

The Swedish Energy Agency summarises the international climate efforts in 2022

The Swedish Energy Agency is responsible for Sweden's programme for International Climate Cooperation. Each year the results of the programme are summarised in an annual report (in Swedish). This is an abstract of the report.

The Swedish Energy Agency represented Sweden in the climate negotiations on Article 6 at COP27 in Sharm el-Sheikh. After the rulebook for Article 6 was adopted at COP26, the negotiations at COP27 focused on technical details of how these rules should be implemented in practice. The discussions focused on details on carbon removals and captures, the central UN registry, and whether transfer of CDM (Clean Development Mechanism) emission reductions to the central market mechanism under the Paris Agreement should be allowed.

In 2022, the Swedish Energy Agency signed two Memorandum of Understanding for cooperation under the Paris Agreement's Article 6 with Nepal and the Dominican Republic. Prior to these agreements, the Swedish Energy Agency already has a Memorandum of Understanding with Ghana. During the last year, the process of procuring a first emission-reducing activity in the country has continued. The Swedish Energy Agency has also engaged in dialogue with other potential host countries on cooperation under Article 6.

The Swedish Energy Agency already supports a number of capacity building programmes, such as the Partnership for Market Implementation (PMI) and the Article 6 Support Facility (A6SF). For many countries, this type of support is crucial for them to be able to participate in international market-based mechanisms. At COP27, the Swedish Energy Agency joined the new initiative Article 6 Implementation Partnership, which aims to coordinate already existing international efforts to avoid duplication.

Since 2019, the Swedish Energy Agency has collaborated with the Global Green Growth Institute (GGGI). The aim is to develop ideas for feasible Article 6 activities and build capacity within host countries so that they can engage in international emission trading. In 2022, Nepal received capacity building from GGGI. In addition, the Swedish Energy Agency has worked together with GGGI to identify additional countries for potential cooperation with Sweden under Article 6.

During 2022, the Swedish Energy Agency has worked on developing a sustainability policy for Article 6 activities, with the purpose of ensuring that implemented activities contribute to sustainable development in the host

countries as well as minimising any negative impact. The policy builds on the Paris Agreement's rulebook for Article 6, the Swedish Energy Agency's mission and overall sustainability plan, as well as the Agency's gender equality policy. The sustainability policy, which concludes that the Swedish Energy Agency's sustainability work should be carried out in accordance with international practice, will be subject for external consultation in 2023.

The year of 2022 was the final year for the Swedish Energy Agency's programme for international climate efforts under the Kyoto Protocol. The 20-year work has resulted in several important lessons that will facilitate future climate cooperation under Article 6 of the Paris Agreement. For example, the lessons learned include having a diversified project portfolio and procedures in place for systematic follow-up of sustainable development impacts. Other important insights are that it takes time to develop a new market mechanism for international emissions trading and that many countries need capacity building to be able to participate.

In total, the Swedish Energy Agency's investments under the Kyoto Protocol amount to SEK 1.9 billion in 57 countries through 88 bilateral and 185 multilateral projects and programmes. Most of these projects and programmes were implemented under the CDM (Clean Development Mechanism), but at the beginning of the programme a few of them were implemented through JI (Joint Implementation).

The last payments to CDM projects were carried out in 2022, but three multilateral funds are expected to continue delivering emission reduction units in 2023-2025. Including these future expected deliveries, as of 31 December 2022, the Swedish Energy Agency's portfolio under the Kyoto Protocol includes emission reduction units corresponding to 33.8 million tonnes of verified CO₂ equivalents, acquired at an average cost of SEK 57 per tonne of CO₂ equivalent.