

Assignment description: A scientific climate council for the Swedish export finance system

EKN's and SEK's scientific climate council is the first of its kind in the world. The climate council will act as an advisory expert body with the aim of guiding the Swedish export finance system, meaning EKN's and SEK's operations, in its ambition to align with the Paris Agreement's 1.5°C target.

Background: The Swedish export finance system and the climate

The Swedish export finance system consists of the Swedish Export Credit Agency (EKN) and the Swedish Export Credit Corporation (SEK). The aim of the Swedish export finance system is to facilitate and promote Swedish exports and the internationalisation and competitiveness of Swedish industry. In the crisis year of 2020, EKN's guarantee volume comprised SEK 119.1¹ billion for export transactions to 138 countries and crisis measures in Sweden. SEK's new lending totalled SEK 125.5 billion to buyers in 60 countries over the same period.

Article 2c of the Paris Agreement states that "Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development." EKN's and SEK's export credit operations involve direct financial flows (through export credits and other credits from SEK) and indirect financial flows (through different forms of guarantees from EKN). For Sweden, like other countries, to meet its commitments under the Paris Agreement, the financial flows that the Swedish state influences through authorities and state-owned companies must align with the wording of the Paris Agreement.

As such, EKN and SEK strive to adapt their operations to be in line with the Paris Agreement's 1.5°C target. At the same time, neither EKN nor SEK possess expert knowledge concerning the development of global GHG emissions, consensus of climate researchers or the development of international regulations and reporting standards for climate impact. As such, EKN and SEK proposed - in their reporting-back of a 2020 governmental assignment - to establish an advisory body in the form of a scientific climate council, to support EKN and SEK with how they can contribute to the global climate transition and reduced GHG emissions.

The overall task of the scientific climate council

The climate council's task is to focus on the *global* climate system and the impact that export finance has on *global* GHG emissions rather than domestic or consumption-based GHG emissions in Sweden.

The climate council has no operational role in the decision-making processes for individual business transactions for EKN or SEK. Rather, the council acts as a knowledge resource and discussion partner for EKN and SEK concerning principled decisions for EKN's and SEK's operations to support the achievement of the Paris Agreement's 1.5°C target.

¹ Of which, conventional guarantees amounted to SEK 64.7 billion.

Topics that may be addressed in the climate council primarily concern the development of climate research and scientific consensus regarding what is required to achieve the 1.5°C target globally, for example:

- How commitments of countries and companies are updated and how the IPCC's Sixth Assessment Report that is being prepared during 2021–2022 should impact the direction of the Swedish and international export finance systems.
- Which countries, industries and types of projects and operations that the Swedish export finance system should focus on to contribute to the global climate transition in terms of phase-outs, transition requirements and any stimuli.
- How modelling of scenarios for national and regional energy systems could impact risk assessments in specific countries and for individual transactions.
- Contribute with expertise in areas that are often neglected in discussions concerning the financial sector's contribution toward the climate transition: forestry and land-use, climate adaptation and a just transition.

Examples of topics that can be raised

- The role of natural gas in the energy transition of low-income countries. Discussions concerning assessment matrices for transition potential and possible lock-in effects and compatibility with the 1.5°C target concerning, for example:
 - New or expanded gas power plants in different parts of the world
 - Refineries
 - Paper and pulp mills
- Which transactions are deemed “green”, meaning the areas/sectors with the potential to contribute to reduced *global* emissions and where EKN and SEK should prioritise their efforts to stimulate Swedish exports.
- How EKN and SEK can develop their climate reporting to provide relevant information to client contacts and the general public, based on recommendations from the TCFD.

Practicalities

- The climate council consists of 5–7 researchers with expertise from various climate areas.
- Members commit to taking part for two years, with a renewal of participation discussed thereafter.
- The climate council convenes two times per year, for roughly two hours per meeting. If necessary, EKN and SEK can arrange an additional meeting.
- At the climate council meetings, EKN is represented by its Director General and SEK is represented by the company's CEO together with one or more additional participant per organisation. The chairmen of EKN's and SEK's respective boards are invited to participate at one meeting per year
- Preparatory material is distributed at least ten days before each meeting.
- The climate council's members are compensated with SEK 15,000 per meeting, as well as compensation travel expenses.

Additional information

EKN's and SEK's reporting of the governmental assignment in Swedish "[Ett exportfinansieringsystem som bidrar till klimatomställningen](#)" (Swedish) with English summary "[An export finance system that contributes to the climate transition](#)"

About EKN: <https://www.ekn.se/en/about-ekn/>

About SEK: <https://www.sek.se/en/about-sek/>
