbon intensive infrastructures and hampers the ability of many developing countries to leap-frog the fossil fuel stage of development. According to the Public Finance for Energy Database developed by Oil Change International (OCI), ECAs provided an annual average of USD 32 billion between 2020-22 to fossil fuels, six-times more than for renewable energy (RE; OCI, 2024a, 2024b). Since 2019, of all public finance institutions (PFIs), G20 ECAs make up the single largest group of fossil fuel investment supporters, ahead of (bilateral) public development banks. ECAs are often decisive in whether a deal can take place, e.g., by de-risking a project or improving lending conditions of banks which finance export transactions. Several recent studies highlighted the lack of domestic and international climate policies to decarbonize ECAs, lacking transparency of ECAs' climate impacts, as well as potential litigation if no climate action is undertaken (Wenidoppler, 2017; Shishlov et al., 2020; Cook and Viñuales, 2021; DeAngelis and Tucker, 2021). At the same time, research suggests vast opportunities for ECAs if climate-related commitments are made, collaborations launched and convergence among a critical mass of like-minded countries is reached (Hale et al., 2021).

Text Box 1: What are Export Credit Agencies?

ECAs are either private companies that act on behalf of a government or public entities themselves (OECD, 2021b). Their raison *d'être* is the promotion of the trade and national export businesses competing for riskier markets abroad (ibid., Shishlov et al., 2021). ECAs provide, for example, guarantees to hedge risks against an exporter or lender not being repaid, e.g., due to political instability, expropriation, or unexpected currency fluctuations. They can also act as direct lenders with short-, medium- or long-term loans and may provide earmarked project finance or even equity instruments. In return, they receive risk premiums or interest payments. In the case of repayment loss, ECAs compensate exporters or lenders directly whilst being in the position to draw up a debt settlement arrangement with the Paris Club.[1] Opting for a state-backed transaction can significantly de-risk deals for exporters and crowd in public or private co-finance, especially for large-scale, long-term or particularly risky infrastructure projects. Many ECAs require exporters or banks to demonstrate that private export credit insurance would not cover the deal. This situation is reflected in the fact that among Berne Union members – the largest association for the export credit and investment insurance industry worldwide – official ECAs predominantly provide long-term commitments and political risk insurance. This represents about one third of total commitments outstanding which were estimated in 2020 at USD 2.77 trillion (Berne Union, 2021). About two thirds are short-term commitments which are predominantly insured by private insurers (ibid.). The fact that ECAs typically support larger and riskier projects that would not have been otherwise insured underlines the rationale of examining with greater scrutiny the role of ECAs in the context of achieving the objectives of the Paris Agreement.

1. The Paris Club is 'an informal group of official creditors' which collects public debt owed by governments to creditor countries. Debt owed by private entities which is guarantees by the public sector (e.g., through ECAs) is comprised by the definition of public debt (Club de Paris, 2021).

Over the past few years, several noteworthy commitments targeting international public finance, including export finance, were made by governments and ECAs. Several milestones stand out:

- The **launch of the 'Export Finance for Future (E3F)' initiative**[2] **in April 2021.** A 'coalition of the willing' that consists of ten major European economies[3] with the aim of promoting and supporting a shift in investment patterns towards climate-neutral and climate-resilient export projects and the publication of joint energy finance transparency reports (E3F, 2022, 2023b). In 2023 and 2024, Denmark chairs the E3F's rotating presidency.
- The **agreement among participants in the OECD Arrangement to ban support for coal-fired power plants without carbon capture and storage (CCS)**[4] in October 2021. While the agreement marks historic progress in integrating climate change considerations into the OECD Arrangement, it still lacks significant additional components, including other parts of coal value chains, e.g., mining and transport, as well as entire oil and gas (O&G) value chains, for which there are currently no restrictions whatsoever.
- The **Statement on International Public Support for the Clean Energy Transition (CETP)**[5] **launched at COP26 in Glasgow** in November 2021. A UK-led initiative of now 40+ signatories (countries and financial institutions) which commits them to end new direct public support for the international 'unabated' fossil fuels, except in limited and clearly defined circumstances, by the end of 2022 (CETP, n.d.). Throughout the course of 2022 – against the backdrop of the Russian invasion of Ukraine – signatories reduced their fossil fuel financing but only by USD 6.5 billion, while supporting clean energy[6] with an additional USD 5.2 billion – less than 20% of USD 28 billion what would theoretically be possible (Jones and Mun, 2023).
- In 2022, the **Berne Union launched its Climate Working Group** (CWG) to advance "thought leadership and practices within export credit, trade finance and political risk insurance and contribute to global problem-solving around climate challenges [...]". Consisting of 15 different institutions – including Finland's ECA Finnvera,[7] EKN and Denmark's EIFO – the CWG is managed by the Berne Union Secretariat and currently focuses on three workstreams[8] (Berne Union, n.d.).

2. See https://www.tresor.economie.gouv.fr/Articles/2021/04/14/seven-countries-launch-international-coalition-export-finance-for-future-e3f-to-align-export-finance-with-climate-objectives
3. The ten member states are Belgium, Sweden, Finland, France, Germany, Italy, Netherlands, Spain, Sweden and the UK.
4. See https://www.oecd.org/newsroom/agreement-reached-at-oecd-to-end-export-credit-support-for-unabated-coal-fired-power-plants.htm
5. See: https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/
6. Understood as "both low carbon and [with] negligible impacts on the environment and human populations if implemented with appropriate safeguards. These types of energy include solar, wind, tidal, geothermal, and small-scale hydro. This classification also includes energy-efficiency projects where the energy source(s) involved are not primarily fossil fuels." (Jones and Mun, 2023, p. iii)
7. As clarified in an exchange between Finnvera and the authors.
8. Products, Incentives and Innovation; Best Practices in Low-Carbon Transition; Policy Coherence & Alignment (Berne Union, n.d.).

- At the 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC), the first-ever **Global Stocktake** of international climate ambitions signalled the "'beginning of the end of the fossil fuel era" (UNFCCC, 2023). While the final cover decision did not include language on the phase-out of all fossil fuels, Parties unanimously called for "efforts towards the phase-down of unabated coal power, phasing out inefficient fossil fuel subsidies, and other measures that drive the transition away from fossil fuels in energy systems, in a just, orderly and equitable manner, with developed countries continuing to take the lead" (ibid.). Additionally, the stocktake called on Parties to take actions towards achieving a tripling of RE capacity and doubling energy efficiency improvements globally by 2030 (ibid.).
- Also, at COP28 in December 2023, the UN-convened[9] **Net-Zero Export Credit Agencies Alliance** (NZECA) was launched by five founding[10] and three affiliate members[11] with the goal of "[uniting] leading PFIs committed to delivering net-zero economies by 2050 [...]." NZECA is the first-of-its-kind net-zero finance alliance of global PFIs, contributing to the goals and activities of the Glasgow Financial Alliance for Net Zero (GFANZ), and have supported USD 120 billion in international trade in 2022.[12] Its members have committed to "[transition] all operational and attributable [GHG] emissions from business activities in alignment with the path to net zero by mid-century, or sooner [..]" and to "[publish] GHG emission data and evidence annually to showcase action in line with the commitments [..]." (NZECA, n.d.)[13]

These commitments represent important steps on the way to achieving a global climate transition and are the fruit of intensive efforts by advocates for reform, especially from civil society and pro-active governments. In the context of the global energy crisis following Russia's invasion of Ukraine, however, governments of the G7 factored out "publicly supported investment in the gas sector [that] can be appropriate as a temporary response [...]" from the previous COP26 commitment (G7 Germany, 2022, p. 5). This is a clear backslide given the long-lived nature of liquefied natural gas (LNG) infrastructure that may well spur new and additional production and use of fossil gas well beyond the current energy crisis, especially if 'temporary' remains a term for an undefined period. At the same time, this exception allowed Japan to endorse the G7 Leaders' Communiqué.

In addition to the commitments and initiatives mentioned above, it is necessary to consider the highly concentrated nature of public support for fossil fuels in a limited

9. In partnership with the University of Oxford, Future of Climate Cooperation and UNEP-FI.
10. Sweden's EKN and SEK, Denmark's EIFO, Export Development Canada and UK Export Finance.
11. The UAE's Etihad Credit Export Insurance, Spain's Cesce and KazakhExport.
12. The global export finance industry supports up to USD 28 trillion worth of financing annually (EKN, 2023e).
13. See further for NZECA's commitment document https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/NZECA-Membership-Commitment-Text.pdf.

number of countries among the G20. According to OCI (2024b), between 2020 and 2022 ECAs provided an annual average of USD 32 billion[14] in fossil fuel finance of which 74% came from Canada, Korea, and Japan alone.[15] For some countries, like Canada, most of this support is granted at the domestic level and is therefore unaffected by the COP26 Statement (Censkowsky et al., 2022a). Other G20 countries including Russia, India and Saudi Arabia either use other public or private channels to support fossil fuel energy investments, or vastly under-report on their energy sector finance.

This data snapshot demonstrates the insufficiency of commitments emerging from the current coalition and club landscape, especially in the case of Canada (high share of domestic fossil fuel support), China (outside of all commitments, no Participant to the OECD Arrangement) and South Korea (no G7 member, no COP26 Statement signatory). It is hence an urgent priority of working towards enlarging existing clubs and coalitions while not backsliding on their ambition. Indeed, the IEA has repeatedly called for ending all new fossil fuel supply developments on the path to Net Zero, including fossil gas, by the end of 2021 (IEA, 2021, 2022, 2023). Meanwhile, Tienhaara et al. (2022) report more than 55,000 new upstream O&G projects in 159 countries for which a final investment decision is expected between 2022 and 2050 that would need to be cancelled in line with the IEA Net Zero pathway. Many of these projects benefit from public support, including
export finance for necessary equipment and risk insurance, or multilateral investment treaties that play a major role in protecting investments in the fossil fuel industry against all kinds of risk, including transitional climate risks (OECD, 2022a).

In the past, ECAs "have done little to steer their portfolios in one direction or another [...] [and] the respective portfolios to date mostly reflect the composition of the national export industry (E3F, 2022, p. 2). This noteworthy observation was the baseline and key motivation for Perspectives Climate Research to develop a dedicated methodology to assess the alignment of ECAs with the Paris Agreement (Shishlov et al., 2021a). Based on these assessments, we seek to inform ongoing reform processes through targeted policy recommendations for governments and ECAs to drive climate action in the global export finance system. In short, the methodology consists of five assessment dimensions, 18 key questions and 72 concise benchmarks against which an ECA portfolio and strategy as well as relevant government policy are assessed.[16]

14. 74% of all ECA finance (ibid.).
15. With an annual average of USD 10.9 billion, USD 7.4 billion, and USD 5.4 billion respectively (ibid.).
16. Several case studies have already been conducted, including Canada, France, Germany, Italy, Japan, the Netherlands, South Korea, the United Kingdom and the United States. Find all case studies under: https://perspectives.cc/initiative/eca/

2. Officially supported export finance in Sweden

Exportkreditnämnden (EKN), the Swedish Export Credits Agency founded in 1933 is the Swedish national ECA and is a self-financed government agency under the supervision of the Ministry for Foreign Affairs (EKN, 2024; IISD, n.d.). Together with the government-owned Swedish Export Credit Corporation (SEK, n.d.a), EKN makes up Sweden's export credit system (EKN, 2024; IISD, n.d.). Importantly, SEK is a credit institution that receives separate credit ratings by agencies such as Standard & Poor's or Moody's (ibid.), whereas EKN as a public authority has the same credit rating as the country of Sweden (AAA as of late 2023) (SEK, 2023b). EKN's mission is "to promote Swedish exports and the internationalization of Swedish companies, by insuring companies and banks against the risk of not getting paid" (EKN, n.d.), for which it receives instructions from the Swedish government only via its yearly letter.[17] SEK's mission, in turn, is to "ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms" (Business Sweden, n.d.).

Put differently, while EKN mostly guarantees payment risks for companies and banks,[18] SEK provides a variety of loans and official export credits (SEK, n.d.b) and administers the Commercial Interest Reference Rates (CIRR) system which guarantees exporters' foreign customers financing at a fixed interest rate for the entire credit period (SEK, n.d.b). The overlap of their product portfolios is shown in Figure 1. Together, EKN and SEK are core members of the 'Team Sweden' network of public organisations, agencies and companies that promote Swedish exports, among others (SEK, n.d.e.).[19]

SEK	Other Services, e.g., Factoring	Loan for Swedish Firms	Export Loan	Untied
EKN	Working Capital/CAPEX G'tee	Export Credit Insurance	Green Loan/ Incentives	

Figure 1: Product portfolios of EKN and SEK
Source: Klasen et al., 2024, p. 6

17. Clarified in exchanges between EKN, SEK and the authors.
18. For a comprehensive overview of all guarantees offered by EKN for banks, exporting companies and subcontractors, see https://www.ekn.se/en/guarantees/our-guarantees/ekns-guarantees/.
19. Similar to the 'Team France' and 'Team Finland' networks.

Table 1 provides an overview of EKN and SEK's activities. It shows that both ECAs still provide significant support to fossil fuel-dependent sectors such as defence, though military emissions themselves are a (increasing) source of GHG emissions (see for example Michaelowa, 2022).

Table 1: Overview of EKN and SEK

Key facts	EKN	SEK
Type of ECA	Pure cover, State-owned	Multi-instrument, State-owned
Main sectors*	Telecommunications (32%), Defence (32%), Power (13%), Others (8%), Machinery (7%), Transport (7%), Contract Work (1%)	Corporate: IT & Communication Services (30.5%), Industrial (26.5%, incl. aerospace & defence), Consumer Goods (12.4%), Materials (11.7%), Utilities (10.5%), Financials (5.2%), Energy (1.4%), Health Care (1.3%), Other (0.4%) Governments: Industrial (61.4%, incl. aerospace & defence), Infrastructure (28.6%), Power (10%)
Geographic activity concentration*	OECD high-income (52.6%) Balkans (16.7%), Africa (8.1%) Latin America (7.6%) Middle East (5.1%) Sweden domestically (4.9%) Asia (4.5%) Commonwealth of Independent States (CIS; 0.45%)**	Sweden domestically (62%) North America (13%) Western European countries (10%) Latin America (3%) Central and East European Countries (0.8%) Asia (1%), Middle East/Africa (2%)
Commitments outstanding [20]*	EUR 39.4 billion[21]	EUR 34.8 billion
New commit-ments[22]*	EUR 9.6 billion	EUR 8.0 billion Lending to Swedish exporters (EUR 3.0 billion), lending to exporters' customers EUR 5.0 billion)

20. Commitments outstanding is a 'stock parameter' of the total amounts under cover or for which liability is assumed at a given cut-off date (compare Berne Union 2021).
21. Using the OECD exchange rate of 1:10 from 2022 throughout the report (Skr 393.8 billion).
22. New commitments is a 'flow parameter' which refers to the total volume of new insurances, guarantees, loans or other instruments at a given cut-off date (compare Berne Union, 2021).

Main instruments of financial support	Export credit insurance, project finance, bonds and guarantees, investment insurance, working capital guarantee and investment credit guarantee for SMEs	Export credits, working capital, factoring services loans in local currencies, project finance, contract guarantees
Category A, B and C projects[23]	Category A (2019-2023): 19 (~3-4 per year) Category B (2019-2023): 24 (~4-5 per year) Category C (2019-2023): 0	Category A (2019-2023): 16 (~3-4 per year) Category B (2019-2023): 24 (~4-5 per year) Category C (2019-2023): 1 (2022)

Note: (*) = Data from 2023. (**) = Ukraine, Georgia, Kazakhstan and Uzbekistan are included in 'CIS' and Türkiye is included in the Balkans (not in Asia).
Sources: authors (TXF, 2023; EKN, 2024b, 2024a; SEK, 2024b, 2024a, n.d.a; Berne Union, n.d.b)

23. Category A projects are projects that likely have significant adverse environmental and social effects that are sensitive, diverse, or unprecedented beyond the project sites and may be irreversible, and Category B projects are those with site-specific environmental and social effects (with only few if any irreversible effects) which in most cases can be mitigated. Category C projects are such with minimal or no adverse environmental or social risks and/or impact (IFC, n.d.)

3. Climate-related policies in officially supported Swedish export finance

EKN and SEK as public institutions must follow government policies, including broader Swedish climate commitments. Most importantly, as per the 2017 climate policy framework of its national parliament and compared to 1990 levels, Sweden needs to reduce its territorial emissions by 63% in 2030, 75% in 2040, and achieve net zero emissions in 2045 (Krisinformation, 2023).[24] By 2040, 100% of Sweden's electricity production is set to come from clean energy sources (RE and nuclear), a key step for Sweden to become the world's first fossil-free-welfare country (SEK, n.d.d). The framework also consists of an expert Climate Policy Council (Swedish Climate Policy Council, n.d.)[25] and a Climate Act (Swedish Parliament, 2017). As per the Climate Act, the Swedish Government must (1) present a climate report in its Budget Bill each year, (2) draw up a climate policy action plan every four years to describe how the climate targets are to be achieved, and (3) make sure that climate policy goals and budget policy goals work together (Swedish Environmental Protection Agency, n.d.). Sweden does not consistently mention the role of exports across key climate policy documents (e.g., Ministry of the Environment, 2020, 2021; Swedish Environmental Protection Agency, 2023), but references were made in 2023 to the Report of the Swedish Climate Policy Council (2023) and the Climate Action Plan of the Swedish government.[26]

This is surprising considering that as early as 2021 both the CEO of SEK, Magnus Montan, and the Director General of EKN, Anna-Karin Jatko, "[called] for a discussion about the effects Swedish exports has on the climate [and were] convinced that a successful Swedish export industry with innovative solutions is a crucial contribution to the global climate transition." (SEK, 2021)[27] Voluntarily, SEK set itself the goal that its entire lending portfolio, i.e. all government-backed lending for Swedish exports shall achieve net zero emissions by 2045, with the medium-term target of 50% of green loans by 2030 (ibid.). Greening Swedish export finance further and faster can have significant positive climate impacts: As per the first-ever analysis of climate benefits from Swedish exports (Material

24. Thus, slightly more ambitious than the EU-target of climate neutrality by 2050 (European Commission, n.d.).
25. "[An] independent, interdisciplinary expert body tasked with evaluating how well the Government's overall policy is aligned with the climate goal of no net greenhouse gas emissions by 2045." (ibid.)
26. Specifically on EKN's export credit guarantees, see in detail https://www.regeringen.se/contentassets/990c26a040184c46acc66f89af34437f/regeringens-klimathandlingsplan--hela-vagen-till-nettonoll-skr-20232459.pdf.
27. They further stress that "[the] size of the Swedish exports, which account for more than 70 percent of their annual turnover, indicates the scope of the contribution." (ibid.)

Economics, 2024), goods exported from Sweden since 2018 would have caused emissions of 37 million tonnes (Mt) CO_2 each year if they had been produced in other countries. However, in Sweden, they caused only 11 Mt CO_2, i.e., Swedish exports avoided global emissions of as much as 26 Mt CO_2 per year. Text Box 2 lists further climate-related commitments and practices of relevance to EKN and SEK.

Text Box 2: Selected climate-related commitments and practices by/for EKN and SEK

- In 2023, SEK and EKN developed an **in-house methodology** to evaluate significant transactions considering the Paris Agreement objectives (still in a pilot phase as of mid-2024).
- In April 2022, the **Cross-Party Committee on Environmental Objectives** appointed by the Swedish Parliament proposed the new target that by 2045, in line with its national emissions target, Sweden's exports should be fully climate-positive (EKN, n.d.a).[28] The Government has also directed Statistics Sweden to develop statistics on the climate benefits of exports which were published in April 2024.[29]
- In 2021, the specialist advisory body was set up "with the aim of **aligning the Swedish export finance system with the Paris Agreement's goal of limiting global warming to 1.5 °C**".

In 2020, SEK and EKN called for an advisory body in the form of the world's first **Scientific Climate Council** to be established to help shift the public debate beyond domestic and consumption-based GHG emissions in Sweden. Set up in 2021, the council of four expert members has been providing advisory support to EKN and SEK to assist aligning the Swedish export finance system with the Paris Agreement's 1.5 °C goal ever since (e.g., EKN, n.d.a; SEK, n.d.e).

The following section provides for an in-depth assessment of all 'Paris alignment' dimensions and substantiates recommendations drawn from scientific literature and best practices in the global export finance system. This assessment is designed to guide EKN and SEK as well as responsible authorities to safely achieve net zero by 2045 or before.

28. As of mid-2024, the summarising report and its implications are still being analysed by key stakeholders, as clarified in exchanges between EKN, SEK and the authors.
29. See further https://www.scb.se/en/finding-statistics/statistics-by-subject-area/environment/environmental-accounts-and-sustainable-development/system-of-environmental-and-economic-accounts/pong/publications/report---statistics-on-the-climate-impact-of-exports/.

4. Assessment of EKN and SEK's alignment with the Paris Agreement

We assess the 'Paris alignment' of EKN and SEK based on a methodology specifically developed to evaluate the alignment of ECAs with the Paris Agreement (Shishlov et al., 2021b). This methodology conceptually and practically builds on existing approaches to 'Paris alignment' developed for other financial institutions, such as multilateral development banks (MDBs). Most notably, this includes the structure and rationale of the Public Development Banks' Climate Tracker Matrix by the environmental think tank E3G, which, in turn, is based on the six building blocks of the Paris Alignment Working Group (PAWG) by major MDBs. The assessment of ECAs like EKN differs notably from these two approaches since it transparently underpins each assessment dimension (hereafter referred to as 'dimensions') with specific key questions (3-5 questions per dimension, in total 18 questions) as well as specific benchmarks (four benchmarks per question, in total 72 benchmarks). The four benchmarks correspond to four labels of Paris alignment (Figure 2).

Unaligned	0.00 - 0.50
Some progress	0.51 - 1.50
Paris aligned	1.51 - 2.50
Transformational	2.51 - 3.00

Figure 2: Labels of Paris alignment and corresponding score ranges.

This methodology also notably differs from other approaches to assess the 'Paris alignment' of financial institutions since it applies a weighting approach to the assessment dimensions. This permits the emphasis of some dimensions over others as some dimensions are more imminently important to reaching the Paris climate goals (e.g., mitigation is more important than disclosure). The selection of weights reflects a careful consideration of priorities and is based on the expertise of experts from research and civil society organizations (Shishlov et al., 2021b). The final scoring for each question is carried out by evidence-based expert judgement. **EKN**

received an overall assessment score of 2.22/3.00 and SEK of 2.30/3.00 and therefore received the label 'Paris aligned'. The following presents a justification for the scoring of each question per assessment dimension.

4.1 Dimension 1: Financial and non-financial disclosure and transparency

The first dimension is underpinned by four key questions regarding the transparency of financial and non-financial disclosures of the ECAs. This dimension is a crucial prerequisite to evaluate the Paris alignment of ECAs in subsequent dimensions and to hold governments accountable for supporting businesses abroad against their commitments under international treaties, such as the Paris Agreement. Furthermore, it is especially important since ECAs were found to particularly lack transparency in the past (Shishlov et al., 2020). The methodology weighs this dimension
with a total of 20%, recognizing that transparency, while important, is only a precondition for decarbonization itself.

In this assessment dimension, both ECAs were rated with 'Paris aligned' with an assessment dimension sub-score of 1.75/3.00.

Q Nr.	Dimension 1 – key questions	Rating EKN	Rating SEK
1.1	To what extent can the GHG intensity of all activities supported by the ECA be assessed based on publicly available data? (Non-financial disclosure)	**Some progress**	**Paris aligned**
1.2	In how far can the share of fossil fuel finance over total portfolio be assessed? (Financial disclosure)	**Paris aligned**	**Paris aligned**
1.3	In how far can the share of climate finance over total portfolio be assessed? (Financial disclosure)	**Some progress**	**Some progress**
1.4	To what extent does the institution adhere to the Recommendations and Supporting Recommended Disclosures of the Task Force on Climate-related Disclosure (TCFD)?	**Transformational**	**Paris aligned**

Q1.1: To what extent can the GHG intensity of all activities supported by the ECA be assessed based on publicly available data? (Non-financial disclosure)

This assessment question was rated as 'Some progress' for EKN and 'Paris aligned' for SEK. EKN is committed to Sweden's target of net-zero emissions by 2045 but has not (yet) published its financed (scope 3) emissions as it is still an ongoing project (EKN, 2024b).[30] Reporting scope 3 emissions is crucial since they are typically the biggest share of an ECA's GHG emissions (see further section 4.3). EKN has in place the (fairly vague) short-term target to "[reduce] carbon emissions from business travel every year" (EKN, 2022, p. 10),[31] while other emissions from own operations (scope 1 and 2) have been mapped but no short-to-medium-term targets have been defined. In 2022, EKN scored its alignment with the TCFD recommendations (see further Q1.4) as only 'partially fulfilled' for the disclosure of scope 1–3 emissions and related risks (ibid.). It should be stressed positively – but not changing the score – that EKN has been offsetting its carbon emissions related to its business flights voluntarily since 2014 (EKN, n.d.a), as the first ECA that was assessed by the authors (Perspectives Climate Research, n.d.).[32]

For SEK, the assessment question was rated as 'Paris aligned' as the ECA has been reporting its scope 1–3 emissions transparently for several years and, most recently, reported its financed GHG emissions (scope 3) for the first time (SEK, 2024a; see further Q3.1). Since 2023, it does not report its scope 1 emissions anymore (sources that are controlled or owned by an organisation) as they have been reported to be zero since 2019 (SEK, 2023c, 2024a).

We **recommend** that EKN and SEK start/continue transparently reporting all scope 1–3 emissions in line with international standards such as the Greenhouse Gas Protocol and the Partnership for Carbon Accounting Financials (PCAF; see further Q3.1)[33] and set sectoral reduction targets for the short-to-medium-term towards net-zero emissions by 2045 or before. **We further recommend** that, in the medium term, both ECAs publish estimated future emissions data for both their portfolios and new commitments on their websites, including information on baselines and lifetime GHG emissions of assets, to increase the transparency on the climate impact of their business activities.

30. Data for 2022 and 2023 might be published still in 2025, as part of its annual TCFD-Reports or the Annual Report, as clarified in exchanges between EKN, SEK and the authors.
31. CO_2 2023 < CO_2 2019; CO_2 2024 < CO_2 2023; CO_2 2025 < CO_2 2024 (ibid.).
32. In 2023, SEK also reported all its operational emissions for the first time (SEK, 2024a).
33. Discussions between EKN and PCAF are ongoing as of mid-2024, as clarified in exchanges between EKN, SEK and the authors.

Q1.2: In how far can the share of fossil fuel finance over total portfolio be assessed? (Financial disclosure)

This assessment question was rated with 'Paris aligned' for both ECAs. Data on the share of fossil fuel finance is available as per the E3F joint transparency reporting (see Q3.2 and Q4.3), of which (almost) all the reported finance can be allocated to EKN.[34] However, the lack of more granularity of publicly available data in addition to E3F reporting does not allow for higher scores.

In its Annual Report 2022, EKN states that "[exposure] to direct fossil assets constitutes barely a couple of per cent of the portfolio" (EKN, 2023a, p. 28) and in 2023 "[transactions] related to fossil extraction and power generation [represented] a declining share of the portfolio" (EKN, 2024b, p. 28) but no more details are provided, such as on project-level.[35] SEK, in turn, provides a comprehensive overview of both 'fossil fuel assets' and 'other fossil fuel related assets', besides 'sectors sensitive to transition risk', based on the Global Industry Classification Standard (GICS), the World Resources Institute and UNEP-FI Portfolio Carbon Initiative on 'carbon asset class by sector'[36] (see Q3.3).

Overall, we **recommend** refining and extending the E3F transparency reporting, including downstream fossil fuel value chains, and disclosing granular project-level information on transactions that continue to be within the extensive value chains of fossil fuel-related infrastructure. We **further recommend** reflecting the E3F reporting modalities in all of EKN and SEK's reporting. This would allow evidence-based decisions to be made for aligning the ECAs with the Paris Agreement and ensure greater public accountability. Specifically, for EKN, we **recommend** following SEK's lead to go beyond E3F reporting modalities and comprehensively report on all sectors exposed to fossil-related transition risks (see for example Censkowsky et al., 2022).

Q1.3: In how far can the share of climate finance over total portfolio be assessed? (Financial disclosure)

This assessment question was rated as 'Some progress' for both ECAs, for the same reasons stated in Q1.2 regarding the E3F joint transparency reporting. However, while data is provided on the supported RE activities to the E3F, this alone is not sufficient to assess the share of broader climate finance for both ECAs. Similar to Q1.2 – the lack of more granularity of the publicly available data and of a clear definition of 'climate finance' by both ECAs do not allow for a higher rating.

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34. Clarified in exchanges between EKN, SEK and the authors.
35. EKN, 2024b, p. 28 also reports "transactions for which [GHG] emissions are the main risk area". The number of transactions has decreased drastically (from 19 in 2019 to 0 in 2023), but this only constitutes a climate-related financial risk for EKN.
36. Fossil fuel assets, fossil fuel dependent infrastructure, high-carbon assets facing shift to low-carbon technologies, and high-carbon assets without low carbon competitors.

Further, in 2024 SEK reported for the first time on gross exposure of RE finance by source of energy, overall EUR 610 million for solar and hydro projects, both for corporates and governments (SEK, 2024a).[37] This alone, however, does not justify a higher score as SEK still does not have a clear in-house definition of climate finance or adhere to international standard(s). The same holds true for EKN which disaggregated the share of its energy sector support only once in its 2022 TCFD Report (EKN, 2022c), but not in its Annual Reports so far.

We **recommend** reporting climate finance both for new authorisations and total exposure as a broader category that includes finance for RE and related infrastructure but also cross-cutting activities for both mitigation and adaptation (Shishlov and Censkowsky, 2022). Such an approach should be based on sound definitions of all subsectors on exhaustive or near-to exhaustive lists of activities. For instance, an established practice for multilateral development banks (MIGA et al., 2022) and the OECD (2022a) provides guidance when support may be deemed eligible under international climate finance commitments.

Q1.4: To what extent does the institution adhere to the Recommendations and Supporting Recommended Disclosures of the Task Force on Climate-related Financial Disclosure (TCFD)?

This assessment question was rated as 'Paris aligned' for SEK and 'Transformational' for EKN. EKN has first provided comprehensive TCFD-aligned reporting in its TCFD Pilot Report 2021, a subsequent TCFD Report (EKN, 2021b, 2022c) and plans to publish Annual TCFD Reports.[38] In its Annual Report 2023, EKN transparently reported green transactions (total number and share of portfolio) according to the EU Taxonomy on Sustainable Finance (EKN, 2024b). SEK reported for the first time on the TCFD recommendations in its Annual and Sustainability Report 2020 (EKN, 2021a), but not comprehensively ever since. Both ECAs even preceded Denmark's ECA EIFO by some years (EIFO, 2023).

We **recommend** that from their Annual Reports 2024 onwards, both EKN and SEK report according to the newly developed IFRS S1 and S2 reporting standards of the International Financial Reporting Standards Foundation that integrates all the TCFD recommendations (IFRS, n.d.),[39] thus increasing the degree of detail of the reported information and data. We **further recommend** that EKN and SEK also start adhering to the Task Force on Nature-related Financial Disclosure (TNFD) whose recommendations promise a more holistic approach to disclosures on environmental risks and opportunities. SEK should also follow EKN's lead and report the number and share of green transactions according to the EU Taxonomy annually.

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37. Gas power (EUR 0) and power transmission (EUR 110 million) is also reported (ibid.).
38. Clarified in exchanges between EKN, SEK and the authors.
39. In early 2024, the work of the TCFD has been completed and companies' progress on the TCFD recommendations is now tracked under the International Financial Reporting Standards Foundation's IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (IFRS, n.d.).

4.2 Dimension 2: Ambition of fossil fuel exclusion or restriction policies

The second assessment dimension is underpinned by three key questions covering the ambition of fossil fuel exclusions and/or restriction policies by type of fossil fuel. Today, the most notable policies emerged from the signatories of the Statement on International Public Support for the Clean Energy Transition and members of the E3F coalition. However, the majority of G20 governments only vaguely committed to climate- and or sustainability-related targets, that have substantive interpretative leeway. Due to the pre-eminent importance of rapid phase out of public support for fossil fuel value chains, the methodology weighs this assessment dimension with 40%.

In this assessment dimension, EKN and SEK were both rated as 'Transformational' with an assessment dimension sub-score of 3.00/3.00.

Q Nr.	Dimension 3 – key questions	Rating EKN	Rating SEK
2.1	**Coal**: How ambitious is the ECA regarding exclusions or restrictions for support of coal and related value chains?	Transformational	Transformational
2.2	**Oil**: How ambitious is the ECA regarding exclusions or restrictions for support of oil and related value chains?	Transformational	Transformational
2.3	**Natural gas**: How ambitious is the ECA regarding exclusions or restrictions for support of gas and related value chains?	Transformational	Transformational

Q2.1: How ambitious is the ECA regarding exclusions or restrictions for support of coal and related value chains?

This assessment question was rated as 'Transformational' for both ECAs. As a member of the E3F, Sweden communicated in November 2022 its National Approaches on the implementation of the COP26 Statement on the Clean Energy Transition Partnership (E3F, 2023a). This has been updated: Since 2023, Sweden's ECAs must no longer support coal-related value chains at all (EKN, 2023c), a policy decision which was preceded by an agreement of the Participants to the OECD Arrangement on Officially Supported Export Credits to end support for unabated coal-fired power plants (OECD, 2021a).[40] While EKN's phase-out policy is indeed transformational and provides a role model guide for other ECAs, practical implementation difficulties may still remain. For instance, the end use of exported Swedish trucks is not always known given intermediary foreign importers. It therefore cannot be entirely excluded that some Swedish exports are used in (transporting) coal, yet EKN's staff is aware of such situations and actively working to avoid them.[41]

Q2.2: How ambitious is the ECA regarding exclusions or restrictions for support of oil and related value chains?

This assessment question is rated as 'Transformational' for both ECAs. The above justification applies (see Q2.1). The Swedish government instructed EKN and SEK to end new finance for O&G production by the end of 2022, which was implemented via EKN's Sustainability Policy[42] [43] and Sustainable Finance Policy (EKN, 2023c; SEK, 2023d). As is shown in greater detail for Q4.3, EKN still approved two oil transactions in 2021 – thus financing longer than Finland (2020) and Denmark (2018) – but has not approved any fossil fuel transactions in 2022 (E3F, 2023b). SEK, in turn, still reports support for corporates in the sector of O&G and consumable fuels (EUR 370 million; SEK, 2024a) for 2023 – roughly 1% of its total portfolio – from previous new support committed up to 2022 (EUR 280 million; SEK, 2023a) – granted before Sweden's export finance restriction entered into power.[44]

40. All Nordic countries, except Norway, have existing policies aligned or nearly aligned with the CETP (OCI, 2024a).
41. Clarified in exchanges between EKN and the authors.
42. According to Pusic, 2022, the initially adopted policy did not clearly rule out support for oil exploration and extraction. However, this version is no longer publicly available.
43. Updated again in mid-2023 to prohibit guarantees for any expansions and new O&G projects (EKN, 2023c).
44. SEK also left open the possibility that it "may finance projects and activities with high GHG emissions where fossil-free alternatives have not yet been developed, such as mines and fossil fuels for industrial use, provided the project is expected to make a positive contribution to the transition over time." (SEK, 2024a, p. 122)

Q2.3: How ambitious is the ECA regarding exclusions or restrictions for support of gas and related value chains?

This assessment question is rated as 'Transformational' for both ECAs. The above justification (see Q2.1 and Q2.2) applies. In the case of EKN, between 2015 and 2020, gas projects received more support than any other energy source (before Sweden's export finance restriction entered into power), but no new guarantee has been granted since 2021 (E3F, 2023b).

4.3 Dimension 3: Climate impact of and emission reduction targets for all activities

The third assessment dimension is underpinned by three key questions regarding the climate impact and GHG emissions reduction targets for all the ECAs activities. To achieve the objectives of the Paris Agreement, not only is rapid fossil fuel phase out required, but other sectors need to also drastically reduce absolute emissions levels (IEA, 2021). In the absence of comprehensive GHG accounting, the assessment of this dimension is difficult to evaluate – however, where possible, we look at second-best indicators to proxy the emission intensity of the ECAs portfolios (e.g., fossil fuel-related energy sector finance). The dimension is assigned an overall weight of 20%.

In this assessment dimension, EKN and SEK scored 'Some progress' with an assessment dimension sub-score of 1.00/3.00 and 1.33/3.00 respectively.

Q Nr.	Dimension 3 – key questions	Rating EKN	Rating SEK
3.1	Can a declining trend in GHG intensity of the total portfolio be observed? (tCO_2e/EUR, Scope 1–3 emissions)	Unaligned	Unaligned
3.2	How significant is the fossil fuel financing relative to total energy-related portfolio? (average of new commitments from the last three years where data is available)	Paris aligned	Paris aligned
3.3	To what extent do all emission-relevant sectors have targeted GHG reduction targets and in how far are GHG reduction targets in line with benchmarks of acceptable 1.5 °C pathways?	Some progress	Paris aligned

Q3.1: Can a declining trend in GHG intensity of the total portfolio be observed? (tCO_2e/EUR, scope 1–3 emissions)

This assessment question is rated as 'Unaligned' for both ECAs. So far, EKN has not published details on the GHG intensity of its total portfolio, even though its Sustainability Policy states among others that "EKN's risk assessment shall consider the operation's life cycle [GHG] emissions, possible lock-in effects and transition plans in line with the Paris Agreement's 1.5-degree target."(EKN, 2023b, p. 5) Neither EKN nor SEK have committed to join PCAF and disclose portfolio-related emissions.

SEK has been reporting its scope 1–3 emissions (excluding financed emissions) for the last five years, and in 2023, for the first time, also reported its financed emissions (15,748 tCO_2e), which are more than 30-times higher than the level of previously reported scope 1–3 emissions. Overall, SEK's operational emissions have quadrupled since 2021, are now higher than pre-pandemic, and thus not in line with SEK's target of zero operational GHG emissions by 2030 (SEK, 2024a). Despite its higher transparency compared to EKN, no higher score can be given to SEK since a declining overall trend of the total GHG intensity in the total portfolio cannot be observed (only of its green loans, see further Q4.2).

To start with, we **recommend** that EKN follows SEK's lead and significantly improves the transparency of its GHG reporting (see Q1.1), including stating explicitly the financed GHG emissions (scope 3) for all significant transactions. Only full disclosure of GHG emissions on project level would be aligned with the best practice-standard of other ECAs (see further Perspectives Climate Research, n.d.), and joining PCAF would be an important next step for both ECAs.[45]

Q3.2: How significant is the fossil fuel financing relative to total energy-related portfolio? (average of new commitments from the last three years where data is available)

This assessment question is rated as 'Paris aligned' for both ECAs. For SEK, no new support has been provided to fossil fuels in recent years. While the sectoral share of gross exposure keeps falling, it is not (yet) zero and therefore the score 'Transformation' cannot be given. As Figure 3 shows, EKN[46] has supported fossil fuel exports (EUR 0.6 billion since 2015) – six-times as much as Denmark (EUR 0.1 billion) – but only half of Finland's amount (EUR 1 billion) and 2% of all E3F member's fossil fuel support (E3F, 2023b). Up to 2018, fossil fuel financing made up most of Sweden's energy-related export finance portfolio, but since then this share in its portfolio has shrunk to 22% since hardly any new fossil fuel support has been provided since then. At the same time, more transactions have been conducted for electric infrastructure (2015-2020) and since 2021 (almost) exclusively to RE (see Figure 5 and Q4.3).

45. Ten Swedish commercial banks and financial services groups have already joined (PCAF, n.d.).
46. Swedish data reported to the E3F is exclusively from EKN, as clarified in exchanges between EKN, SEK and the authors.

Support to Fossil Fuel Energy Sector

	Total	Gas		Oil		Coal		Oil & Gas (undefined)	
Value Chain	Credit Value	Credit Value	N* of transa.	Credit Value	N* of transa.	Credit Value	N* of transa.	Credit Value	N* of transa.
Upstream	16	0	0	0	0	16	9	0	0
Midstream	265	256	5	9	18	0	0	0	0
Downstream	0	0	0	0	0	0	0	0	0
Power generation	315	315	4	0	0	0	0	0	0
Total	596	571	9	9	18	16	9	0	0

Supported transactions by targeted sectors on an annual basis (MEUR)

	Gas	Oil	Coal	O&G	**Total**	Electric Infra.	Ren. Energy	**Total**
2022	0	0	0	0	**0**	0	509	**509**
2021	0	2	0	0	**2**	0	1216	**1216**
2020	0	3	0	0	**3**	98	2	**100**
2019	50	3	3	0	**55**	194	0	**194**
2018	0	1	9	0	**10**	10	0	**10**
2017	225	0	0	0	**225**	96	0	**96**
2016	285	0	4	0	**289**	16	0	**16**
2015	12	0	0	0	**12**	0	0	**0**

Figure 3: EKN's fossil fuel transactions, 2015-2022
Source: E3F 2023b, p. 13

Both ECAs have not been receiving many applications by the fossil fuel sector in recent years. They also have explored all options they have under the OECD Arrangement on Officially Supported Export Credits and within their mandates to increase support to the energy transition, including on national content requirements, minimum premium rates, fee waivers for green projects[47] (see further Q4.4), so that **no additional recommendations** can be made: Only a further decreasing share of fossil fuel finance down to zero in the stock of both ECAs will eventually increase their score to 'Transformational'.

Q3.3: To what extent do all emission-relevant sectors have targeted GHG reduction targets and in how far are GHG reduction targets in line with benchmarks of acceptable 1.5 °C pathways?

This assessment question is rated as 'Some Progress' for EKN and 'Paris aligned' for SEK. As highlighted in section 4.2, since 2022 both ECAs strong fossil fuel exclusion policies in place. Together, both ECAs have recently been developing a method for assessing whether the end use of goods aligns with the Paris Agreement (EKN, 2024b). At the time of writing, this method has been piloted for larger transactions (Project A & B categories), requiring exporters to present emissions data, transition plans and climate risk assessments, but no further information has yet been shared.

This methodology would not become a binding policy but only an internal guidance document, and further progress on sectoral targets is only expected once a target-setting protocol for all NZECA members is released (see further Q5.1).[48] However, this cannot currently be assessed and will not necessarily result in new sectoral targets that are needed for a whole array of emissions-intensive sectors (and assets). Moreover, emissions-intensive sectors may have their very own transition risks, as it was identified by SEK (see Figure 4).

For EKN, no emission-relevant sector targets existed as of the time of writing. Additionally, defence material transactions that require a permit[49] are exempt from the environmental review (EKN, n.d.b) which would be in conflict with setting emission reduction targets.[50] Consequently, no higher score could be given to EKN. SEK, on the other hand, has set itself the voluntary goal that its entire lending portfolio, i.e. all government-backed lending for Swedish exports, shall achieve net zero emissions by 2045, with the medium-term target of 50% of green loans by 2030 (SEK, 2021). Among others, SEK's main sustainability strategy is to focus on increasing the proportion of new lending to companies with ambitious and credible plans to reduce their company's GHG emissions in line with scientifically based climate targets (SEK, 2024a; see further section 4.4).[51]

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47. Clarified in exchanges between EKN, SEK and the authors.
48. Clarified in exchanges between EKN, SEK and the authors.
49. From the Swedish Inspectorate of Strategic Products government authority.
50. Whereas SEK has the same independent risk screening for defence sector transaction as for other sectors, even though the Swedish agency Inspectorate of Strategic Products performs risk assessment in their review, as clarified in exchanges between EKN, SEK and the authors.
51. Other targets include: Activities that are classified as green in accordance with SEK's framework for sustainable bonds.; the share of green loans in SEK's lending portfolio shall increase to 50% by 2030; and SEK's own operations shall be net zero by 2030.

We **recommend** EKN and SEK to develop and make sectoral targets publicly available as soon as possible, starting with the highest emitting sectors and guided by the best-available climate science to ensure the Paris alignment of all financed sectors, coordinating this effort with NZECA's own ambition.[52] These targets should be published in Annual Reports and sustainability (finance) policies amended to reflect these targets.

Sectors exposed to transition risk and other assets

	2023				2022			
	Gross exposure		Net exposure		Gross exposure		Net exposure	
Fossil fuel assets (linked to sectors)	**Skr br**	**%**	**Skr br**	**%**	**Skr bn**	**%**	**Skr bn**	**%**
Fossil fuel assets (Carbon Asset Class 1)	3.7	0.9	0.7	0.2	4.0	0.9	0.7	0.2
Other assets that could be exposed to transition risks (Carbon Asset Class 2)	78.1	18.9	42.5	10.3	74.2	16.9	40.9	9.3
Assets in other sectors not classified as exposed to transition risks	331.4	80.2	370.0	89.5	360.0	82.2	396.6	90.5

52. For becoming an NZECA member, it is required to publish Paris-aligned portfolio targets, as already done by both ECAs.

Sectors sensitive to transition risk, gross exposure

	2023		2022	
Sectors	**Skr br**	**%**	**Skr bn**	**%**
Paper & Forest	16.2	3.9	16.0	3.7
Automobile & Flight Industri[53]	10.9	2.6	11.5	2.6
Electric utilities & Power Procedures	15.9	3.9	18.9	4.3
Metals & Mining	12.5	3.0	9.0	2.0
Oil & Gas, Exploration & Production	3.7	0.9	4.0	0.9
Construction & Engineering	13.1	3.2	11.4	2.6
Other sectors sensitive to transition risk	9.5	2.3	7.4	1.7
Total	**81.8**	**19.8**	**78.2**	**17.8**

Other fossil fuel related assets, gross exposure

	2023		2022	
Fossil fuel related assets not mapped to the GICS codes as above	**Skr br**	**%**	**Skr bn**	**%**
Natural gas projects & assets	0.0	0.0	0.1	0.0
Oil & petrol assets	0.0	0.0	0.1	0.0
Potential end use fossil fuel	0.1	0.0	0.1	0.0

Figure 4: SEK's exposure and sectors sensitive to transition risks and other assets
Source: SEK, 2024a, p. 135

53. Flight Industri including Aerospace & Defense

4.4 Dimension 4: Climate finance: Positive contribution to the global climate transition

The fourth assessment dimension is underpinned by five key questions regarding EKN's contribution to a just climate transition and sustainable development. Rapidly ramping up and improving climate finance is crucial to achieve the objectives of the Paris Agreement and contribute to a green and just post-COVID recovery (Averchenkova et al., 2020). This dimension is weighted with 10%.

In this assessment dimension, EKN and SEK were both rated 'Paris aligned' with respective assessment dimension sub-scores of 2.00/3.00 and 2.20/3.00.

Q Nr.	Dimension 4 – key questions	Rating EKN	Rating SEK
4.1	What is the reported share of climate finance over total portfolio?	**Some progress**	**Some progress**
4.2	How can the quality/appropriateness of climate finance earmarks be assessed?	**Paris aligned**	**Paris aligned**
4.3	What is the share of clean energy financing over total energy-related financing? (average of new commitments from the last three years where data is available)	**Transformational**	**Transformational**
4.4	To what extent does the pricing structure take into account climate impacts of activities?	**Paris aligned**	**Transformational**
4.5	In how far does the institution ensure positive sustainable development contributions of its activities?	**Paris aligned**	**Paris aligned**

Q4.1: What is the reported share of climate finance over total portfolio?

This assessment question is scored with 'Some progress' for both ECAs, mostly based on the RE finance reported to the E3F (2023b), which we use as a proxy for climate finance in the absence of a clear definition of 'climate finance' and absent granular reporting of it (see also Q1.3 and Q4.3). In the case of EKN, of all new commitments in 2023 (EUR 9.6 billion), only 4% went to the power sector, a drop from 15% in 2022 and 21% in 2021 when historically high support was granted to RE projects (see Q4.3). The share of outstanding power sector commitments of EKN's total exposure remained constant at 12-14% since 2021, i.e. increasing RE support compensated for decreasing shares of fossil fuel exposure in EKN's total portfolio (EKN, 2022a, 2023a, 2024b).

For SEK, as mentioned in Q1.3, in 2023 the ECA reported for the first time the share of RE finance by source of energy, committing EUR 610 million for solar and hydro projects (SEK, 2024a). This equals roughly 8% of total new commitments in 2023 (EUR 7.3 billion), similar to the total portfolio of energy-related projects of 1.4% for corporate and 10% for government clients (see Table 1), though these shares still include stock of previous fossil fuel support. No higher score could be given to either ECA as they still do not have in clear in-house definitions of climate finance in place or adhere to international standards (see further Shishlov and Censkowsky, 2022).

We **recommend** that EKN and SEK strengthen their monitoring and reporting modalities so that researchers and the public can duly evaluate progress on ramping up RE and broader climate finance (see Q1.3). We **further recommend** that the ECAs seize the vast opportunities that greening export finance offers (e.g., Klasen et al., 2021). Ultimately, aligning EKN and SEK with the Paris Agreement means allocating far more resources to climate-related activities, all of which can boost domestic jobs under the right enabling environment.

Q4.2: How can the quality/appropriateness of climate finance earmarks be assessed?

This assessment question is scored with 'Paris aligned' for both ECAS. None of the two ECAs define climate finance in a transparent way, e.g., with activity-specific components (see also Q1.3 and Q4.1), and they do not differentiate between domestic and international climate finance. However, both ECAs classify green transactions in line with the EU Taxonomy which itself must be considered a best practice approach since the taxonomy is far more granular and adaptable than the Rio markers or the MDB Joint Approach (MIGA et al., 2022; Shishlov and Censkowsky, 2022; OECD 2022a).[54] The taxonomy excludes investments in

54. For its green bonds, EKN also follows the Green Bond Principles of the International Capital Markets Association, as clarified in exchanges between EKN, SEK and the authors. See further https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/.

retrofits of existing fossil fuel power plants that could extent their lifetime but allows to classify investments in gas[55] as 'sustainable' (European Commission, n.d.b). Preventing such a possible 'carbon lock-in' is a key target of EKN and SEK's new methodology, which can be used for both known and unknown end use and complements the EU Taxonomy.[56]

In recent years, an increasing number of applications for projects to EKN and SEK have shown alignment with the EU Taxonomy. Taxonomy-alignment has been assessed either on project level (if the use of proceeds is known) or on company level.[57] Against this background, EKN (2024b) states that 10% of its guarantee portfolio in 2023[58] were 'green transactions' and aligned with the climate requirements of the EU Taxonomy. SEK, similarly, reports on 'sustainability classified loans', categorised through an in-house system of sustainable (not climate) finance earmarking ('Sustainability Bond Framework', 'Green Bond Framework'), accounting for 16% of the total lending portfolio (2022: 12%; SEK, 2024a). However, SEK goes beyond EKN and reports the reduced GHG emissions from green loans, based on the method stated in the International Financial Institution Framework for a Harmonized Approach to Greenhouse Gas Accounting (ibid.). It also set targets concerning lending on green assets (see Q3.3. and Q4.3).

We **recommend** clearly defining climate finance in the export finance system and providing granular, project-level reporting (see more recommendations in Q1.3). We **further recommend** the Swedish government to contribute to streamlining efforts towards a common definition of climate finance in the global export finance system.

Q4.3: What is the share of renewable energy financing over total energy-related financing? (average of new commitments from the last three years where data is available)

This assessment question is rated as 'Transformational' for both ECAs since virtually 100%[59] of all energy-related transactions since 2021 have been for RE and related infrastructure (E3F, 2023b; EKN, 2024b; SEK, 2024a), together with the strong evidence that both EKN and SEK have successfully phased out (most) fossil fuel energy financing in their portfolio over the past years (see section 4.2 and Q3.2). EKN has started supporting climate-friendly technologies such as electric trucks and buses, electric mining equipment, transmission infrastructure for offshore wind farms and solar parks, non-fossil fertilizers and (biofuel-run) public transport (EKN, 2023e). SEK, in turn, lists eight similar green project categories in

55. And nuclear.
56. Together with the (future) requirement of credible transition plans and sectorial decarbonisation pathways, for instance.
57. Clarified in exchanges between EKN, SEK and the authors.
58. Six transactions with a guarantee volume of EUR 130 million (ibid.); 9% in 2022, 7% in 2021 (EKN, 2024b).
59. In 2021, EKN did indeed support new oil projects with EUR 2 million, but also provided EUR 1.2 billion to RE (EKN, 2022a). The share of fossil fuel support in 2021 was thus virtually 0% (0.16%). For SEK, EUR 370 million are reported for 'Oil, gas and consumable fuels' in 2023.

its Sustainability Bond Framework.[60] Besides Denmark,[61] no other E3F-ECA has ever granted as much support to RE in a single year as EKN in 2021, and no member saw a bigger rise in RE support year-on-year as EKN did from 2020 to 2021 (E3F, 2023b).[62] In 2022 and 2023, however, RE support dropped compared to 2021, due to various big wind projects for which support was provided only for one year (2021).[63] Thus, EKN has become the 4th biggest financier of RE among E3F members between 2015-2022 (E3F, 2023a).[64]

Value Chain	Credit value	Number of transactions
Electric infrastructure	414	28
RE	1,726	18
Total	**2,141**	**46**

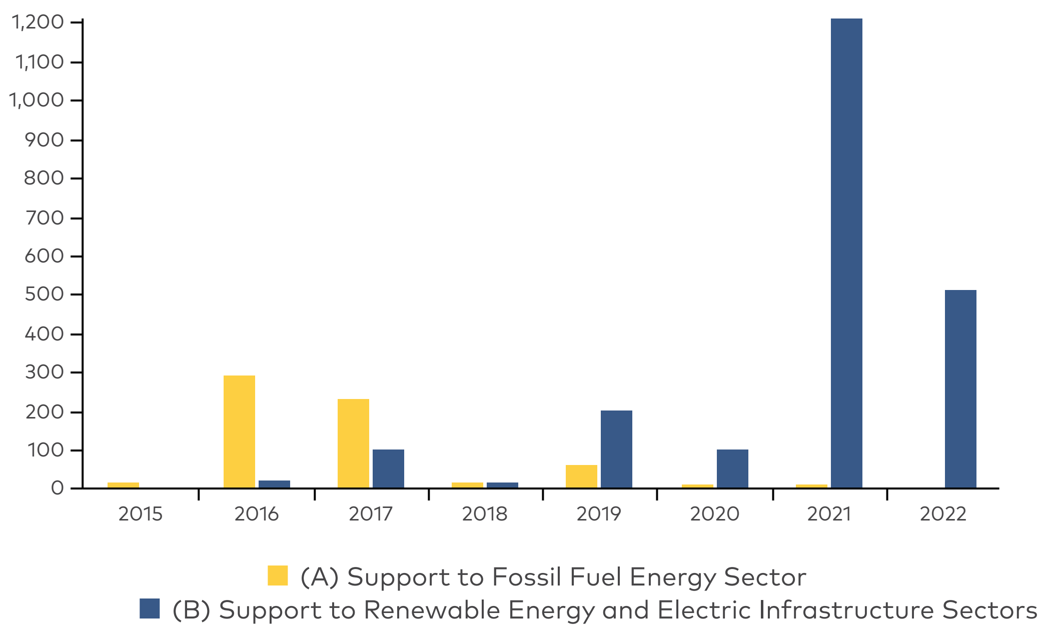

Figure 5: EKN's RE and related infrastructure financing in EUR million, 2015-2022
Source: E3F, 2023b, p. 13

60. RE, green buildings, energy efficiency, clean transportation, waste management, water and wastewater management, sustainable land use/environmental management and climate change adaptation. See further https://www.sek.se/app/uploads/2022/06/Sustainability-bond-framework.pdf.
61. Between 2015 and 2022, Denmark always provided more than EUR 1 billion per year for RE and electrical infrastructure, except for 2017 and 2021 (E3F, 2023b).
62. From EUR 2 million for RE (EUR 100 million with electrical infrastructure) to EUR 1.22 billion.
63. Clarified in exchanges between EKN, SEK and the authors.
64. Denmark 41%, Germany 19%, France 9%, Sweden 7% (EUR 2.14 billion), Italy 7% (EUR 2.03 billion).

Q4.4: To what extent does the pricing structure take into account climate impacts of activities?

This assessment question is rated as 'Paris aligned' for EKN and 'Transformational' for SEK. Since February 2023, EKN offers a climate reward that is based on the climate impact of activities and the compliance with the EU Taxonomy on Sustainable Finance – the 'Green Export Credit Guarantee'.[65] In fact, it offers up to 100% risk cover for exports to projects that comply with the EU taxonomy (both climate mitigation and adaptation) – 5%-points above EKN's regular guarantees (EKN, 2023b),[66] and does not place any limits in terms of deal size for the new project (TXF, 2023). No guarantee has been issued yet, but discussions are ongoing for a handful of projects.[67] The power sector[68] as the third-biggest industry supported by EKN since 2021 has been reported on for many years but RE support has not (set) been reported separately, thus not allowing for a higher score (EKN, 2024b).

SEK, in turn, provides 'sustainable finance loans' which offers financing to exporters, subcontractors and projects that contribute to reduced climate and environmental impact or more effective use of resources, in line with the EU Taxonomy (SEK, n.d.a). Its sustainability-linked loans go one step further than EKN and are connected to the entire company's sustainability targets, e.g. on energy-efficiency enhancements or reduced transportation (SEK, n.d.c). SEK reports transparently on them and they are supposed to contribute to SEK's target of a 50%-share of green loans by 2030 (SEK, 2024a).

We **recommend** EKN to publish transparently, comprehensively and as soon as possible data on the demand for the Green Export Credit Guarantee, the average and total amount of guarantees/loans per year as well as on their effectiveness. Increasing transparency is of particular relevance for improving EKN's Paris alignment since per its mandate, it cannot waive fees for green projects and has to adhere to national content requirements as per the OECD Arrangement on export finance.[69] We **further recommend** EKN (supported by SEK) to request the Swedish Government for amending EKN's mandate to ensure full Paris alignment. This mandate amendment should build on the instructions of the annual letter of appropriation by the Swedish government which in the last few years clearly stated that "EKN shall transition its operations and activities to be in line with the Paris Agreement's 1.5-degree target and not create lock-ins in fossil fuel dependence."[70]

65. Inspired by the Dutch ECA Atradius DSB (Morton, 2022; see further Censkowsky et al., 2022a).
66. Domestically, EKN implemented a similar 'Green Credit Guarantee' in September 2021 already (see Q4.4).
67. Clarified in exchanges between EKN, SEK and the authors.
68. Including both fossil fuels and RE.
69. Clarified in exchanges between EKN, SEK and the authors.
70. Clarified in exchanges between EKN, SEK and the authors. See further https://www.ekn.se/globalassets/dokument/styrdokument/regleringsbrev-2024.pdf and https://www.ekn.se/om-ekn/hallbarhet/ekns-hallbarhetsarbete/.

Q4.5: In how far does the institution ensure sustainable development contributions from its activities?

This assessment question is rated as 'Paris aligned' for both ECAs. First, the ECAs adhere to the requirements of the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (OECD, 2022b). As part of the OECD's requirements, EKN and SEK report on all transactions where a credit period of more than two years has been agreed and the contract value amounts to at least EUR 10 million, as well as on pending applications and approved Category A and Category B transactions (ibid.; see section 2; see further EKN, 2024a; SEK, 2024a). Besides the Common Approaches, both ECAs follow other international guidelines.[71] This includes the Performance Standards of the International Finance Corporation which comprises eight standards covering the project's capacity, including on Indigenous People (SEK, 2024a; EKN, n.d.c).[72] Both ECAs impose the same terms, conditions and requirements. In 2023, joint efforts were made to clarify the conditions for loans and guarantees (EKN, 2024b).

In the case of EKN, no higher score can be given since, contrarily to SEK, EKN has not yet started using ESG reports of companies as part of its project assessments, conduct comprehensive emission measurement, reporting, nor future goal setting. Finally, EKN has not defined key corporate responsibility themes – in contrast to Finnvera, for example (Schmidt et al., 2024, forthcoming). We do, however, acknowledge that EKN – in contrast to SEK – dedicates a whole webpage to human rights issues. There the ECA makes transparent how it attempts to minimise the risk of negative impact on human rights via its project assessments, with a focus on the operations where the product is to be used (EKN, n.d.c). Looking towards the future, EKN's mandate has already been extended to secure Sweden's access to raw materials and rare earth minerals via a dedicated guarantee, which is particularly important for clean energy industries (EKN, 2022b) and points towards synergies with other Swedish key actors. For the 'H_2 Green Steel' project, for instance, this includes project financing from SEK, green guarantees from EKN and from the Swedish National Debt Office, besides other consortium members (see further Q5.2) Though SEK has a target of a 50% share of green loans in its lending portfolio by 2030 and reports comprehensively on ESG and broader sustainable development contributions in its annual 'Sustainability Notes' for many years, it cannot be scored 'Transformational'. The ECA itself highlights "potentially conflicting targets, as SEK's mission includes financing strategic business important to the Swedish government, which does not always align with the SDGs." (SEK, 2024a, p. 134)

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71. E.g., the Equator Principles, the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, UN Global Compact, OECD Recommendation of the Council on Bribery and Officially Supported Export Credits and the OECD Recommendation on Sustainable Lending Practices and Officially Supported Export Credits (EKN, 2023c; SEK, 2024a).
72. The seven other standards are: Risk Management, Labour, Resource Efficiency, Community, Land Resettlement, Biodiversity and Cultural Heritage (SEK, 2024a).

We **recommend** that EKN and SEK transparently align all operations closer with the United Nations' Sustainable Development Goals (SDGs) for 2030 and the Paris Agreement's 1.5 °C temperature limit, as already indicated by EKN, including support for defence and other fossil-fuel dependent sectors.[73] For SEK, an amendment to its mandate might be needed to align all strategic business important to the Swedish government such as infrastructure with the SDGs.

4.5 Dimension 5: Engagement - Outreach and 'pro-activeness' of ECAs and their governments

The fifth assessment dimension is underpinned by three key questions aimed at capturing the engagement and ambition of climate and sustainability policies of the government and its ECAs in international fora as well as with national exporters and banks. This dimension is weighted with 10%.

In this assessment dimension, both ECAs were rated as 'Transformational' with assessment dimension sub-scores of 2.67/3.00.

Q Nr.	Dimension 5 – key questions	Rating EKN	Rating SEK
5.1	To what extent does the institution itself or its government actively engage in relevant international fora (e.g., E3F, OECD, the Berne Union, WTO or the World Economic Forum) to liaise with like-minded for ambitious climate policies in the export finance system?	Transformational	Transformational
5.2	To what extent does the institution itself or its government actively engage in relevant national fora with view to implementing ambitious climate policies in the (national) export finance system?	Paris aligned	Paris aligned
5.3	To what extent does the institution or its government actively engage with national companies to transform fossil fuel-related value chains and incentivize low GHG exports?	Transformational	Transformational

73. "The next step involves EKN establishing short- and medium-term climate targets, which will guide efforts towards a greater contribution to the climate transition." (EKN, 2024b, p. 28)

Q5.1: To what extent does the institution itself or its government actively engage in relevant international fora (e.g., E3F, OECD, the Berne Union, WTO or the World Economic Forum) to liaise with like-minded for ambitious climate policies in the export finance system?

This assessment question was scored with 'Transformational' for both ECAs. Most importantly, in spring 2023 Sweden took over the Presidency of the Council of the European Union, chaired the Council Working Party on Export Credits and prepared the EU's negotiating mandate in the OECD. The OECD Arrangement negotiations themselves were chaired by Finland and successfully broadened the possibilities of using financing for green and climate-positive projects,[74] aided by Nordic cooperation.[75] In the Nordic region, ECAs closely collaborate by engaging in discussion and sharing information regularly, both at an Annual Meeting and rather technical sub-group discussions (EKN, n.d.c). Sweden is a member of the E3F coalition which recently hosted a two-day workshop on how export finance can support global climate finance goals,[76] a signatory to the CETP, a core member of the Beyond Oil and Gas Alliance (BOGA, n.d.)[77] and a member of the Powering Past Coal Alliance (PPCA, n.d.), leading the phase-out of export finance for fossil fuels (see section 4.2).[78]

In June 2023, EKN signed a reinsurance agreement with the Export-Import Bank of the United States to provide more comprehensive support by both agencies, particularly for RE (EKN, 2023d).[79] EKN has prioritised climate policies in the export finance system for many years. Since the inception of the Berne Union's Climate Working Group in 2022, EKN has been a member and has been chairing it since 2023 (Berne Union, n.d.a)[80] and in June 2024, for example, organised as webinar for all Berne Union members on climate strategy and function in export credit.[81] EKN and SEK have participated actively in the last three COPs (Business Sweden, 2021; EKN, 2022a, 2023a, 2024b; SEK, 2023b) and have been founding members of (NZECA, n.d.)[82] within which both ECAs are working on a target-setting protocol for all members as well.[83]

We **recommend** that Sweden continues taking ambitious diplomatic action on a global scale to establish stricter rules governing public support for fossil fuels. This will allow avoiding a situation in which Swedish or European-only ECA support for fossil fuels ends, whilst those from other (generally less climate-concerned) countries continue their business-as-usual. We therefore recommend:

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74. This includes an extended maximum repayment period for climate and environmental loans from 18 to 22 years (but also for most other projects, from 8.5 and 10 years to 15 years); the minimum guarantee payments will be reduced in the lower risk categories and more flexible repayment terms will also be introduced (Finnvera, 2024).
75. Clarified in exchanges between EKN, SEK and the authors.
76. "[Working] to expand the [E3F] transparency report to more accurately capture the E3F contribution to global climate finance goals." See further https://www.linkedin.com/feed/update/urn:li:activity:7211311670051127296/.
77. Co-launched by Denmark. Finland is only a 'Friend of BOGA' and Norway is not among the supporters yet (ibid.).
78. See further Government Offices of Sweden, 2024 for an overview of other Swedish climate transition initiatives.
79. Only three months after Finnvera (US EXIM, 2023).
80. Canada was the previous chair.
81. For the agenda and all speakers, see further https://berneunion.org/Events/Event/1174/Climate-101-Climate-Strategy-and-Function-in-Export-Credit.
82. Together with the Danish EIFO, Export Development Canada (EDC) and UK Export Finance (ibid.).
83. As of the time of publication, this could be either on portfolio or sectoral level, as clarified in exchanges between EKN, SEK and the authors.

1. Promoting green export finance during Sweden's 2024 Presidency of the Nordic Council of Ministers (Government Offices of Sweden, 2024);
2. Strategizing with like-minded OECD Arrangement participants about how to achieve a transformative climate-related policy reform of the Arrangement, most importantly through adopting full exclusions/restrictions for O&G export finance;
3. Further deepening and publicly reporting on negotiations at the OECD and its international Infrastructure Working Group (IWG), especially with China, Japan and the US;
4. Deliberating with like-minded countries about forming a new 'level playing field' outside the OECD Arrangement and E3F to accelerate progress and typify the design of a Paris-aligned and sustainable international export finance regulation;
5. Enhancing and publicly reporting on the Swedish position in international climate-related negotiations involving policies in the export finance system;
6. Enhancing and publicly reporting on progress on climate- and environmental diplomacy between the OECD and non-OECD members of the export finance system, through the IWG with China, the G7 and G12 Heads of ECA meetings as well as through the Berne Union;
7. Encouraging Norway to join the Berne Union's Climate Working Group, become a full member of the E3F, as well as of BOGA;
8. Encouraging Finland to elevate its commitment to BOGA, from being only a 'Friend'[84] of it to becoming an Associate, if not Core Member, and encouraging Norway to become at least a 'Friend'.

Q5.2: To what extent does the institution itself or its government actively engage in relevant national fora with view to implementing ambitious climate policies in the export finance system?

This assessment question was scored with 'Paris aligned' for both ECAs. The Government of Sweden successfully implemented strong restrictions for all support to fossil fuels, in line with the CETP (see section 4.2). 'Team Sweden' (of which EKN and SEK are members of) publicly promotes Sweden's climate and sustainability ambitions, most prominently via *Energimyndigheten* (Swedish Energy Agency)[85] and *Vinnova*,[86] Sweden's Agency for Innovation (Business Sweden, n.d.). As part of its domestic portfolio, SEK recently supported 'H_2 Green Steel' (EUR 500

84. 'Friends' of BOGA (n.d.) "[support] a socially just and equitable global transition to align O&G production with the objectives of the Paris Agreement [...]", but are less committed than Associate Members that have to take at least one of five concrete steps to reduce O&G production.
85. "[Energimyndigheten] is leading the energy transition into a modern and sustainable, fossil-free welfare society. They support business development that allows commercialisation of energy related innovations and ensure that promising cleantech solutions can be exported."
86. "[Vinnova's] vision is to be an innovative force in a sustainable world. Vinnova helps to build Sweden's innovation capacity, contributing to sustainable growth."

million),[87] with EUR 4.2 billion of investments the world's first large-scale green steel plant. The plant is export-oriented and received a green credit guarantee as well as an export credit cover for EUR 1.2 billion each from the German ECA Euler Hermes (H2 Green Steel, 2024). This project could serve as a lighthouse for other hard-to-decarbonise sectors which EKN and SEK could support more, both in Sweden and internationally. Other examples of engagement in relevant national fora include quarterly meetings of EKN, SEK; Business Sweden and major exporters to discuss climate and sustainability topics, and the International Council of Swedish Industry where EKN and SEK meet major exporters and banks to discuss challenges such as the climate crisis and co-found initiatives such as the Sustainability Impact Accelerator.[88]

Lastly, we acknowledge the leading role of Sweden and Nordic cooperation in broadening the possibilities of using financing for green and climate-positive projects (Finnvera, 2024), but no higher score can be given due to the lack of demonstrated achievements by the Swedish government in transforming domestic export sectors, especially since the rollback of climate ambitions since 2023 (Bryant, 2023; Paulsson and Rolander, 2023).

We **recommend** that EKN, SEK and the Swedish government closely collaborate with other relevant national actors within (and beyond) Team Sweden to align their approaches and work on a common set of climate targets. Both ECAs should also promote mainstreaming the inclusion of export aspects across all of Sweden's key climate policy documents such as climate policy action plans and continue to encourage the Swedish government to uphold and strengthen climate targets.

Q5.3: To what extent does the institution or its government actively engage with national companies to transform fossil fuel-related value chains and incentivize low GHG exports?

This assessment question was scored with 'Transformational' for both ECAs. For both, the above justification and recommendation (see Q5.2) applies. Further, the Fossil Free Sweden initiative by the Swedish Government's (Fossil Free Sweden, n.d.) to make it the first fossil-free welfare nation in the world is a great example for government-wide engagement with companies, industries, municipalities and regions. Most prominently, this includes a dedicated finance strategy for fossil free competitiveness that explicitly mentions EKN and SEK's diverse roles in Sweden and abroad.[89]

We **recommend** EKN and SEK to keep engaging proactively with those exporters that specialise in low-carbon technologies and climate-friendly exports

87. As clarified in an exchange between EKN, SEK and the authors, see further https://www.sek.se/en/case/revolutionary-h2-green-steel-steel-with-minimal-co2-emissions/.
88. As clarified in an exchange between EKN, SEK and the authors, see further https://nir.se/programmes/sustainability-impact-accelerator/.
89. See further https://fossilfrittsverige.se/wp-content/uploads/2023/04/FFS_Strategi_Finansiering_ENG_Leverans.pdf.

5. Conclusions and recommen-dations

In this study we applied a multidimensional methodology to assess the 'Paris alignment' of EKN and SEK, the official ECAs of Sweden. The study finds that both are '**Paris aligned**'. This aggregate assessment outcome is based on evidence we found across 18 questions in five dimensions, including EKN and SEK's transparency, fossil fuel exclusion and restriction policies, greenhouse gas (GHG) emissions and targets for their whole portfolios, their contribution to climate finance as well as climate-related engagement. Each assessment dimension is underpinned by precise benchmarks of 'Paris alignment' that are informed by best practices in the global export finance system, peer-reviewed literature as well as experts that contributed to the methodology development (Shishlov et al., 2021).

Crucially, in 2021 Sweden became a signatory to the COP26 Statement on the Clean Energy Transition (CETP, n.d.) that aimed to phase out all international support to fossil fuels by 2022 and which was implemented via an ambitious, best-in-class fossil fuel phase out policy (E3F, 2023a). This has already contributed to a significant shift from 2019 onwards whereby much more support was provided by Sweden's ECAs to renewable energy (RE) than to fossil fuels, making Sweden one of the biggest supporters of RE and related infrastructure within Export Finance for Future (E3F, 2023b).

Overall, as the first two ECAs that received such high scores (**2.22/3.00** and **2.30/3.00** respectively), EKN and SEK should be considered leaders both within the E3F, the EU and OECD to create a 'level-playing field' in the global export finance system, including by co-founding the Net-Zero Export Credit Agencies Alliance (NZECA), joining at its inception and leading the Berne Union's Climate Working Group since 2023 (EKN). Both ECAs have not scored 'Transformational' (although they were close to it) due to the absence of granular reporting on project-level GHG emissions data, of financed (scope 3) emissions (EKN), a clear definition of climate finance and sectoral reduction targets. All recommendations for the Swedish government, EKN and SEK to improve the scores further are summarised per assessment dimension in Table 2 below.

Table 2: Summary of key recommendations per assessment dimension

Key recommendations for aligning EKN and SEK with the Paris Agreement	
Financial and non-financial disclosure and transparency (***Dimension 1***)	• Transparently report all scope 1-3 emissions in line with international standards and set sectoral reduction targets in line with the best-available climate science. • Publish estimated future emissions data for their portfolios and new commitments on their websites. • Refine and extend the E3F transparency reporting and reflect its reporting modalities in all their reporting. • EKN should follow SEK's lead to go beyond E3F reporting modalities and comprehensively report on all sectors exposed to fossil-related transition risks. • Report climate finance both for new authorisations and total exposure as a broader category that includes finance for RE and related infrastructure but also cross-cutting activities for both mitigation and adaptation. • From their Annual Reports for 2024, start adhering to the newly developed IFRS S1 and S2 reporting standards that integrate all the TCFD recommendations, and consider adhering to the TNFD. • Consider adhering to the TNFD in addition to the newly developed IFRS S1 and S2 reporting standards that integrate all the TCFD recommendations. • SEK should follow EKN's lead and report the number and share of green transactions according to the EU Taxonomy annually.
Ambition of fossil fuel exclusion or restriction policies (***Dimension 2***)	• No recommendations.
Climate impact of and emission reduction targets for all activities (***Dimension 3***)	• EKN should follow SEK's lead and significantly improve the transparency of its GHG reporting, including explicitly stating the financed GHG emissions associated with the number and total value of drawn guarantees for all financial years. • Develop and make sectoral targets publicly available as soon as possible in parallel to NZECA discussions, incorporating the targets into the Annual Reports and sustainability (finance) policies.
Positive contribution to the global climate transition (***Dimension 4***)	• Strengthen monitoring and reporting modalities, while allocating far more resources to climate-related activities to green export finance further and faster. • Contribute to streamlining efforts towards a common definition of climate finance in the global export finance system. • Publish data on the demand for the Green Export Credit Guarantee, the average and total amount of guarantees/loans per year as well as on their effectiveness (EKN). • Request the Swedish Government to amend the mandates to ensure full Paris alignment. • Consider environmental measures also for defence-related projects. • Transparently align all operations closer to the UN SDGs for 2030 and the Paris Agreement's 1.5 °C temperature limit.

Outreach and 'pro-activeness' of the ECA and its governments (***Dimension 5***)	• Take ambitious diplomatic action on a global scale to establish stricter rules governing public support for fossil fuels. • Collaborate more with relevant national actors to align on approaches and climate targets and promote the inclusion and mainstreaming of export aspects across Sweden's key climate policy documents. • Work more closely with Swedish exporters and engage proactively with those that have the potential for low-carbon and climate-friendly export activities.

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About this publication

Paris Alignment of Export Credit Agencies: Sweden

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TemaNord 2024:536

ISBN 978-92-893-8039-3 (PDF)
ISBN 978-92-893-8040-9 (ONLINE)
http://dx.doi.org/10.6027/temanord2024-536

Cover photo: Linus Mimietz/Unsplash
Published: 15/8/2024

Disclaimer

This publication was funded by the Nordic Council of Ministers. However, the content does not necessarily reflect the Nordic Council of Ministers' views, opinions, attitudes or recommendations.

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