



WORKING PAPER NOVEMBER 2020

# ALIGNMENT OF SWEDEN'S MULTILATERAL AID WITH THE PARIS AGREEMENT ON CLIMATE CHANGE

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November 2020

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## Executive summary

The Paris Agreement on climate change from 2015 calls on all parties to contribute. More specifically the objective is to keep “the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels”. Parties shall also increase the ability to adapt to the negative impacts of climate change, foster climate resilience and low GHG-emissions and make finance flows consistent with such a pathway towards low GHG-emissions and climate-resilient development.

In line with this, the Swedish government, in its climate action plan of December 2019, asked for assessments of how well in line Swedish Official Development Assistance (ODA) is with the Paris Agreement. Sida reported on the alignment of Swedish bilateral and multi-bi aid in August 2020 in a memo to the government (Sida, 2020). This report provides an independent assessment of the Paris Alignment of Swedish multilateral aid, initiated by the EBA.

The purpose of this study is to provide a gross assessment of the state of Paris alignment of multilateral organisations supported by Swedish ODA; to identify options for increasing the Paris alignment of these organisations; and to provide recommendations as to how Sweden can promote stronger Paris agreement by multilaterals.

Following advice from the OECD, all kinds of multilateral organisations are assessed, as no organisation may any longer be ‘climate blind’. However, different multilateral organisations may not contribute in the same way to the Paris Agreement. Hence, the assessments are made based on the various organisations’ mandates and their potential roles in relation to climate change. The assessment is limited to the 15 largest multilateral recipients of Swedish development finance and an additional ten multilateral organisations that are especially climate relevant. The assessments are based on publicly available material, which imply clear limits to the depth of analysis. Further studies are warranted in areas where Sweden might want to specify what more exact action to undertake. The study, however, provides overall recommendations for further action.

There is no precise definition of what ‘Paris alignment’ entails. Several different attempts have been made to specify and assess Paris alignment. Some of these are specifically geared at assessing multilateral development banks. Others are more generally applicable, albeit more abstract and hence less precise in their operationalization. For this study we use a scheme originally developed by the non-governmental environment policy organisation Third Generation Environmentalists, E3G. The scheme, which is activity-based, was adapted to

suit the wide variety of organisations analysed. Assessments include organisations policies and activities in climate change mitigation, adaptation and in contributing to transformation. The degree of Paris alignment follows a scale of three steps: avoiding negative climate change effects, contributing to positive effects in terms of climate change management and contributing to social transformation towards low GHG-emission, climate resilient development.

Organisations with mandates in fields related to health, humanitarian aid and population measures may not have explicit climate tasks. Nevertheless, they may make contributions to building the climate resilience of individuals and societies. The degree of Paris alignment among such organisations differ quite substantially, which imply that there is need for further action. More specifically, links between health and climate need to be emphasized and acted upon.

Organisations with mandates in the field of food and food security are in general well aligned with the Paris Agreement. For instance, the three Rome-based UN-organisations, FAO, IFAD and WFP are all active and well advanced in linking their activities to management of climate change and its negative effects. As their fields of operation are highly climate relevant, dealing with land use, and potentially land use change, continued efforts to strengthen their climate work is important – both for climate mitigation and for poor countries' adaptation to negative effects of climate change. They are also well placed to contribute to social transformation in partner countries.

An organisation receiving relatively small amounts of Swedish ODA, but working with large climate change related challenges, is UN-Habitat. Mandated to work with urban development, including climate smart cities, it is active in a field where about 70 percent of all GHG emissions are stemming from. A well-functioning and well-equipped UN-Habitat is of great potential importance from a climate perspective.

The largest potential impact on climate change may be attributed to the multilateral development banks (MDB). Their portfolios cover the vast spectre of all climate change relevant activity areas. Mitigation effects may come from their lending to energy sector transformation, from infrastructure investments, from urban planning, to take a few examples. Their work in climate change adaptation covers infrastructure, and built environment, as well as areas such as health, social protection and governance related issues. Their potential to contribute to social transformation is linked to the leverage they have with key sectors of governments, such as finance and planning ministries.

Despite these vast potentials, the assessments find variations among the MDBs as to fossil fuel policies and practice. Whereas the IDB allocate its full portfolio to renewable energy, the ADB, the AfDB and the WBG continue to invest in fossil fuel to various degrees. This is notable in a context where increasing

numbers of private companies and actors opt for fossil free production and energy sources. Lack of coherence is also occurring within organisations as e.g. the World Bank runs an Energy Sector Management Assistance Program, ESMAP, that positively contributes to mitigation.

Within the UN family a multifunctional organisation as the UNDP makes important contributions, not least through its support to countries' nationally determined contributions, NDC, and national adaptation programmes, NAP. However, the organisation meets restrictions due to its dependence on earmarked funding and relatively smaller financial resources.

Multilateral organisations with climate and environmental mandates are well aligned with the Paris Agreement. However, their financial and staff resources are limited, given vast needs and demands.

These assessments of 25 individual organisations are combined with a brief assessment of the state of collaboration and complementarity in the multilateral system. The system is fragmented and complex, however, with an agile search for complementarity multilateral organisations may become much more effective in dealing with climate change. Increased coordination between MDBs, especially in the area of energy sector policy and practice, may make them a stronger force for transformation. Further coordination among organisations mandated to work on land use change is possible.

Other areas that would benefit from improved coordination are climate and health, and climate and disaster risk reduction.

The overall assessment leads to five recommendations:

Leverage in the multilateral system is dependent on the capacity to prioritise and focus. Sweden may want to keep a continued focus on climate change adaptation in poor countries, since this is in line with the overall poverty reduction objective of Swedish ODA. But there are also mitigation objectives that need to be promoted.

*R1: Sweden should continue to strategically promote multilateral collaboration and joint standards for climate change mitigation, especially among the MDBs. Active promotion of energy sector reform towards renewables and energy efficiency are key components.*

For adaptation purposes continued support to the Adaptation Fund, the Least Developed Countries' Fund (not directly treated in this assessment) and the Rome-based UN organisations is well motivated. However, the relative effectiveness of this support should continuously be assessed in comparison to what may be achieved through organisations with larger leverage, such as the MDB:s in general and the World Bank in particular. These assessments should consider the extent to which adaptation finance is allocated according to needs.

There are also other areas related to climate change adaptation that needs to be pushed. The health-climate nexus and the adaptation-related work of humanitarian organisations are key areas that need to be supported, promoted and further developed.

To prioritise adaptation to climate change requires continued learning, leading to adaptation of policies and support strategies. Such capacity would benefit from continued analysis of what effective adaptation to climate change is, what elements that need to underpin it, and what combination of actors that best can provide it. Continuous learning is, and will be, needed to support the formation and implementation of effective policies through multilateral organisations. Sweden needs to plan for being continuously strategic in this respect.

*R2: Sweden should seek alliances with governments, multilateral organisations, academia and other actors that may further develop the understanding of what successful adaptation to climate change is and how this learning evolves. Based on this understanding the underpinning thematic aspects and interventions should be strengthened.*

As recommended by Sida (2020:17), there is need for increased knowledge about multilateral organisations' climate work. The current study has only been able to provide descriptions of each organisation based on publicly available documents. Further and deeper studies into what policies and action to influence and change, as well as the initiation of dialogue is warranted.

*R3: To make informed choices within its climate financing strategy, Sweden might want to further develop tools such as the Central Environmental Assessments, used by Sida as a basis for organisational assessments. Sweden should also pursue analysis of climate finance and its architecture in structured forms as part of its multilateral development cooperation.*

Based on experiences and competence, Sweden has important contributions to make in areas such as energy sector reform, use of the credit guarantee instrument, as well as how successful adaptation to climate change is linked to health and humanitarian sectors, and to conflict or gender.

*R4: Sweden should continuously initiate and encourage normative and operational dialogues on how to integrate climate change management into multilateral organisations' mandates, policies and practices, building on these experiences and competences.*

However, a precondition for continued and future impact is that there will be enough Swedish staff resources with the relevant competence to influence and push agendas. Ambition needs to be backed by staff resources, and not only financial contributions. Today, the various Swedish financial contributions are not backed by equal levels of staff resources, seniority and competences.

*R5: Sweden need to balance financial resources with staff engagement, which in most cases will imply increased staff resources.*

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# 1 Introduction

A decade ago, it was intensely debated whether climate change interventions were compatible with poverty reduction and mainstream development efforts. Could official development assistance (ODA) be used for climate change mitigation and adaptation or was completely ‘additional’ finance needed? Today, there is wide consensus around the view that no development investments may take place without due consideration of their effects on greenhouse gas emissions and societies’ vulnerability to climate change. In a long-term perspective, there is no trade-off between socio-economic development on the one hand and combatting climate change on the other. The simple reason is that the negative effects from climate change will be major obstacles to development in poor countries.<sup>1</sup>

What was clear already a decade ago was the need for global action. In reviewing an independent evaluation of the World Bank’s climate work, an external high-level expert review panel concluded the obvious: unregulated markets will not promote optimal social well-being (IEG, 2010:xxiv). If green, less resource intense, growth shall be achieved through increased productivity, it is necessary to introduce relevant regulation with global coverage. Historically low resource prices have led to missed opportunities in terms of innovation for better resource use. In addition, the lack of global leadership has made the multilateral system unable to agree on meaningful price signals and other incentives to deal with greenhouse gas emissions.

The failure to provide system-wide responses to the existential threat of climate change made the international system adopt another approach in Paris 2015. The 21<sup>st</sup> Conference of the Parties (COP) to the United Nations’ Framework Convention on Climate Change (UNFCCC) signed the Paris Agreement in understanding that all nations will contribute voluntarily to keeping global temperature well below the 2°C level, aiming at 1,5°C. If this is to happen, the responsibility falls on all actors, at all levels, to contribute. Rather than investigating what the system can produce, the focus is on what separate parts of the system may contribute in order to build a joint response through piecemeal interventions.

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<sup>1</sup> To undertake climate change mitigation and adaptation implies numerous trade-offs of both practical and principal character. Both activities may be in contradiction with socio-economic development and poverty reduction in the shorter term. There may be contradictions between short- and long-term adaptation activities, as well as between adaptation and mitigation. However, the longer-term and transformative perspective of the Paris Agreement aims at managing and eventually overcoming such trade-offs.

Against this backdrop, effective ‘Paris Alignment’ of ODA investments, project, programmes and policies is widely sought by many governments, private sector and civil society actors. There is no formal requirement that Swedish ODA shall be Paris Aligned, apart from one section in the national Swedish climate action plan. The plan states that it is of ‘great importance’ that all parts of international development cooperation are aligned with the objectives of the Paris Agreement (Prop 2019/20:65). On request from the government, Sida has assessed to what degree Swedish bilateral aid is aligned with the Paris Agreement (Sida, 2020). This study will assess how aligned Swedish multilateral aid is with the Paris Agreement.

The Paris Agreement contains several elements and aims at broad transformation of societies, hence, different interpretations persist of what ‘Paris Alignment’ may entail. Efforts are underway to streamline and standardise joint Paris Alignment approaches, e.g. among multilateral development banks and development finance actors. Climate change-related reports are legion also from other kinds of multilateral organisations. But differences in approaches are wide. Would it be relevant to assess the level of Paris Alignment across and in-between all kinds of multilateral organisations?

In an authoritative recent report, the OECD claims that this is exactly what is needed:

“Climate-related development finance has so far been concentrated in the sectors typically viewed as central to transitioning towards low-emissions, climate-resilient pathways. But it remains a relatively small share of overall development finance in certain sectors that are increasingly recognised as critical to effective climate action, such as banking and financial services and health. This indicates that providers should more thoroughly integrate climate objectives across all sectors.” (OECD, 2019).

In the simplest sense, it might be argued that all ODA used for climate change mitigation or adaptation in ODA eligible countries might qualify as ‘Paris Aligned’ since the agreement states that rich countries shall support poor countries financially (PA, 2015: Article 9). From a more process-oriented standpoint, Paris Alignment implies much more ambitious demands. It includes, as well, a set of different dimensions where action is required. Various analyses of the Paris Agreement have described its key characteristics as calling for *long-term* pathways to low-greenhouse gas emissions and climate resilience. Such pathways should furthermore build on *country-led* processes in reaching this goal.<sup>2</sup> The long-term character of the pathways implies that socio-economic changes

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<sup>2</sup> Cochran and Pauthier (2019), p 9 – 12.

should be transformational, rather than incremental or ad-hoc. The country-led approach is interpreted as a bottom-up, rather than a top-down approach to changes. Every country is supposed to contribute, according to ability and with increasing ambitions over time. According to such a perspective, ODA ought to actively support and promote country-led and transformative strategies.

The content and character of the Paris Agreement is further described in Annex 1. Essential for our study is the shift in perspective that the Agreement builds on. If actors start to see the opportunities and potential future benefits with mitigation and transformation of societies, then a shift is possible, even with less of legally binding rules. According to such a perspective, transformation should not only be seen as economic costs, but also as investments into the future.

## **1.1 Study purpose, objective and delimitations**

The purpose of this study is to provide a gross assessment of the state of Paris alignment of multilateral organisations supported by Swedish ODA; to identify options for increasing the Paris alignment of these organisations; and to provide recommendations as to how Sweden can promote stronger Paris agreement by multilaterals.

Swedish ODA is channelled through a vast multitude of multilateral organisations, each with different objectives, according to mandate and specialisation. To assess their relevance in mitigating climate change, and promoting adaptation to the effects of climate change, there is need for measurement criteria that may be adjusted according to the mandate of each organisation. All organisations may not be assumed to contribute in the same way or to the same extent. Based on descriptions of various types of organisations' potential roles in relation to climate change, this paper will assess the actual preparedness, roles and activities of these organisations in contributing to the fulfilment of the Paris Agreement. The study will limit the assessment to the 15 largest multilateral recipients of Swedish development finance and an additional ten multilateral organisations that are especially climate relevant.

These assessments will be combined with a brief assessment of collaboration and complementarity in the multilateral system. In combining the two dimensions, recommendations will be provided for future Swedish use of ODA to help multilateral organisations to effectively deal with climate change and its negative effects.

The assessments of individual organisations will be based on publicly available material. This and other resource reasons imply clear limits to the depth of analysis. Further studies are warranted in areas where Sweden might want to specify what more exact action to undertake.

## 2 Climate ODA flows

Bilateral donors and multilateral organisations report statistics on an annual basis to the OECD Development Assistance Committee (DAC). The data contains information at the project level and is publicly available in the Creditor Reporting System Database.

Most bilateral donors and a few multilateral organisations report their climate related contribution using “Rio markers” which provide information regarding the mainstreaming of climate considerations in development cooperation.<sup>3</sup> Most multilateral development banks however instead use the “climate components methodology”. This is compatible with the Rio markers method, but focuses on the climate relevant financial contributions in each project.

Aid flows to climate purposes have increased over the last decade. Measured by the Rio markers method, in 2012 slightly more than 20 billion USD were marked with climate purposes either as the ‘principal’ or a ‘significant’ objective. In 2017 this share had risen to 36 billion USD, representing some 22 percent of total ODA, according to OECD-DAC statistics (see Figure 1). The imputed contributions from multilateral organisations may in reality be higher, since many organisations have not reported their climate finance, among them UNDP and UN-Environment.

In addition, a group of six multilateral development banks (MDB)<sup>4</sup> contribute climate finance from their own capital. Such flows are not included in official ODA statistics from the OECD-DAC, since they to a large extent stem from reflows on loans. Anyway, most of these flows are still attributed to OECD countries<sup>5</sup>, since they hold the largest ownership shares in the MDBs. Estimating the OECD country shares, 15,7 billion USD<sup>6</sup> (2015) and 17,3 billion USD (2016), were allocated to developing countries through these channels (UNFCCC, 2018:67).

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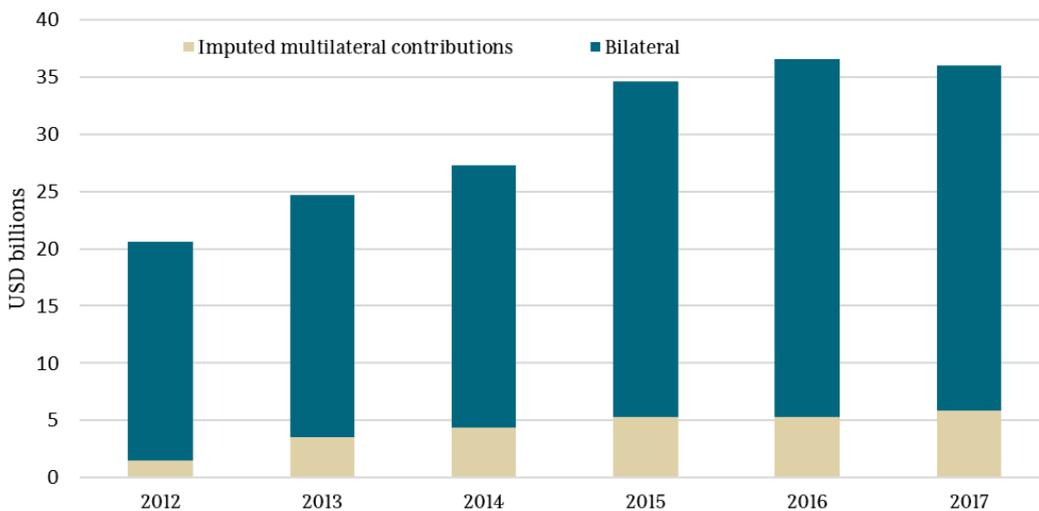
<sup>3</sup> These categories for classification in the OECD DAC statistics were introduced in the late 1990s, following the 1992 Rio Earth Summit on Sustainable Development. ‘Principal’ objective implies that the intervention would not have been done unless it aimed at influencing climate change in some specific way. This is indicated with ‘2’. ‘Significant’ objective means that the intervention may be aimed at some other overall objective, but that it still will have important effects also on climate change. This is indicated with ‘1’ in the OECD data set. Interventions with a “0” have been assessed, but not found climate relevant.

<sup>4</sup> AfDB, AsDB, EBRD, EIB, IDB and WBG. In addition, the AIIB and the NDB committed 874 million USD in climate finance for 2016 (UNFCCC, 2018:67).

<sup>5</sup> “Annex II countries” in UNFCCC vocabulary.

<sup>6</sup> As another method for calculating attribution to Annex II-countries (OECD countries) is used in parallel, other estimates exist.

Figure 1: Evolution of climate related ODA



OECD-DAC climate data from provider perspective. Figures in constant USD 2016 prices.  
Source: Calleja (2020).

Hence, the overall amounts of aid going to climate purposes have increased. At the same time, within this the shares allocated to mitigation have fallen, even though they still represent more than half of climate ODA. In 2012, 62 percent of climate finance went to mitigation. In 2017, this had fallen to 54 percent. Among the various categories of ODA providers, multilateral agencies allocate a larger share of their climate finance to mitigation. This is most pronounced for multilateral development banks (79 percent), as compared with bilateral donors who allocate 50 percent in mitigation. Interventions with pure adaptation purposes amount to about a quarter (MDBs 21 percent, bilaterals 29 percent). The remainder concern interventions that combine adaptation and mitigation (UNFCCC, 2018:8).

The largest bilateral climate finance contributors are Japan, Germany and the EU. The two first are mainly focusing on mitigation measures (Japan 67 percent, Germany 62 percent), while the EU, as most of the OECD bilateral donors, invests relatively more in adaptation measures. Sweden is focusing more on adaptation (57 percent), but not to the extent that Korea, Slovenia and the Netherlands do, with more than 75 percent of their climate finance provided to adaptation measures (Calleja, 2020).

Is climate aid allocated according to needs? A study of aid to climate adaptation during the period 2011 – 2014 (Betzold and Weiler, 2017) finds that donors act reasonably well in this respect. More adaptation aid, per capita as well as counted as shares of all aid, go to countries that experience higher climate change risks, such as extreme weather events or sea level rise. This conclusion receives some support also from a recent study based on data running up to 2019 (Michaelowa et al. 2020). Bilateral donors tend to channel their adaptation-focused aid to countries with lower economic development and higher climate vulnerability.

However, the same is not true for Trust Funds managed by multilateral development banks. The latter allocate adaptation finance generally in the same way as they allocate mitigation finance. This implies that most of their support go to richer countries, where mitigation needs are greater, instead of to those where needs in terms of poverty and climate vulnerability is higher (Ibid, p 10ff). However, how the total multilateral system allocate climate finance remains unknown. The reporting, either through the Rio markers or the climate component method, is too weak and uneven among multilateral organisations for the data to be reliable.

## 2.1 Swedish climate finance through the multilateral system

Sweden provides core support to multilateral organisations and earmarked bilateral support channelled through multilateral organisations. Table 1 shows multilateral recipients of Swedish support divided by core contributions and earmarked contributions channelled through the organisations. The figures show average contributions over a five-year period in order to capture the organisations that don't receive funds annually. For example, the contribution to the Green Climate Fund was transferred and registered as 487 million USD in 2015 and covers the period 2015-2018. The table shows the 20 largest organisations that receive Swedish support and selected organisations with potential importance related to climate.

Table 1. Sweden's use of the multilateral system

	Five year average (2014-2018)		
	Core contributions to	Contributions through	Total
<i>Multilaterals receiving the largest Swedish contributions</i>			
World Bank Group (WB)	339.83	178.80	518.63
United Nations Development Programme	68.89	174.68	243.57
United Nations Children's Fund	86.60	136.69	223.29
United Nations Office of the United Nations High Commissioner for Refugees	94.29	31.46	125.74
World Food Programme	80.24	32.69	112.93
United Nations Population Fund	66.57	42.54	109.11
African Development Bank	97.90	3.16	101.06
Green Climate Fund	97.57	0.25	97.82
Global Fund to Fight AIDS, Tuberculosis and Malaria	92.00	0.00	92.00
Global Environment Facility	91.42	0.10	91.52
United Nations Office of Co-ordination of Humanitarian Affairs	17.52	64.25	81.77
Central Emergency Response Fund	73.40	3.87	77.26
United Nations Relief and Works Agency for Palestine Refugees in the Near East	48.48	9.06	57.54
United Nations Entity for Gender Equality and the Empowerment of Women	13.09	29.36	42.46

	Five year average (2014-2018)		
	Core contributions to	Contributions through	Total
Other multilateral institutions	0.00	42.27	42.27
Other United Nations (UN) agency, fund or commission	0.58	41.28	41.86
World Health Organisation	22.33	19.47	41.80
Global Alliance for Vaccines and Immunization	39.58	0.00	39.58
Joint United Nations Programme on HIV/AIDS	29.96	2.39	32.35
Food and Agricultural Organisation	2.43	27.25	29.67
<i>Organisations relevant to analyse from a climate perspective</i>			
International Organisation for Migration	3.25	18.57	21.82
Adaptation Fund	11.44	0.00	11.44
United Nations Environment Programme	4.81	6.00	10.82
Asian Development Bank	3.11	5.48	8.59
International Fund for Agricultural Development	6.49	1.90	8.39
United Nations Human Settlement Programme	0.25	7.15	7.40
United Nations International Strategy for Disaster Reduction	1.63	1.28	2.92
Inter-American Development Bank	1.43	0.54	1.97
Sweden's total multilateral contribution as reported to OECD-DAC (contribution through EU not included)	1479.20	1023.43	2502.62

Million USD (2018 prices), Gross disbursements, Source: Authors calculation based on OECD-DAC data

## Imputed multilateral core support

The number of multilateral organisations that provide verified information to the OECD-DAC regarding the climate-related share of their portfolios is limited, hence this data is weak. Of the 25 largest multilateral recipients of Swedish support, only five organisations have provided verified information regarding climate development finance. These are: International Development Association, Green Climate Fund, African Development Fund, Global Environment Facility Trust Fund and International Bank for Reconstruction and Development.<sup>7</sup>

Table 2 lists the multilateral organisations that have provided climate related information and what the climate related shares of their total development finance are. This allows for an estimation of the amount of Swedish core support that is used for climate related activities through these organisations. However, since not all multilateral organisations provide this information it is not possible to estimate the total Swedish contribution to climate related activities through its multilateral core support.

<sup>7</sup> Potential sources of data weaknesses include differences in financing mechanisms, as mitigation interventions often are financed through loans, while adaptation measures may be financed by grants, and incomplete data as basis for imputed contributions.

Table 2. Climate-related development finance 2018, reported by multilaterals

MDB or International Organisation		Imputed multilateral contribution, climate dev't finance (% of total), 2017-2018 average*	Swedish core support 2018, million USD	Imputed SWE climate dev't contribution 2018 million USD**
AiIB	Asian Infrastructure Investment Bank	39%	20.11	7.76
Adaptation Fund	Adaptation Fund	100%	15.53	15.53
AfDB	African Development Fund	28%	88.59	25.04
	African Development Bank	15%	7.52	1.15
AsDB	AsDB Concessional	17%	11.51	1.92
	AsDB regular OCR	23%	0.00	0.00
CAF	Development Bank of Latin America	25%	-	-
CIF	Strategic Climate Fund	100%	0.00	0.00
	Clean Technology Fund	100%		0.00
EBRD	European Bank for Reconstruction and Development	44%	0.00	0.00
EIB	European Investment Bank	39%	0.00	0.00
GCF	Green Climate Fund	100%	0.00	0.00
GEF	GEF Least Developed Countries Trust Fund (LDCF)	100%	15.53	15.53
	GEF General Trust Fund	66%	237.53	155.94
	GEF Special Climate Change Trust Fund (SCCF)	100%	-	-
GGGI	Global Green Growth Institute	99%	-	-
IDB	Inter-American Development Bank	26%	0.00	0.00
	IDB Invest	22%	0.00	0.00
IFAD	International Fund for Agricultural Development	41%	0.00	0.00
IPCC	Intergovernmental Panel on Climate Change	100%	0.00	0.00
Montreal Protocol	Multilateral Fund for the Implementation of the Montreal Protocol	100%	2.47	2.47
NDF	Nordic Development Fund	100%	0.00	0.00
UNFCCC	United Nations Framework Convention on Climate Change	100%	0.00	0.00
WB	International Development Assoc.	25%	304.93	77.28
	International Bank for Reconstruction and Development	31%	0.00	0.00

\* Imputations made by the OECD-DAC.

\*\* The imputed Swedish climate development contribution should be seen as an approximation as the inflows to the international organisation and outflows may not directly correspond.<sup>8</sup>

<sup>8</sup> For more information on the methodology see [http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/METHODOLOGICAL\\_NOTE.pdf](http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/METHODOLOGICAL_NOTE.pdf)

## Climate related multi-bi support

The information on climate related support reported by Sweden as a bilateral donor is more complete. The total amount marked as climate related in Swedish bilateral development cooperation in 2018 was 990 million USD (approximately 8,5 billion SEK).

Table 3 shows the amounts and shares of bilateral funds marked as related to either climate adaptation or climate change mitigation that is channeled through the multilateral organisations included in the study. For further details, see Annex 2.

**Table 3. Swedish climate related bilateral support (mitigation and adaptation) through selected organisations, million USD 2018**

	Climate not targeted	Climate related (mitigation or adaptation)	Share of total funding that is climate related
United Nations Development Programme	108,7	96,2	47%
United Nations Children's Fund	97,7	78,9	45%
International Bank for Reconstruction and Development	72,1	65,3	48%
Food and Agricultural Organisation	0,7	56,4	99%
World Bank Group (WB)	9,2	39,1	81%
United Nations (UN) agency, fund or commission	54,1	31,7	37%
Other multilateral institutions	48,0	13,4	22%
United Nations Human Settlement Programme	1,9	11,7	86%
United Nations	10,1	11,5	53%
World Health Organisation	19,7	9,1	32%
World Food Programme	41,4	5,7	12%
United Nations Entity for Gender Equality	35,7	4,1	10%
African Development Bank	2,3	3,5	60%
International Fund for Agricultural Development	0,1	2,3	94%
United Nations Environment Programme	3,7	1,4	27%
International Organisation for Migration	20,4	0,6	3%
Asian Development Bank	0,0	0,6	100%
Global Environment Facility Trust Fund	0,0	0,2	100%
United Nations Office of Co-ordination of Humanitarian Affairs	100,5	0,0	0%
International Committee of the Red Cross	73,1	0,0	0%
United Nations Population Fund	58,0	0,0	0%
United Nations Relief and Works Agency for Palestine Refugees	7,2	0,0	0%
Joint United Nations Programme on HIV/AIDS	0,3	0,0	0%
<b>Total, all bilateral climate marked support</b>	<b>2090,5</b>	<b>990,1</b>	<b>32%</b>

### 3 Climate change and development

As underlined by Sida (2020) in its report to the Swedish government on Paris alignment of Swedish bilateral aid, climate related interventions supported with ODA need to be compatible with the overall goal of poverty reduction. Furthermore, interventions should be *transformative* towards low GHG-emissions and climate resilience; *catalytic* in mobilizing further financial flows; *supportive* of countries' Nationally Determined Contributions and other processes towards fulfilment of the Paris Agreement and *reactive* towards new research and further opportunities to support partner countries.<sup>9</sup> But what are, more precisely, the character of such interventions?

Climate change mitigation may be understood as interventions aimed at decreasing or replacing the use of fossil fuel, or interventions aimed at carbon sequestration. For the former objective total energy use as well as the functioning of the agriculture sector, including cattle breeding, come into primary focus, for the latter objective especially forestry becomes especially important. In their analysis, multilateral development banks propose that scrutiny of projects and investments be made against a) a negative list of criteria leading to increased GHG emissions; b) a positive list of criteria leading to reduced GHG emissions and c) specific criteria concerning consistency with NDC:s, country- and global long-term pathways to low-carbon emissions and economic analysis test, including e.g. the application of shadow carbon pricing.<sup>10</sup>

Adaptation to the effects from climate change is more complex to narrow down into activities in specific economic or socio-economic sectors. The ultimate aim of adaptation is increased resilience of individuals, societies, ecosystems and built infrastructure. Resilience is a system condition or a system capacity, which as such cannot be captured with straightforward quantifiable indicators, in contrast to the mitigation case where causation links are much better known.

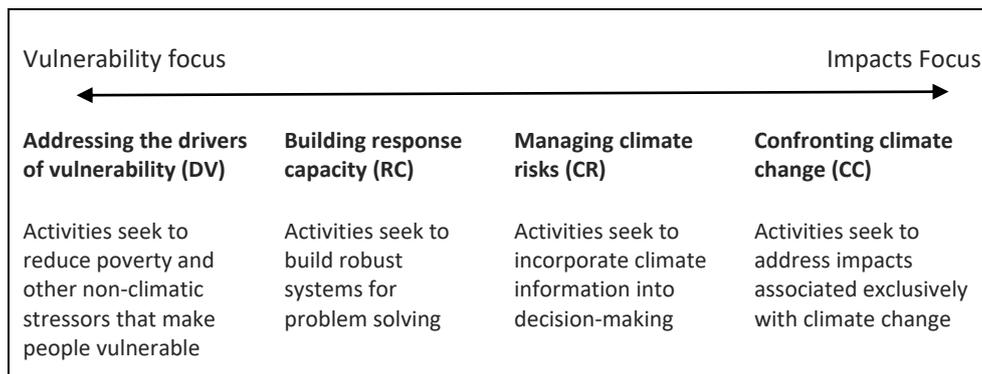
Interventions to support adaptation to effects from climate change may be structured along the following continuum (Box 1):

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<sup>9</sup> This categorisation stems from OECD (2019) 'Aligning Development Co-operation and Climate Action: The Only Way Forward'.

<sup>10</sup> COP 25 Side event, Joint MDB Pavilion

**Box 1: Continuum of adaptation activities**



Source: (Colvin et al, 2020).

Organisations contributing to transformative change implies them taking a clear leading role in coordinating other actors within a specific field of climate relevance. Furthermore, they should contribute to technological, institutional and/or behavioral change in economic, political and/or social life in ways that enhances climate mitigation and/or climate resilience.

The spectrum of activities that hides behind the mitigation, adaptation and transformation descriptions above help us start to assess various multilateral organisations along dimensions of relevance for climate change. Some organisations help build resilience and adaptation capacities indirectly, whereas others deal with greenhouse gas emissions directly in the activities they support. Each of them must be assessed according to what their potential is, given their missions and tasks. However, organisations with similar tasks and missions may be compared and assessed from comparable standards.

### 3.1 Structuring of organisational mandates

The following is an attempt to describe how the mandates of multilateral organisations relate to climate change processes and measures to mitigate or adapt to climate change effects. The purpose of this section is to develop thematic distinctions upon which reasonable expectations for climate change action can be placed on individual organisations.

Organisations with **health-related mandates** have a double role in relation to climate change effects. As the Covid19-pandemia has illustrated, changes in human behaviour in terms of interaction with nature and in the speed of international travel can cause infections to mutate and spread beyond its original habitat, causing pandemics. In an analogous way, climate change can through shifting weather patterns increase health risks, and potentially also increase risks for epidemics. Higher temperatures and more rainfall may lead to increased risks for outbreaks of vector- and waterborne diseases, such as cholera or yellow

fever. Unexpected weather events may also cause or drive displacements of populations, and with that leading to poor sanitation and increased spread of communicable diseases, such as meningitis or measles. In brief, climate change may increase the risk for bad health.

Strong health systems that provide relevant vaccinations, deal with climate related health problems through preventive and curative work and improve health in general would, on the other hand, build resilience among people and decrease their vulnerability. Healthy people are a first requisite for successful adaptation to climate change. Health services and health systems have this double role as a response to some of the effects from climate change and as an element in building climate resilience. Hence, multilateral organisations with health-related mandates may be analysed in terms of their potential role in relation to climate change and its effects from a population resilience perspective.

Organisations with a **humanitarian** mandate are focused on preparing for and responding to disasters. The humanitarian imperative is valid regardless of the sources of crises and catastrophes. An already resource-stressed humanitarian system cannot but take on responsibility also for increasingly numerous climate related disaster victims. As UN-OCHA explains in its current strategic plan:

“Climate change is already a driver of displacement and acts as a risk multiplier, increasing humanitarian stresses by exacerbating water and food insecurity, conflict, competition over natural resources, and other risks.”  
(UN-OCHA, 2018:10)

To manage such growing challenges, adjustments of the humanitarian system have been, and are, made.<sup>11</sup> However, much of their work is already geared towards disaster risk assessments, which is a component in the build-up of adaptive capacities. The sphere where climate change is relevant for humanitarian organisations includes elements of climate adaptation and the assessment will focus on that.

For organisations with a **population-related mandate**, the entry point is the importance of demography and population dynamics for adaptation to climate change. In contrast to prevailing approaches for measuring vulnerability remotely – mainly in terms of analysing the built environment – taking population into consideration provides more realistic descriptions. What will the future size and composition of the population be? How will socio-economic

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<sup>11</sup> This categorisation stems from OECD (2019) ‘Aligning Development Co-operation and Climate Action: The Only Way Forward’.  
dai Framework for Disaster Risk Reduction from 2015, constitute adjustments in the humanitarian system in areas linked to climate issues.

development be affected by factors such as fertility, age structure, dependency ratios, household size and composition and migration? How will social networks or migration patterns impact upon populations' exposure to risks? And, in turn, how will climate change impact upon all such factors? By focusing on population dynamics in practical interventions and intellectual inputs, population-related organisation may bring important contributions towards less vulnerability for individuals and societies.

Organisations working on **land and water use** (food security, agriculture, forestry, fishing, maritime issues, urban areas etc.) have key roles within the wider multilateral system as actors in the field of climate change adaptation and mitigation. Such mandates span wide areas, including interventions in the humanitarian field, in disaster risk reduction as well as interventions regarding livelihoods and land-use essential for long-term development processes. For instance, the Rome-based UN organisations span the whole climate change – disaster risk reduction – long-term development spectre and have wide responsibilities in relation to climate change. These and other organisations work on natural climate solutions (NCS), such as reforestation, avoided deforestation, coastal restoration and improved agricultural management – areas that can provide more than one third of what is needed between now and 2030 in terms of climate change mitigation to keep global warming below 2°C. If effectively implemented, NCS may in addition to this offer resilience benefits, such as flood buffering, improved soil health and enhanced crop productivity.

The Paris alignment assessment of the organisations with such mandates must therefore cover the full spectrum from mitigation, adaptation to transformation.

**Multilateral development banks (MDB)** were during their early years mainly lending to infrastructure, energy, industry and other heavy investments in production related areas. With time, the scope of their lending has widened to include also social, population and policy related lending. Today, there are few areas where the MDBs are not involved. Still, the thrust of their activities remains in sectors and activities that are contributing the most to greenhouse gas emissions, such as energy, infrastructure, manufacturing and finance. They are at the same time heavily involved in sectors and activities that are key to peoples' and societies' resilience against climate change effects, such as water and land management, health and social protection. Furthermore, their financial sector influence provides them with leverage over the full spectre of economic sectors. This places more all-encompassing demands on their climate work than would be the case for most other multilateral organisations, comparable only to organisations with such **broad mandates** as the UNDP.

It is obvious that MDBs and multifunctional organisations need to be assessed in all aspects – mitigation, adaptation and transformation.

Organisations with mandates in the area of **environment and climate change** are obviously relevant for the full spectre of activities related to mitigation, adaptation and transformation. Assessments of these will have to focus on specificities of their respective mandate: mitigation, adaptation or a combination of the two?

## 4 Analytical approach

The first step in the analysis builds on the discussion on multilateral organisations main mandates and their implication for what role each organisation may play in relation to climate change. As the discussion above shows, certain criteria and indicators are not relevant to all organisations. Hence, for each organisation it will be indicated what thematic activity areas it is expected to deal with and be active within.<sup>12</sup> We will focus on thematic activity areas listed below, to base the assessment on concrete action. The following will be in focus for the area of climate change mitigation:

- Reducing greenhouse gas emissions/ increase renewable energy (GHG for short)
- Energy efficiency (EE)
- Carbon sequestration (CS)

For climate change adaptation (CCA), we will focus four areas, as described in box 1 above:

- Addressing drivers of vulnerability (DV)
- Building response capacity (RC)
- Managing climate risks (CR)
- Confronting climate change (CC)

In assessing transformative capacities, we will focus on:

- Systemwide climate roles (SR)
- Climate relevant process and product innovation (CI)

However, taken in isolation assessment of action in these thematic activity areas will not tell much about Paris alignment. Action may take different forms and intensity. Furthermore, the thematic activity areas need to be linked to the three levels that were mentioned above (negative list leading to increased GHG; positive list of criteria leading to reduced GHG emissions and c) specific criteria concerning consistency with NDC:s/ country- and global long-term pathways

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<sup>12</sup> In addition to the distinction between different mandates, it is also important to keep in mind that the operational room of manoeuvre varies between organisations. E.g. the MDBs are in greater control of their financial resources than the average UN organisation. The share of earmarked financial contributions has increased over the last decade to reach an average of 59 percent in 2019 (DHF and UNMPTF, 2020). This might explain possible differences between policy- and operational levels in UN organisations. However, the following assessments will not consider this factor.

to low-carbon emissions). This linkage will be done through a set of indicators. A couple of alternative indicators have been developed by others (see Annex 3). We will use an adapted version of the approach developed by the European think tank Third Generation Environmentalism, E3G. The advantage of their approach is that concrete activity areas are analysed, rather than more abstract process indicators, such as e.g. those proposed by OECD.

In the following table, 15 indicators (used by E3G) have been organised under three levels of Paris alignment. In practice, for organisations that potentially may contribute to e.g. climate adaptation the relevant set of adaptation activity areas will be assessed, when analysing what indicators are fulfilled. Organisations potentially active with mitigation will be assessed against the mitigation activity areas etc. The right-hand column indicates what thematic climate activity areas that are relevant for analysis of each indicator.

**Table 4: Detailed analytical scheme for assessing Paris alignment**

Degree of Paris alignment	Indicators	Relevance for what climate activity area
Policies, strategies or measures to avoid negative climate impact (avoid emissions and/ or maladaptation)	Standalone climate strategy	Mitigation and adaptation (GHG/CS/DV/RC/CR)
	Fossil fuel policies	Mitigation (GHG)
	Portfolio greenhouse gas accounting and reduction; Green/brown energy ratio	Mitigation (GHG/EE)
	Climate vulnerability assessment /avoid mal-adaption	Adaptation (DV/RC)
Policies, strategies or measures to achieve positive climate impact (adaptation and/ or mitigation)	Standalone climate strategy integrated into main mandate strategy	Mitigation and adaptation (GHG/CS/DV/RC/CR/CC)
	Climate integration into sectoral strategies	Mitigation and adaptation (GHG/CS/DV/RC/CR/CC)
	Climate integration into country work /Climate technical assistance	Mitigation and adaptation (GHG/CS/DV/RC/CR/CC)
	System resilience dealing w. current risks	Adaptation (RC)
	Forest and agriculture	Mitigation and adaptation (CS/DV/RC)
	Energy efficiency investments/ energy access	Mitigation (EE)
	Green finance	Mitigation and adaptation (GHG/CC)
Policies, strategies or measures to achieve transformative change towards low carbon, climate resilient development.	Integrated standalone climate strategy w. MEL that provides learning	Mitigation, adaptation and transformation (GHG/CS/DV/RC/CR/CC/CI)
	System resilience dealing w. current and future risks + learning	Adaptation and transformation (RC/CR)
	Transformative green finance (e.g. w. shadow carbon pricing)	Mitigation, adaptation and transformation (GHG/CC/CI)
	Innovative instruments; Institutional / international leadership; Transparency	Mitigation, adaptation and transformation (GHG/EE/CS/RC/CR/CC/SR/CI)

It is not obvious that indicators are mutually exclusive. For instance, “standalone climate strategy” appears at all three levels, albeit with specifications. Similar to other indicators that are not exclusively limited to one of the three head criteria, it should be interpreted contextually. In the realm of the negative climate criteria: do policies and practice avoid increased emissions and mal-adaptation? In the context of the transformative criteria: do policies, practice and catalytic influence extend beyond current development pathways?

In the right-hand column, the various types of activity areas (GHG, CS, DV etc.) are included as to show which of the indicators to scrutinize for different organisations. For instance, organisations with health and humanitarian mandates are assessed only against those indicators that include drivers of vulnerability and building of response capacity, and a minor transformative role, whereas e.g. MDB:s are assessed against the full spectre of indicators. Organisations with wider and more climate relevant mandates should be more generally scrutinized compared to organisations where the mandates are climate relevant to more limited extents.

To assess whether an organisation is in line with the Paris Agreement the indicators will be weighted together. The avoid-negative-climate-impact criteria provides a red line, but beyond that it is harder to establish a distinct limit. The assessment will regard organisations as Paris aligned when they make clear contributions to positive climate impact, that is when they fulfil at least two of the indicators in the positive contribution sector. To also act in transformative ways would increase their degree of alignment. However, being transformative while not living up to minimal requirements on the more basic indicators will not be enough for Paris alignment. Hence, the qualitative assessment will be underpinned by several indicators but go beyond that to take the broader character of the Paris Agreement into consideration.

An organisation assessed as Paris aligned may make small or large contributions to positive climate impact. There is room for variation above the alignment threshold. There is likewise room for variation below the threshold. Organisations may make serious efforts, but still not be assessed as Paris aligned, due to negative aspects not dealt with. Alternatively, the organisation may be well off the mark. Such variation will be described and discussed.

The material used for the scrutiny are organisations’ strategic plans and documents, organisational assessments made by the Multilateral Organisation Performance Assessment Network, MOPAN, other relevant studies and assessments and – to the extent available – relevant evaluations that may shed light on to what extent practice follows strategic objectives. The search and selection process of evaluations has been greatly helped by the scanning done for a Danish preparatory evaluation study (DIIS/ UNEP-DTU, 2020).

The selection of organisations to scrutinize is based on the size of recent Swedish contributions to multilateral organisations. As the OECD argue (OECD, 2019) all thematic areas are climate relevant, and no organisation may no longer be 'blind' to climate. Selection based on size of financial contribution will provide good representation of Swedish multilateral aid, even if not describe its totality. The 15 largest recipients of Swedish core funding over the last two years have been selected this way. However, in order not to miss organisations of actual or potential relevance for climate change a selection of ten additional organisations have been included in the sample (as indicated in the following).

## 5 Multilateral organisations' Paris alignment

The contribution each multilateral organisation may give to the Paris Agreement is dependent on their various mandates. The demands must be higher on some of them than on others. However, as stated by the OECD, no organisation may be 'climate blind', so all have to be scrutinized. In the following assessment section, organisations have been placed according to what expectations may be placed upon them. First in line is a group of organisations where expectations are low. Expectations are then gradually increasing, so that organisations with full climate mandates are treated lastly.

### 5.1 Organisations without explicit climate mandates, but with implicit adaptation potential

Areas to be scrutinized according to the analytical framework belong, in the case of the first organisation, GAVI, to the adaptation and transformation sphere: addressing drivers of vulnerability (DV) building response capacity (RC) and contributing to transformation in a minor way. For subsequent organisations, this will be indicated in a parenthesis in the following format: **(DV/RC/Minor SR)**.

#### **Gavi – the Vaccine Alliance (DV/RC/Minor SR)**

*Annual disbursements: 1,6 billion USD, 250 staff, partner organisations (UN, MDBs) implement in 72 countries.*

Global Vaccine Alliance, Gavi, has as one of the organisations with a health mandate a double role in relation to climate change effects. The relationships were described in general way in section 3.1 above.

In addition to promoting vaccination against major diseases, the Gavi is heavily involved in supporting national health systems. The organisation is overall positively assessed as efficient by MOPAN, especially for its non-traditional activities in market creation for vaccines, for its strong partnership capacity and for its time-limited approach to country engagement, which fosters sustainability (MOPAN, 2017a). However, there are areas for improvement.

In its support to national health systems, Gavi is working in close collaboration with governments. Such an approach is in line with the 'bottom-up' character of the Paris Agreement. However, it also implies that results from Gavi's work vary, as they are heavily dependent on the effectiveness and efficiency of partner

governments. An illustration is given by recent evaluations of Gavi's health system support, where evaluations in e.g. neighbouring countries Ghana and Burkina Faso illustrate the differences in success. In one of the countries, all relevant indicators had improved, whereas in the other, no discernible effects were found (Gavi, 2020). Furthermore, the support given through civil society organisations during the 2011-17 period has not been very successful, according to an evaluation (Itad, 2018). Inefficiencies in selection and management of the support, lack of sustainability are among the factors that have led to very limited results. However, on the positive side, civil society participation in health systems has been improved by the program.

There is no explicit mention in Gavi's policy documents of its potential role in relation to climate change. For instance, no policy exists on issues relating to climate adaptation. The nearest one gets is a paragraph on resilience in the policy on fragility, emergencies and refugees. It is stated that Gavi seeks to build resilient systems, keep a long-term perspective and be ready to take on calculated risks.

How to assess the Paris alignment of this organisation? Its field of work and approach is highly relevant for building resilience among individuals and societies. However, some of its most relevant programmes and activities have not been evaluated very positively – possibly due to its effective anchoring of programmes with national governments (where capacities are low). Furthermore, the self-awareness of the role Gavi might play in relation to climate change adaptation is lacking. It has no stand-alone policy on climate, which is the first sub-indicator in our assessment.

In sum, the assessment must therefore be that Gavi is not Paris aligned, however with a great potential to improve, since much of its program is relevant, and it is not contributing negatively to the Paris Agreement. The organisation would benefit from an active dialogue on how it contributes to climate resilience through its investments in public health.

### **Global Fund to fight AIDS, Tuberculosis and Malaria, GFATM (DV/RC/Minor SR)**

*Annual disbursements: 2,5 – 4,6 billion USD; more than 700 staff; implementing partners: more than 100 countries.*

According to MOPAN, the Global Fund is an effective multilateral organisation that makes an important contribution to global health. Investments are estimated to have saved around 22 million lives. Attribution discussions aside, the general trend has been positive. AIDS, tuberculosis and malaria deaths have declined by more than one-third since 2002, when the Fund was established.

The Global Fund has a clear strategic orientation, has improved its operations through relevant reforms and is encouraging staff to be innovative. The Fund is thus used to working flexibly in a changing environment. However, there is room for improvement, particularly in the areas of evidence-based results measurement, knowledge management and learning and specifically in the area of health systems strengthening (MOPAN, 2017b).

The Fund is furthermore weak on integrating cross-cutting issues and lacks policies and tools for environment sustainability assessments (Ibid, p 9). The Fund's evaluation unit, the Technical Evaluation Reference Group, has not conducted any evaluation in the field of climate change mitigation or adaptation, nor in the field of resilience. There was an evaluation done of the Fund's work in helping to build resilient and sustainable health systems, however, that evaluation did not deal with societies' resilience (GF-TERG, 2019).

The Fund works in areas that are of importance to climate adaptation, as is the case also with Gavi (discussed above). However, this is not made explicit by the Fund, and no policy guide the organisation in this area. It is weak in terms of national ownership and a 'bottom-up' approach. Interventions may be positive from a climate perspective, but there is not enough of structured work to form a basis for a positive assessment.

In sum, we categorise the Global Fund as not aligned with the Paris agreement, albeit not far from the threshold. The character of the Fund's mandate gives a potential to place the organisation and its work more strategically in line with the agreement.

### **Red Cross Red Crescent Movement (IFRC, ICRC) (DV/RC, SR)**

*Annual disbursements: 330 - 550 million USD (IFRC) plus 2,4 billion USD (ICRC), 18 000 staff, implements programmes in more than 90 countries. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

The International Red Cross and Red Crescent Movement, consisting of IFRC; ICRC and 192 Red Cross and Red Crescent Societies, has for decades responded to humanitarian crises caused by armed conflict and natural disasters, and increasingly worked on disaster risk reduction. With its two international organisations and grassroots presence through many volunteers around the world, the Movement is one of the largest humanitarian response and risk reduction actors in the world including among populations that are most vulnerable to climate risk (IFRC, 2020).

Already in 2002, a Red Cross Red Crescent Climate Centre was set up, hosted by the Netherlands Red Cross. The centre serves as a specialist reference for the

IFRC. Part of its mission is to help promote the integration of climate change and environment into disaster risk reduction and management (Piper, 2007). The centre recently contributed to a new Movement plan to tackle prevention, preparedness, response and recovery to the impacts of climate-related shocks and support longer-term resilience of communities (IFRC, 2020). The plan is structured around four pillars – scale up climate smart disaster risk reduction; reduce health impacts of climate change; address climate displacement and enable climate-resilient livelihoods including sustainable water management.

Through such initiatives, the Red Cross Red Crescent Movement not only integrates climate change into its activities, but also takes on a leading role within the humanitarian system. Its work includes knowledge creation, advocacy for improved policies, plans and investments and the encouragement of innovations, while trying to reduce its own climate footprints. Its work is well anchored with national partners.

In sum, the Red Cross Red Crescent Movement is well aligned with the Paris Agreement and sets an example for others to follow.

### **UN-AIDS (DV/RC/Minor SR)**

*Annual disbursements: 185 million USD, 750 staff, partner organisations implement programmes in 92 countries.*

In its latest assessment of UN-AIDS, MOPAN (2017d) simply stated that UN-AIDS' policy on climate change is entirely focused on reducing emissions caused by the Secretariat. Climate change and environmental sustainability were not integrated into the organisation's strategic plan, something the organisation recognised and should address. However, there is currently no discernible action taken. UN-AIDS may thus not be assessed as Paris aligned.

### **UNHCR (DV/CR/Minor SR)**

*Annual disbursements: about 3,9 billion USD; 11 500 staff, implements programmes of refugee protection and support in 128 countries.*

Should humanitarian organisations take responsibility for vulnerability and catastrophes that are induced by man-made environment- and climate factors? Such considerations have impacted on the UN High Commission for Refugees, UNHCR. More than a decade ago work on climate change and environmental degradation as drivers of displacement was initiated (Goodwin-Gill and McAdam, 2017:14). Discussions on 'climate refugees' and a protection gap in relation to the organisations core mandate emerged, however, definitions remain unclear. Later on, a process got started leading up to a global guiding framework.

This took first form in the “Agenda for the Protection of Cross-Border Displaced Persons in the context of Disasters and Climate Change”, and then in a global Platform on Disaster Displacement, agreed at the Humanitarian Summit in Istanbul in May 2016.

Despite tensions between responsibilities for refugees and a broader humanitarian role (Goodwin-Gill and McAdam, 2017:24), the UNHCR responsibilities have broadened over the years. A policy discussion has gradually been overtaken by UNHCR’s operational engagements. The organisation currently deals with displacement situations where the driving factors are multiple. Its role is complementary to States that carry the primary responsibility for internally displaced disaster victims.

Today, the UNHCR engage in five major areas relating to climate change:

- Operations to prevent and address internal as well as cross-border disaster displacements.
- Legal support to national legislation, international and regional norms and guidance to protect rights of displaced people in the context of disasters and climate change.
- Promotion of policy coherence around issues of disaster displacement.
- Research and data collection to support its operational and policy work.
- Strengthen its own capacity to deal with the above four areas.

UNHCR lacks a policy framework for climate change and has no clear vision for its work in the area. Staff and budgets for such work limit the scope for action. Furthermore, in its refugee camps, the commonly used energy sources are diesel generators, rather than renewables. In 2017, however, UNHCR published a document on its role in relation to climate change and disaster displacement (UNHCR, 2017), emphasising its role to *protect* displaced people – by legal, policy and practical means – and *respond* to emergencies. There are currently no requirements to collect climate change or environmental data in project results frameworks. Nonetheless, according to MOPAN, partners assessed UNHCR relatively positively in this area. 52 percent of survey respondents rated UNHCR as “excellent, very good or fairly good” at promoting environmental sustainability and addressing climate change in relevant areas of its work (MOPAN, 2019c). Despite this, MOPAN assessed its performance in the field of environment and climate change as unsatisfactory.

The UNHCR is in sum Paris aligned, but just weakly. It is lacking in formal structure in relation to climate change. It is compensating for this by doing better in practice, in relation to the adaptation agenda, which is also the area where they

are expected to contribute. It has initiated important work and contributes in practice, but must further improve its policy and operational structure.

## **UN-OCHA (DV/RC/Minor SR)**

*Annual disbursements: 334 million USD own budget; 24,7 billion USD funnelled to humanitarian relief (according to Financial Tracking Service); 2 300 staff, 37 countries, supports a wide range of implementing partners.*

UN-OCHA is the UN's organisation for coordination of humanitarian response. It is in charge of issuing humanitarian response plans and appeals as well as the Central Emergency Respond Fund, CERF. The coordination includes other UN agencies, governments and a vast array of civil society organisations. The work includes data gathering, setting up pooled funds, a financial tracking service among other things.

UN-OCHA acknowledges climate change as a driver of displacement and a multiplier of risk (UNOCHA, 2017). It has taken specific initiatives, together with UN-Environment and WFP, to an interagency project aiming at improving adaptation capacities in humanitarian situations. This project is implemented in sub-Saharan Africa, especially in countries severely affected by climate change, such as Burundi, Chad and the Sudan. The program also includes components to reduce GHG emissions in fuel use, and through planting of forests. Despite such strategic action the organisation does not yet have any overall climate change strategy. In its latest assessment, MOPAN points to a conceptual confusion about where environmental and climate issues enter the various parts of humanitarian work and activities. There are no formal requirements to assess or report on climate change issues. In addition, the organisation was criticised for weaknesses in dealing with cross-cutting issues such as the environment (MOPAN, 2017e).

However, in other respects, the organisation was deemed as very effective in coordination, knowledge generation and building of systems. Recent interagency evaluations of humanitarian interventions confirm the image of an effective and efficient organisation. For instance, in one case, the intervention in response to drought in Ethiopia 2015-18, it was assessed that the well-coordinated intervention helped save lives, but was less successful in restoring livelihoods or building resilience (IAHESG, 2019). This illustrates how results may be less far-reaching than they could be, even if the results are positive.

In sum, UN-OCHA is increasingly focusing on climate change issues and their relevance for humanitarian situation. The organisation is assessed as Paris aligned, despite some remaining weaknesses. It is intervening in relevant areas

for climate change adaptation and is shaping interventions on the ground in ways that contributes positively to climate change mitigation and adaptation.

### **UNWRA (DC/CR, minor SR)**

*Annual disbursements: 775 million USD, staff: 28 000 (of which 160 international), implements its own programmes.*

The United Nations relief and works agency for Palestinian refugees in the near east, UNRWA, is charged with the provision of emergency response, protection and social services for Palestinian refugees. The UNRWA does not have dedicated overall policies on climate change or environmental sustainability. It rather commits to co-ordinate with others that undertake work on climate change and its impact on refugee populations.

In its 2016-21 strategy for infrastructure and camp improvement UNRWA commits to environmental responsibility. It has engaged in green initiatives such as the installation of solar photovoltaic systems in Gaza Strip camps. The Lebanon Field Office (LFO) contextualises environmental sustainability and climate change in terms of water access and management, sanitation, energy, air quality, and land use. However, it is unclear to what extent the plans have so far been implemented. MOPAN assesses UNRWA's work on environment and climate change as 'highly unsatisfactory' (MOPAN, 2019d).

No evaluations of UNRWA's work relating to climate change have been conducted.

In sum, the organisation is assessed not to be Paris aligned.

### **World Health Organisation, WHO (DV/RC/SR)**

*Annual disbursements: 5,1 billion USD, more than 7000 staff, offices in 150 countries, implements its own programmes, conducts normative work. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

The World Health Organisation, WHO, is in the climate change area expected to contribute primarily to the adaptation agenda. With a strong performance track record, a long-term vision and described as the 'organisation of last resort' for global health issues, it has potential to play a leading role also in the field of health and climate change (MOPAN, 2019c). WHO does also address aspects of climate change and health in its work. For instance, its 'Workplan on Climate Change and Health' provides a framework for countries to mitigate climate risks. This document simultaneously constitutes an internal WHO policy position on environmental sustainability and climate change. Furthermore, the WHO

monitors progress across all its regions towards the SDGs that have relevance for health and the environment.

In its activities, the WHO supports countries and their national health authorities to better understand and address determinants of health and the effects of climate and environmental change on health. Thus, it adheres to a ‘bottom-up’ approach. Focus areas include providing green health facilities; substantially reducing victims of hazardous chemicals and from air, water and soil pollution and contamination; and improving water, sanitation and energy. Such work is also indirectly and directly contributing to improved climate adaptation.

According to MOPAN (2019c), there has been an increasing budget for staffing and activities to be carried out in support of environmental sustainability and climate change issues, however, staff interviews and consultations showed that human and financial resources were still not always sufficient. Technical training and capacity-building support are available, particularly related to climate change, and include an online module on climate change and health. Due to the recent decision by the USA to leave the organisation the overall resource situation is becoming severely aggravated. Effects on the climate change work are still unclear.

In sum, the WHO is assessed to be Paris aligned, however weakly. It intervenes in the areas where it may contribute to climate adaptation. Its work could be better structured and operationalised in terms of implementation, follow-up and learning. WHO’s potential to lead in the subfield of climate change and health is under-provided.

## **Summary of the category**

Despite limited demands put on this group of organisations – to use their potential to contribute to societies’ and individuals’ adaptation to climate change – only half of them are assessed as Paris aligned, and most of the organisations with health-related mandates were not. It is not that organisations work at cross purposes with the Paris agreement, or do harm to the climate, but rather that they have not yet paid enough attention to the issues and the potential contributions they may make. Others among these organisations are becoming increasingly active in the field, which is welcome. However, the area of health and climate change seems under-invested.

Humanitarian organisations work since long on disaster risk assessments and reduction. The efforts to strengthen societies’ resilience has, as a concept and in practical interventions, to a large degree emanated from humanitarian work. Organisations like the ICRC / IFRC, UN-OCHA and as will be described later, UNDRR, do important work in this field. And, even though its mandate is wider

and the organisation will appear later, the role and work of the WFP can also be mentioned. The WFP mandate includes humanitarian work, disaster risk assessment as well as long-term development. These organisations set examples for others, and take on leading roles that should be further encouraged.

## **5.2 Organisations without explicit climate mandate, with clear adaptation potential**

### **IOM (DV/RC/CR/Moderate SR)**

*Annual disbursements: 1,6 billion USD, 11 000 staff in more than 400 field locations, implements its own programmes. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

The International Organization for Migration has been trying to understand and deal with impacts of climate change on migration since the 1990s. It has been engaged in research, policy and advocacy with the objective of making migration policy and practice take climate change factor on human mobility into consideration. The approach chosen is to integrate environmental and climate considerations into all parts of migration management. IOM is also working on capacity building, and supports and promotes the Nansen Initiative Protection Agenda from 2012 as well as the International Platform on Disaster Displacement, agreed at the Humanitarian summit in Istanbul 2016 (IOM, 2019).

IOM's objectives are to the extent possible prevent forced migration caused by environmental factors; to assist, protect and seek sustainable solutions for populations that nevertheless are affected; and to facilitate migration as an adaptation strategy. It is difficult to separate environmental and climate factors from social and economic drivers of migration. However, environmental factors have always been a factor behind migration and climate change is expected to have massive impact on mobility.

Encouraged by member states, IOM has gradually stepped up ambitions in the area. Since 2007 it has a clear mandate to work on climate change, and in 2015, it set up a special unit dealing with migration, environment and climate change (MECC). The MECC coordinates, supports and provide policy guidance for activities in this field. The IOM has thus given climate change a core position (IOM, 2019). However, resources are limited. MECC is staffed with only a handful of people and a similar number of experts work on the issues in IOM's field offices. The limited funding is mainly project-based (MOPAN, 2019e).

MOPAN further describes the highly decentralised structure of IOM as well-suited for a project-based organisation, but inadequate for meeting the increasing demands that comes with a role in the international system. The organisation needs reforms in terms of operating model, financial framework and strategic vision, according to MOPAN. Furthermore, organisation-wide policy-, or strategy documents on climate change, the environment and effects on migration are lacking. Project guidance calls for the inclusion of environmental safeguards, but in practice the application varies. Overall, MOPAN assessed the environmental and climate change approach of IOM as emerging, but still unsatisfactory. IOM's conceptual approach to environmental sustainability, climate change and migration was assessed to be good. But MOPAN called for more systematic and reliable mainstreaming of climate issues into operations as well as improved results reporting. Financial resources are very limited, and evaluations show very little traces of tangible results (Ibid).

In sum, the IOM is, despite good ambitions not yet assessed as Paris aligned. The operational weaknesses are too pronounced, as the commendable work of the MECC has not yet been mainstreamed enough.

## **UNDRR (DV/CR/RC/SR)**

*Annual disbursements: 105 million USD, 120 staff, supports countries in implementation of the Sendai Framework. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

The UN Office for Disaster Risk Reduction, UNDRR, (previously UNISDR) has a core mandate in the area of adaptation to climate change. To prevent and reduce disaster risk, and hence, build resilience, is key to any adaptation strategy. Disaster risk is inherent in any social and economic development and disaster risk management needs to be an integral part of sustainable development. In its mandate to coordinate disaster risk reduction within the UN system, the UNDRR carries the main responsibility for the Sendai Framework for DRR. This framework is a voluntary agreement during 2015 – 2030 that gives the state primary responsibility in preventing and reducing disaster risk. Other stakeholders, such as private sector, civil society, local government should share this responsibility (UNISDR, 2015).

Under the coordination of UNDRR, the majority of organisations in the UN have included disaster risk reduction in their strategic plans. However, differences in reporting tools make it difficult to assess system-wide progress in the implementation of the Sendai Framework.

In addition to partnering and coordinating a wide set of UN organisations, the UNDRR works with governments in building capacity for disaster risk

reduction. It provides technical tools, including data and databases on national loss, methodologies for calculating and mapping probabilistic risk and others. While the risks managed may concern small- or large-scale disasters, frequent or infrequent, sudden or slow-onset, caused by natural or man-made hazards this work is very pertinent for climate change adaptation. The capacity building work was very positively assessed in an evaluation (Groupe Baastel, 2017). Hence, the organisation may be said to apply a 'bottom-up' approach, even if not working directly with National Adaptation Programmes or NDCs.

The UNDRR cooperates effectively in the Capacity for Disaster Reduction Initiative (CADRI), which includes organisations such as FAO, UNDP, UNFPA, UNICEF, WFP, WHO amongst others. These organisations have also integrated disaster risk reduction in their strategic plans and adopted risk-informed sector strategies (Cazeau, 2019). Some of them, such as UNICEF and WHO, address disaster risk reduction as a cross-cutting issue, and the WHO invests substantial resources to reduce the risks of outbreaks of infectious diseases. This approach may serve as example for others to follow.

In sum, the UNDRR is Paris aligned already through fulfilling its core mandate. It does so in an effective way, not least by providing concrete and useful tools for disaster risk reduction.

### **UNFPA (DV/RC/CR/Moderate SR)**

*Annual disbursements: 1,1 billion USD, 4000 staff in 119 country offices, active in 150 countries, implements its own programmes, conducts normative work.*

The United Nations Population Fund's, UNFPA, is focusing on sexual and reproductive health. They also promote censuses, which is essential for development planning. Its mandate lies somewhere between the area of health services and population matters. The relation between the main mandate and climate change lies primarily in terms of its importance for adaptation measures and the resilience of vulnerable populations. By focusing on population dynamics in practical interventions and intellectual inputs, the organisation may have important contributions to give towards improved strategies for dealing with vulnerability. Such a role is important both in relation to individual human's capabilities to deal with changing circumstances, and in relation to societies' broader adaptation capacities.

Despite this, the organisational set-up is not well geared towards climate issues. UNFPA lacks a dedicated policy on environmental sustainability and climate change, but has established some related appropriate strategies; The humanitarian data strategy of UNFPA addresses key aspects of the Sendai Framework for Disaster Risk Reduction 2015-2030; UNFPA's selection of

implementing partner prioritises organisations with environmental policies in place; UNFPA also has a Greenhouse Gas Emissions Inventory Management Plan, which is monitored internally but lacks external verification.

Although UNFPA does not have an all-encompassing climate change strategy, it has made efforts to “go green”. UNFPA’s Green Procurement Strategy echoes the UN’s goal of becoming climate neutral and environmentally sustainable. Climate change is also identified as an area for collaboration with other partners. UNFPA’s work with National Statistical Offices as well results in linkages between population data and national climate change adaptation planning. (MOPAN, 2019).

UNFPA is generally assessed to be managed with a clear and focused strategy, strong results orientation, good at using and communicating knowledge and strong at building partnerships, including with national governments. Weaknesses concern for instance slow disbursements, less than optimal utilisation of population data and weaknesses in advocacy processes (Ibid.).

In sum, UNFPA is well aligned to the Paris agreement, to a higher degree than our assessment scheme would predict. It fulfils some, if not all, of the sub-indicators relevant for climate adaptation, and it collaborates with others to further objectives within the climate adaptation area. However, its effectiveness could be further enhanced through a more explicit and structured approach at the general organisational level.

## **UNICEF (DV/RC/CR/CC/SR)**

*Annual disbursements: 6,1 billion USD; more than 8000 staff, covering 190 countries, implements its own programmes.*

The United Nations Children’s Fund, UNICEF, engage with climate change in various ways. Its entry point is that climate change undermines the rights of children: “This is the first time a global generation of children will grow up in a world made far more dangerous and uncertain as a result of a changing climate and degraded environment”, they argue ([www.unicef.org](http://www.unicef.org)).

UNICEF’s approach to deal with climate change is based on four pillars:

- 1 Making children the centre of climate change strategies and response plans. This is e.g. done by including children in partner governments’ national level planning on climate adaptation.
- 2 Recognizing children as agents of change. This is mainly done by organising platforms, advocacy and participation for children at major UN conferences.

- 3 Protecting children from the impact of climate change and environmental degradation. Here, UNICEF works to make schools, health centres, sanitation installations and similar climate resilient; introducing renewable energy and resilience measures in schools and health centres.
- 4 Reducing emissions and pollution. UNICEF is contributing to, and advocating for, better monitoring of air pollution as well as its reduction. It is also working on reducing GHG emissions from its own offices and activities.

The major thrust of UNICEF's work on climate change concerns advocacy together with, and on behalf of, children. Several reports with excellent analysis and clear messages have been produced, underlining the importance of rapid action to stop the negative effects of climate change. However, apart from what is mentioned above the organisation has not developed any overall climate change strategy for its own operations. UNICEF runs programmes primarily in health, education, water and sanitation, and intervenes in situations of humanitarian crisis. Hence, what may be expected from other organisations working in these areas may also be expected from UNICEF.

While climate change is mentioned as a negative contextual factor in the organisation's health policy (UNICEF, 2016), no action in the policy is expected to contribute to neither climate change mitigation nor adaptation. It would not have been farfetched to make such linkages explicit, since they exist.

Likewise, no explicit connections or mention is made of climate change mitigation or adaptation in UNICEF's key documents on nutrition (UNICEF, 2013). In the education strategy (UNICEF, 2019), interventions aimed at increased resilience against shocks, are included. These relate specifically to UNICEF's role as co-lead agency in the global education cluster of the inter-agency standing committee for systemwide humanitarian response. However, in other parts of the strategy links to climate change mitigation or adaptation are not mentioned.

On the contrary, for the WASH sector a specific climate resilience strategic framework has been developed and adopted (UNICEF and GWP 2014). It is through water that most climate change effects, in their various forms, will emerge. The ambition of the framework is to influence not only UNICEF-supported interventions, but the whole WASH sector. Its components include the understanding and assessment of climate vulnerabilities affecting the sector, the identification and appraisal of action options, deliver solutions and monitor, learn and scale-up and -out. As well, a special guidance has been developed for the WASH sector and disaster risk reduction (UNICEF, 2011).

The general assessment of UNICEF is that it steers clear from the negative list, by actively seeking to reduce and avoid GHG emissions through its own administration and activities. However, its contribution to a positive list are less than optimal, despite high ambitions and activity in relation to climate change. While UNICEF's core activities in health, education and nutrition all implicitly contribute to strengthen children, and thus also their resilience to climate change, this is never made explicit. Strategies do generally not focus climate change as such. Opportunities to contribute to increased resilience may thus be missed. At the same time, UNICEF is partly contributing to transformation. It does this through active advocacy work, with and on behalf of children. In the WASH sector it has also taken on a leadership role, by developing guidelines and strategies for the whole sector. Where it has potential to do more is in the areas of education, health and nutrition – making the building of resilience an even further systemic and systematic project.

In sum, the UNICEF is assessed as Paris aligned, with remaining weaknesses.

### **Summary of the category**

Organisations in this group are with one exception assessed to be Paris aligned. A couple of them provide positive examples of engagement and initiatives. However, there is variations between them, indicating that there is still potential for a higher level of awareness, engagement and practical work in some of the organisations. The finding that the level of Paris alignment differs also within organisations (c.f. UNFPA and the UNICEF) indicates that there are possibilities to advance the work further. For instance, the potential for further exploring and managing linkages between health and climate rests with these organisations as well as with the more purely health-oriented organisations.

## **5.3 Land and water related organisations – mitigation and adaptation potential**

### **Food and Agriculture Organisation, FAO (GHG/CS/DV/RC/CR/CC/SR/CI)**

*Annual disbursements: 1,3 billion USD; 5 800 staff, 85 country offices, implements programmes in 120 countries, normative work on food issues. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

The UN Food and Agriculture Organisation, FAO, have the potential to play a key role in relation to land use, land use change, biodiversity, agriculture, forestry and fishing – areas that are catching increasing attention as essential both for

climate change mitigation and adaptation. However, the organisation has been slow in filling this role. An evaluation in 2015 (FAO, 2015a) pointed to the fact that FAO is a neutral and trustworthy source of technical support, information and data. However, beyond that, much more could be done. The evaluation recommended FAO to develop an organisation wide strategy for climate issues. Based on that it ought to develop its partnerships with other knowledge organisations, the private sector and civil society organisations; take a much more active position in supporting member governments; and work with more longer-term and wide approaches to climate change adaptation. One reason for FAO's relatively low climate profile at country level was lacking capacity and competence in country offices. Furthermore, there was a lack of integration of gender issues into climate related programmes and approaches. A strong call was also made for the FAO to engage much more actively at the global level and for instance provide more knowledge input into the UNFCCC.

The FAO has since adopted a climate change strategy, responding to much of the criticism in the evaluation. In 2015 it established a robust and functional system for project scrutiny through its Environment and Social Management Guidelines (FAO, 2015b), also covering aspects of climate change. Projects are assessed to carry medium or high risks are subject to further assessments. FAO's corporate environmental responsibility strategy 2017 – 2020 calls, among other, for concrete emission reductions from FAO's own activities (FAO, 2017a). Agriculture's role in affecting climate has also received a more prominent role within global climate negotiations and processes (GHG, CS, adaptation). This occurred at the COP 23 in Bonn in 2017, where the Koronivia Joint Work on Agriculture, KJWA was initiated. Countries and international organisations agreed, by a specific decision, to work for transforming agriculture so that it may provide both food security and reducing GHG emissions. Agriculture sectors will henceforth be included in the NDC:s (FAO, 2019).

The FAO strategy places great importance on reforestation, recovery of degraded farmlands, reducing post-harvest food losses and economizing with water in agriculture (hence covering GHG/CS, DV, RC, CR, CC). It points to the fact that almost half of the solutions for staying within the agreed climate goals will have to come from the agriculture sector. Much of this will have to be based on nature-based solutions.

FAO has introduced several partnerships to promote solutions in various areas. One example is its collaboration with the Global Environment Fund, GEF, which over the last 12 years has led to 180 different projects implemented in 120 countries (FAO, 2019; 2016).

To what extent these raised ambitions have led to positive outcomes is still not well known. No thematic evaluation has been conducted in the climate change field since 2015. Recent project level evaluations concerning climate change mitigation and adaptation indicate that interventions are still focusing on governance and capacity building. The material is too narrow to draw organisation wide conclusions from, however it indicates that weaknesses in terms e.g. involvement with governments, as well as gender integration, may remain (FAO 2017b; Mali, Afghanistan, Turkey, Nepal).

In sum, the FAO is assessed as Paris aligned, with potential to move further. It has been somewhat slow to deal with climate change, weak in its partnerships with governments and other partners. In recent years, however, improvements have been made. Given the importance of agriculture, forestry and fishing for climate solutions, there is scope to improve its climate effectiveness further.

### **International Fund for Agricultural Development, IFAD (GHG/CS/DV/RC/CR/CC/SR/CI)**

*Annual disbursements: 400 million USD; 600 staff, implements programmes together with national partners. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

IFAD has recently adopted an organisation-wide climate strategy (IFAD, 2018a). The strategy is well integrated into IFAD's overall mandate and strategy. The main objective of the climate strategy is enhanced resilience of smallholder farmers and rural communities to environmental degradation and climate change impacts. This should in turn lead to improved livelihoods. Already in 2012, IFAD introduced its program for enhanced adaptation to climate change within smallholder agriculture. That program involves interventions in 41 countries. IFAD is also implementing agency for the GEF, the AF and the GCF, cooperation that provides a role as coordinator and leader for environmental and climate work in small-scale agriculture.

In 2018, the organisation saw the need to take further steps and mainstream climate and environment into its total program. This led to its climate strategy being updated and adopted with a new action plan. What the strategy more concretely calls for is improved and deeper IFAD collaboration with governments and other partners to mitigate environmental and climate impacts on smallholders' livelihoods. Alignment with countries' NDC objectives be assured; Tools for adaptation, such as e.g. agricultural insurance, should be developed, improved and widely used; Climate change screening and assessments should be further improved and climate measures mainstreamed into IFAD's portfolio; Competence of IFAD's staff be further built and new tools and processes for learning introduced. The strategy calls as well for

increased mobilisation of financial resources for climate purposes, as they are laid out in the strategy. An ambition to use at least 25 percent of IFAD's own loans and grants for direct climate purposes is expressed. IFAD also undertakes to develop a framework for transformational approaches, a framework which will mainstreaming climate change, gender, youth and nutrition.

The expected outcomes of the strategy and action plan are summarized as improved government integration of climate change into small-holder agriculture; improved skills, systems and resources within IFAD to integrate climate change; improved livelihoods of poor rural people and IFAD becoming a global knowledge leader on sustainable rural livelihoods (IFAD, 2018a).

As this illustrates, very high ambitions are pronounced. There are as well indications that success could be possible. For instance, a more decentralised structure allows IFAD to be more present at country level, even though staff resources are still limited. IFAD has through its previous climate related work (e.g. ASAP 1) built a good track record and gained important experiences. The organisation is flexible and open for experimentation and piloting of new methods. Its evaluation and learning structure are well developed. Since the current action plan on climate is new, it has not yet been evaluated as such. However, recent project evaluations of interventions undertaken in areas of great climate stress and general vulnerability report on relatively good results (IFAD, 2018; IFAD, 2017a; IFAD 2017b; IFAD 2017c; IFAD, 2017d).

The independent evaluation office, IEO, annually assesses and rates IFAD's performance. Built on the total evaluation portfolio and project documents, they rate performance on a set of evaluation criteria, among them adaptation to climate change. The latest assessment (ARRI, 2019:12) shows that adaptation, together with environment and natural resources management, are the only assessed criteria where improvements have been made over the last decade. In remaining areas, recent trends show flat or declining performance. However, for the last two years the percentage of projects rated moderately satisfactory or better declined also in the adaptation area, from 80 to 73 percent. This rating is still very close to the rating on overall project achievement, and as such relatively good.

IFAD has over the last years increased its use of climate funding from the GEF, Least Developed Countries Fund, Special Climate Change Fund and the Adaptation Fund. With around 500 MUSD channelled to 62 countries, IFAD is one of the financially largest actors in the field of smallholder agriculture adaptation. Much of the work is done through the Adaptation for Smallholder Agriculture Programme (ASAP) – a program Sweden was early to support and influence (Colvin et al., 2020:55). This program brought in climate risk (CR, RC) into the organisations project design and implementation. Despite these

ambitions, about one third of new projects did still not assess and deal with climate risk sufficiently, according to a 2018 evaluation (ARRI, 2019:59). Good results were linked to diversified crop production or the rehabilitation of irrigation schemes, using mobile farming in transhumant societies or using methods for farming under resource scarcity.

In sum, IFAD is well Paris aligned. It has good policies and improved structures to first, avoid doing no harm, to make important positive contributions to improved resilience and adaptation to climate change in areas and among groups that are especially vulnerable. There are still some limits and setbacks at operational level. The organisation is, however, aiming at a leadership role from where it can promote transformative models for the further development of smallholding farmers in particular.

### **UN-Habitat (GHG/EE/DV/RC/CR/CC/SR)**

*Annual disbursements: 170 million USD; 400 staff, 55 country offices covering 76 countries. Implements programmes together with national partners. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

The UN-Habitat is mandated to work with human shelter and thereby primarily issues around cities and urban areas. It deals with the location of population, which is a very important factor in relation to current and future climate hazards. The location and character of the built environment determines to a large degree the vulnerability of societies. More than half of the world's population currently live in urban areas. In 30 years, an estimated two-thirds will be urban dwellers (UN-Habitat Strategic Plan, p 7). How people chose to locate is dependent on structural factors, such as those related to economic opportunities, basic infrastructure and technical change – things that UN-Habitat hardly can influence. The organisation may still, through normative work and well implemented programmes, contribute to shaping urban life of a more sustainable character.

Sustainable cities are key to mitigation, as cities account for more than 70 percent of GHG emissions (UN-Habitat, 2019). When it comes to climate change adaptation, particular focus needs to be given to low-elevation coastal cities and to water-scarce cities – locations that at least up until today have been preferred settlements areas, not least in Asia and Africa. The growth of cities in these two types of areas are due to factors such as availability of ocean shipping in the first case, and lack of agricultural opportunities in rural drylands in the second case – gradually forcing people to move to cities (Martine et al., 2013. 28ff).

UN-Habitat works on the promotion of low-carbon cities. Cities built over less land areas enable shorter trip distances, increased shares of pedestrians, bicycles

and public transports. Denser population areas tend to generate higher shares of innovations per capita, something which might benefit low-carbon pathways. As well, taking ecosystem services into consideration in urban planning can further contribute environmentally friendly cities. However, what constitutes a low-carbon emission city is still not well defined, since the ways in which indirect and unforeseen emissions may occur are many (Ibid, p 34).

In its Strategic Plan 2020 – 2023, UN-Habitat has upgraded the position of climate change from the cross-cutting issue it was in the previous Strategic Plan (2014 – 2019). “Strengthened climate action and improved urban environment” is now one of four main result areas. Another of the new result areas is “Effective urban crisis prevention and response” – an area that relates closely to issues of climate adaptation and building of resilience. Earlier criticism from, among others, MOPAN’s assessment in 2015 – 2016 (MOPAN, 2017) held that the organisation was weak in applying environmental and climate markers in the implementation of its programmes. Environmental factors were simply not sufficiently prioritised at the programme level. A study conducted by UN-Habitat in 2017 found that 113 of 164 NDCs contained moderate or strong urban content, mainly focusing climate adaptation (UN-Habitat, 2019). Hence, the need for scaling up UN-Habitat’s climate change engagement was obvious and called for.

In its 2015-16 assessment of UN-Habitat, MOPAN generally assesses the organisation to be relevant and effective, responsive to the needs of its partners, running well-designed programmes which producing positive and cost-efficient results. How quickly the organisation may improve its work on climate change through the intensified focus the issues have been given, remains to be seen. However, UN-Habitat has through the initiative “Planners for Climate Action”, initiated at COP23 in 2015, tried to take on more of a leading role in the urban field. It also collaborates with the Global Covenant of Mayors for Climate and Energy and a number of other UN organisations with the same purpose.

Even though UN-Habitat has a tall order to deal with in terms of challenges linked to increased urbanisation, it has in the latest years clearly improved on its climate change policies, engagements and practice. It avoids doing harm, it contributes positively through good collaboration with partner governments on issues related to NDCs and NAPs. It is still early days for assessing results of the new Strategy. Earlier evaluations of related interventions have generally pointed at positive results (UN-Habitat, 2019b; UN-Habitat, 2016). Furthermore, UN-Habitat has a clear ambition to take on a leading role within its field, hence may be seen as approaching the issue of transformative action.

In sum, we assess UN-Habitat to be Paris aligned, despite a slow start and wide areas of improvement remaining. It deals with key areas and has started to strive for a leadership role.

## **World Food Program, WFP (GHG/CS/DV/RC/CR/CC/SR/CI)**

*Annual disbursements: 6,3 billion USD (n.b. estimated financial gap 2020 an additional 5,1 billion USD); 17 000 staff, Subsidiary program of the UN and FAO, implements its own programmes.*

The World Food Program has a key role within the wider multilateral system as actor in the field of climate change adaptation (CCA). Estimates are that the number of food-insecure people in the world may increase by 25 percent, due to a 2-degree temperature increase (WFP, 2019). As the effects from climate change to a large degree are, and will be, expressed in terms of changed water and land -availability and -use, **food security** will in many ways be affected when climate change effects unfold. The food security-focused mandate of the WFP spans the whole climate change – disaster risk reduction – long-term development spectre. WFP’s work is also proven relevant to the issue of climate change and conflicts. Climate change is not seen as a direct cause to violent conflict, rather a threat multiplier. However, the interplay between climate change and other factors relating to societies’ and peoples’ livelihood dependencies on natural resources makes also conflict analysis important. Improved livelihoods with community based participatory approaches, good links between state and citizens and good natural resource management are key areas to support (Delgado et al. 2019).

Based on its wide mandate, the WFP has become the second largest implementing organisation for projects financed by the Adaptation Fund and was the first to become an implementing partner for the Global Climate Fund. Among the three Rome-based UN organisations, WFP has less potential for climate change mitigation than the others and its activities are limited in that area.

The WFP’s work is guided by a climate change policy for the period 2017 – 2021 (WFP, 2017). The overriding objectives are:

- i) Support the most vulnerable people, communities and governments in managing and reducing climate-related risks to food security and nutrition and adapting to climate change.
- ii) Strengthen local, national and global institutions and systems for sustainable recovery from climate-related disasters and shocks.

- iii) Enhance the understanding of the impacts of climate change on food security and nutrition into local, national and global policy and planning.

These objectives ought to guide WFP work with countries and other partners, in developing country strategic plans aligned with National Adaptation Programmes and Nationally Determined Contributions (NDCs). Climate change is expected to escalate the need for humanitarian assistance in coming decades and the three objectives are rooted in disaster risk reduction.

The WFP engages in a wide set of interventions. It is serving as a global leader in the field of food-security and nutrition in response to emergencies, while also helping countries to strengthen their capacities. Analyses of the food security situation, early warning systems, providing climate information are components that help build adaptive capacities and resilience among communities. Social protection programmes, risk management and insurance solutions are other activity types applied, as is various forms of policy support for improved regulations. The organisation is working across the full spectre of what has been defined as adaptation to climate change.

The WFP is working in close collaboration with other international partners, primarily the other Rome based UN organisations, the UN development system, partners in humanitarian coordination and civil society organisations, among others. It has also, together with the African Risk Capacity (ARC) created a vehicle for the WFP to pay matching premiums for ARC member countries' climate-risk insurance and to help countries build national emergency food assistance capacities. This is an example of how it cooperates with national governments, and supports them in national climate planning and practice.

There is a dearth of evaluations concerning the climate related work of the WFP. No thematic evaluation has been done by the organisations' independent evaluation organisation on relevant issues. This may indicate that climate change is a rather recent concern for the organisation. Some general signals of the organisation's effectiveness might, however, be found in related areas. E.g. evaluation of policy formulation and implementation within the organisation found its policy environment to be complex and lacking coherence. Policies were not always adapted to staff and other resources, while weak leadership and communication constrained policy implementation (WFP, 2020).

The latest MOPAN assessment of the WFP (MOPAN, 2019b) found the WFP to be a highly relevant and responsive organisation that has delivered well on its objectives and focusing on the country level. It also praised the WFP for having a clear and long-term vision and undertaking important reforms. Its major weaknesses are related to dependency on ear-marked funding. In 2018, one-year

contributions constituted 86 percent of the budget, and non-earmarked funds had shrunk to 6 percent. This creates huge difficulties for planning as well as partnerships. Its results framework is not strong enough, albeit improving. The WFP is also criticised for being weak in implementing cross-cutting issues. MOPAN finds that little achievements have been made in climate change, since these perspectives still are rather new to the organisation. Resources in terms of staff, finance and competence are still too weak, despite commitments made (Ibid, p 24).

WFP delivers on all the relevant indicators in our assessment of Paris alignment, in particular in relation to adaptation. There is a heavy focus on reducing vulnerabilities, but specific interventions in the area that deals with climate risks directly, such as climate risk insurance, are also undertaken. WFP has a position that enables it to take on a coordinating and leading role, and it is also making efforts at building important partnerships. This said, it is still obvious that climate change concerns remain rather recent phenomena in WFP. Challenges in terms of resource limitations, hindrances for long-term planning and weak internal structures have still to be overcome. Given its position in the wider system, meeting constantly increasing needs and demands combined with financial scarcity, this may prove an uphill battle for WFP.

In sum, the organisation is assessed to be Paris aligned, and has good potential for improvements. But its work and role in this area could be much stronger if concerted efforts are made both by WFP's donors and leadership.

## **Summary of the category**

Organisations with mandates relating to land and water use are generally very well aligned with the Paris agreement. This is natural, since they work on issues that are of highest importance both for mitigation and adaptation. These organisations have the potential and the responsibility to strongly contribute to social transformation towards low-emission, climate resilient societies. Especially, the Rome-based UN-organisations are taking engaged, knowledge-based and wide-ranging initiatives. It may be noted that some of their engagement is relatively recent, and still rather weak due to resource reasons, but also that there are indications that Swedish engagement towards these organisations has contributed to improvements. The recent evaluation of the Swedish climate change initiative 2009 – 2012 provides a strong argument to that effect (Colvin et al. 2020).

## 5.4 Organisations covering all climate relevant areas

### Previous assessments of multilateral development banks

The degree to which MDBs are Paris aligned have been scrutinized by a number of independent civil society organisations<sup>13</sup>. The MDB:s are also actively seeking improvements themselves. Nine of them<sup>14</sup> have, in a business-wide self-regulatory process, developed six distinct blocks for improved Paris alignment:

- 1 Alignment with the Paris *mitigation* goals, where the degree of alignment will be assessed against a classification tree, placing investments either on a negative list (increased GHG emissions) or on a positive list (decreased emissions) and scrutinized against a set of specific criteria.
- 2 *Adaptation* and *climate-resilient* operations. Based on criteria that still need to be further clarified, investments will be assessed based on their specification of climate vulnerability context; their management of physical climate risk, their contribution to climate resilience and on their consistence with broader national climate resilience.
- 3 Accelerated *transition* through *climate finance*. MDBs shall increase their ambition to channel more finance to policy advice and to technical assistance, while developing new financial instruments and mobilise more private investments to climate. This should be done in support of countries' Nationally Determined Contributions (NDC).
- 4 Support to partner countries in building low-emission, climate resilient strategies. This should be done by ensuring country ownership with clear mandates and inclusive stakeholder engagement. Timeframes should be long, and processes all-encompassing and linked to the other SDGs.
- 5 Transparency. Reporting on activities ought to be open and transparent, verifiable, based on good metrics, methodologies and analysis.
- 6 Aligning MDB-internal activities. The MDBs own buildings, staff mobility, its procurement processes, as well as assets under management and pension funds should also be managed in alignment with the Paris Agreement.

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<sup>13</sup> The most prominent include the World Resources Institute (WRI), The Third Generation Environmentalism (E3G), the New Climate Institute, Germanwatch and The Institute for Climate Economics (I4CE).

<sup>14</sup> African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, European Investment Bank, Interamerican Bank Group, Islamic Development Bank, New Development Bank and World Bank Group. Their joint PA framework was presented at a side event to the COP 25 in Barcelona, Spain, December 2019.

The continued scrutiny from outside actors point to a need for further mitigation measures. Bank activities should support a peak of GHG emissions as soon as possible, aiming for a net zero CO<sub>2</sub> emissions by around 2050, critics argue. This calls for more ambitious mitigation measures than hitherto adopted. “Net-zero” should not be interpreted as balancing emissions across regions or countries, but rather full decarbonization where technically feasible. Every ton of CO<sub>2</sub> that can be avoided with available technologies should be avoided. If there is any doubt about a project or intervention, Banks should assume that it is misaligned. There is reason to further scrutinize MDB policies and practice coal and oil. But one specific area where restrictions currently are lacking concerns MDB supported activities involving natural gas. The WRI and Germanwatch call for precaution:

*“Because uncertainty is currently high for investments in natural gas, we suggest assuming that all fossil fuel investments are misaligned unless proven otherwise.” (WRI, Germanwatch, New Climate, memos, 2020)*

They argue that, even gas-fired power plants emit less CO<sub>2</sub> than other fossil fuel plants (350 – 400 g /KWh), it is still too much for the 2-degree target. Hence, natural gas should only be allowed in exceptional circumstances:

- where it is proven that no feasible technical alternative exists; or
- where it is proven that the facility can be repurposed for the use of low-carbon gas; or
- where it is proven that the installation will be equipped with carbon capture and storage technologies; and
- where there is no risk of a systemic lock-in as a result, e.g., of increased gas demand that will lead to further investments in gas infrastructure. (Fekete et al, 2020, p 5)

Following this, MDBs need to start scrutinizing every natural gas project and if in doubt label it “misaligned”. Large-scale infrastructure that locks in natural gas use for many decades needs to receive particular attention.

One critical question is at what level Paris alignment should be estimated and measured? Global estimates would preferably be broken down into country- or sectoral pathways. An even better recommendation is to assess alignment at project level, keeping in mind that investments should always be consistent with the stricter and more ambitious targets, whether they emanate from NDCs or global mitigation scenarios.

## **African Development Bank, AfDB (GHG/EE/CS/DV/RC/CR/CC/SR/CI)**

*Annual disbursements: 6,3 billion USD (commitments); more than 1800 staff, 38 country offices covering 54 countries, supports national implementation.*

The overarching strategy for the AfDB is built around five “highs”: (i) light up and power Africa; (ii) feed Africa; (iii) industrialise Africa; (iv) integrate Africa; (v) improve the quality of life for Africa’s people. Climate change is and will be essential for all five areas. The Bank sees the need to decouple economic growth from emissions, and it points to renewable energy, energy efficiency and low-carbon, climate smart agriculture as especially important to achieve this.

The AfDB is implementing its second climate change action plan during 2016-2020 with the overarching vision of “low-carbon and climate resilient” development on the African continent. The Bank faces great challenges in addition to the general, and well-known, development problems such as poverty, hunger and capacity limitations. Perhaps the most illustrative challenges from a climate perspective relates to the energy sector. African energy intensity in manufacturing industry in 2013 was 2.7 times the world average, while energy access in Africa is lower, more expensive and less reliable than elsewhere (AfDB, 2016). At the same time, African population growth is the most rapid in the world, with an expected total population of more than two billion people in 2040. Hence, the AfDB estimates to help provide some 160 GW of new energy investments by 2025, together with 130 million new on-grid and 75 million off-grid connections.

To make such huge energy investment and at the same time mitigate GHG emissions requires rapid expansion of renewables. Even if AfDB’s renewable energy investment target for 2020 is an ambitious 10 GW, much more is still needed. The Bank has projected that 40 percent of all approvals will be allocated to climate finance in 2020. This indicates how much that remains to be shifted over to climate finance in general and renewable energy in particular. The Bank managed to make its energy investments 100 percent in renewables in the year of 2017. However, introducing renewable energy in Africa is an uphill battle. Over the last decade, 40 percent of the worlds’ new findings of natural gas were in Africa, with global shares for new oil findings slightly lower (IEA, 2019, Africa Energy Outlook 2019). Even though oil and gas exploration are excluded from AfDB financing, African economies are likely to be strongly dependent on fossil fuels for years to come. The Bank continues to finance “downstream” investments in both oil and gas at a limited scale (activities using these fossil fuels), even though it simultaneously is scaling up climate finance in all infrastructure sectors (Wright et al, 2018, p 90ff).

Another major challenge relates to the massive need for climate adaptation on the continent. During 2013-16 finance for mitigation has on average been double the amount allocated to adaptation. While striving to channel and mobilise finance for climate purposes, the Bank is also aiming at balancing out the two, mainly by mobilising the private sector into financing adaptation investments.

With a target of 40 percent overall climate finance share for 2020, climate objectives are not yet integrated into all sectors and activities. Specific climate finance tracking documents are produced for the transport, energy, water and agriculture sectors. However, updating of sector strategies to fully include climate concerns has been lagging (Wright et al, 2018 (E3G), p 23). When the AfDB in 2012 started to provide support to African governments on climate change issues it was first among the MDBs. For this purpose, it created the “Africa NDC Hub” with ten partners to make a one-stop-shop for technical assistance (p 102). However, a limiting factor for such work ever since has been small staff resources (p 29).

The Bank has only recently begun accounting for GHG emissions in its programmes. Energy efficiency is another area where the AfDB only very recently and very briefly has begun to operate. Given the many challenges with African energy markets, their rudimentary forms and bad governance among them, energy efficiency is admittedly hard to achieve, still the AfDB is the only MDB that during long did not invest in this sub-sector.

Other climate-linked challenges on the African continent is rapidly decreasing forest cover, low levels and slow growth in agricultural productivity and a trend towards growing cattle herds. Rapid urbanisation is often accompanied by changes in food habits, something which in parts of Africa has led to thriving cattle markets, due to increased demand for meat, and increased competition due to increased demand for imported rice. The AfDB climate strategy is promoting “climate smart agriculture” with the aim of strengthening the resilience of farmers and lowering GHG emissions. However, in its main strategic document for the agricultural sector<sup>15</sup>, the Bank does neither specify the content of CSA nor include it when describing the ‘catalytic’ role in agriculture that it sets out for itself. Particularly striking and negative is the absence of the forest sector in AfDB strategies, except for clean cooking solutions as part of the energy sector strategy and serving as implementing agency for the Forest Investment Program (FIP).

On the adaptation side, the AfDB requires assessments of vulnerability to climate change as part of the environmental and social assessments for all public

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<sup>15</sup> AfDB, 2016, Feed Africa: strategy for agricultural transformation in Africa 2016 – 2025.

and private sector projects. The Bank has set specific criteria for measuring the extent projects are contributing to increased resilience. It is also the only MDB that has set itself the target to reach a 50/50 share of mitigation and adaptation in its climate finance by 2020.

The AfDB has taken a leading role on the African continent regarding energy access, solar energy and other renewables. Apart from this, the slow integration of climate issues into sectoral strategies indicates that the climate change analysis has been introduced after the formulation of the Bank's overall ten-year strategy. This limits the scope for the Bank to take on a leading transformative role towards a low-carbon climate resilient development. Climate change effects are to a large extent still perceived in terms of limits to development, rather than as formative of the kind of development being sought.

In sum, the AfDB is assessed as Paris aligned, albeit still weakly. It steers clear from the negative – do no harm – list, it contributes in part to positive climate impact, but it has a distance to cover before it really contributes to climate relevant transformation of societies. Even though others have labelled the AfDB as a laggard<sup>16</sup>, our assessment is that the AfDB is, given the special challenges on the African continent, in general aligned with the Paris Agreement.

However, the Bank has done far from enough in terms of being transformative. Traditional development models are pursued in parallel with its climate engagement. Areas for further improvement also include the Bank's engagement with the urgent issue of Africa's dwindling forest cover; the scaling up of investments and programmes aimed at climate change adaptation and resilience; further investments in energy efficiency and renewable energy – given enormous needs – and improving on its support to governments' climate strategies, including the NDCs.

### **Asian Development Bank, AsDB (GHG/EE/CS/DV/RC/CR/CC/SR/CI)**

*Annual disbursements: 20 billion USD (loans, guarantees, equity investments); 3 130 staff, supports national partners. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

The AsDB has adopted an ambitious strategy for low GHG emissions and a climate-resilient development path, the “Climate Change Operational Framework 2017 – 2030”. This Framework is well integrated into the Banks

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<sup>16</sup> Wright et al. 2018, p 17 refer to investments in coal-powered generators, an information that we, however, have been unable to corroborate.

overall “Strategy 2030” and has been developed due to the high importance the Bank places on climate change and its effects on member countries. The Framework is the most long-term of all MDB climate strategies, and it is well translated into separate sector strategies, with a slight exception for the transport sector where the Bank is still developing tools for dealing with adaptation issues in the sector.<sup>17</sup> The AsDB is screening all its interventions for climate risks. In 2017, 49 percent of its operations were assessed to contribute to climate change mitigation or adaptation (MOPAN, 2020, p 23). Furthermore, the Framework is divided into two phases, 2017-23, and 2024 – 2030, which together with checkpoints allow for important learning and re-adjustments to take place.

The Framework is focused around five action areas: Supporting member country institutional and policy development for ambitious climate action; Facilitating access to climate finance; Promoting climate technologies in Bank-supported operations; Support capacity and knowledge development; Strengthening partnerships and networks. In order to achieve this, roles and responsibilities must be clear, staff well equipped and trained and climate mainstreamed into all sectors and operations. Already in the 2013-15 period more than half of the Banks portfolio was estimated to support environmentally sustainable growth – a concept which implied shifts to low GHG-emission, climate-resilient development (AsDB-IED, 2016).

The Bank is strong on working with and supporting member countries on climate issues. NDCs are reflected in the Bank’s country strategies and dialogues, technical assistance is provided for instance for energy subsidy reforms. These efforts have been positively assessed by an independent evaluation (AsDB-IED, 2016). The AsDB is making efforts at increasing the collaboration with member countries on resilience and adaptation issues. This can be seen against the backdrop that AsDB climate financing flows have been heavily dominated by support to mitigation, with a share of almost 80 percent (of all climate finance) during the 2011 – 2016 period.

Access to climate finance is enhanced as the AsDB serves as implementing agency for the GEF, GCF and CIFs (Climate Investment Funds). Through this, the AsDB has e.g. been instrumental in introducing clean energy technology in partner countries (AsDB-IED, 2014). In 2017, the Bank’s own lending capacity was boosted 50 percent through the merger of the Asian Development Fund, ADF with the Bank’s own capital resources, increasing the Bank’s balance sheet.

Partnering and networking is another strength of the AsDB. It is involved in a number of different partnerships and platforms for sharing of knowledge, such

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<sup>17</sup> <https://www.adb.org/sectors/transport/key-priorities/climate-change>, accessed 2020-06-05

as the Asia Clean Energy Forum and the Asia Leadership Forum. Such arenas give it platforms for taking on a broader leading role.

However, scrutiny at more detailed level may raise question-marks. Through two separate assessments of the AsDB's approach to environment and climate, the Sida helpdesk on environment and climate has noticed substantial differences in climate change mitigation language Safeguard Policy Statements, SPS, as compared to the Strategy. The SPS are tools to ensure policy compliance at national and project level. The advisors believe that, "if projects only are designed to meet the current level of ambition on climate change mitigation in the SPS, the chance of reaching the goal of the Strategy by 2030 is rather low" (Dahlbom, 2019a:9; Sida's Helpdesk, 2015). The helpdesk also warns that the implementation of risk management at country level may prove to be less effective, as AsDB lacks specific tools for such complex processes.

One clearly problematic area concerns AsDB's practice in financing fossil fuels. In 2015, fossil finance in AsDB's lending turned upwards and surpassed its total climate finance spent on energy (Wright et al., 2018:94). The AsDB stands out negatively among the MDBs in this respect. Further on the negative side is its loose policy on fossil fuels in operations. According to its energy policy from 2009, still in use, The AsDB may selectively support coal-based power plants if means for mitigation are included in the project design. Oil refining, transportation and distribution may be financed, while for natural gas even gas field development may be financed.<sup>18</sup> Earlier, the documentation of GHG emissions was inconsistent and weak, making it difficult to know how effective the clean energy operations have been in terms of GHG emission savings (AsDB-IEC, 2014). The AsDB is applying a shadow carbon price in its economic analyses of proposed projects. However, the price used is bordering at being too low as compared with the recommendations by the High-level Commission on Carbon Prices (Wright et al, 2018, p 84).

Another weakness at the AsDB is its low financial resources and competencies in forest, land use and fishing issues. During the 1980s and 90s the Bank supported firewood plantations, commercial timber production, land protection programmes as well as community forest management. It contributed to replacing lost forest but was less able to contribute in stopping the massive deforestation taking place (Mir, 2003). Today, capacities to contribute in this sector, as well as in fisheries, are assessed to be weak – despite the sectors importance for both poverty reduction and climate change mitigation and adaptation (Wright et al. 2018, p 51).

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<sup>18</sup> <https://www.adb.org/sites/default/files/institutional-document/32032/energy-policy-2009.pdf>, accessed 2020-06-05

In Sum, the assessment of AsDB becomes mixed. It places itself on the negative list as it does harm with continued investments in coal, oil and not least natural gas. Spending more on fossil finance than on energy climate finance is also negative. Hence, the AsDB cannot be assessed as Paris Aligned, until this changes. At the same time, the Bank is positively contributing through its clear, ambitious climate policy framework and its integration of climate issues in all sector policies and its collaboration with member countries. The long-term strategic planning, and not least in-built learning approach deserves praise. The Bank is positively contributing through innovative green finance and it is taking on a systemic role through its many partnership involvements. With such a policy and institutional foundation there is scope for the AsDB to take on an even broader leadership role and become transformative. To what extent it will do this, remains to be seen in a rather near future.

### **Interamerican Development Bank, IDB (GHG/EE/CS/DV/RC/CR/CC/SR/CI)**

*Annual disbursements: 11,3 billion USD (loans); 2000 staff, 26 country offices supporting national implementing partners. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

The Interamerican Development Bank, IDB, installed its strategy on climate change already in 2011. It has since established a special department for this work and has thus built strong internal capacity in the field. Climate change is well integrated into its country- and sector work. The IDB policy is unique in that climate change must be considered in all sectors to ensure sustainable growth. It has a comprehensive process to ensure that climate change is well included in all country strategies. A special IDB programme helps member countries transform their NDCs into investment plans and bankable projects. Another initiative supports countries in developing long-term low-GHG-emission pathways towards 2050. This is part of the reason why E3G assess the IDB to be the most advanced of the multilateral development banks in terms of Paris alignment (Wright et al. 2018:5). Also MOPAN assessed the capacity of the IDB to deal with climate change as ‘satisfactory’ for the 2014 – 16 period (MOPAN, 2017c).

In 2015, 16 percent of all IDB operations were classified as climate finance and 35 percent related to climate change, environmental sustainability and sustainable energy objectives. For the end of 2020 the target has been set to achieve 30 percent of operations as climate finance. The most recent evaluation of IDB’s climate work from 2014 (IDB-OVE, 2014) found that IDB had contributed to substantive reductions in GHG emissions. However, investment in energy efficiency, where the largest reductions could be expected, had been lower.

In Latin America and the Caribbean, protection of forests and rain forests is of major importance to GHG mitigation. IDB works on forestry in terms of e.g. policies for secure tenure status and the creation of protected areas. It also works on increasing agricultural productivity to reduce the land use pressure on forest lands. However, this has had limited effects primarily on the situation in Brazil, where deforestation is the fastest. IDB has had less focus on policies that could reduce the drivers of deforestation, such as pricing of GHG emissions or healthier diets, including less meat (Wright et al. 2018:52f).

The IDB has been criticised for a lack of proper regulation concerning fossil fuels and for not applying shadow carbon pricing in its investment decisions. Neither the new energy sector framework document (IDB, 2018a), nor IDB's new climate change framework document (IDB 2018b) provide clear language on this. Instead, full focus is put on technological and policy development, innovation, transformation towards electrification and the use of emerging renewable energy sources – which are also described as emerging as the most cost-efficient solutions for the continent. And practice tells a much more positive story. In comparison, IDB has, by far, the most positive balances between 'green' and 'brown' energy sources among all the MDB:s. Its investments in energy related climate finance was almost 14 times as large as its investments in fossil fuels during 2015-16 (Wright et al, 2018:97).

On the adaptation side, IDB is active in dialogue, capacity building and support to countries' disaster risk assessments, precautions and prevention. It includes health investments as well as social protection in its climate adaptation work, showing good understanding of inter-relations. Its recent Climate Change Action Plan (IDB, 2017) contains several elements that make for transformational change.

In sum, the IDB is well aligned with the Paris Agreement. It could be even better on the policy side. However, its initiatives and action are things the other MDBs could learn from.

## **UNDP (GHG/EE/CS/DV/RC/CR/CC/SR/CI)**

*Annual disbursements: 4,8 billion USD; 17 000 staff, 170 countries, implements own programmes, supports national partners.*

The UNDP defines itself as an integrator across policy and programmes, and an operational backbone within the United Nations Development System (UNDS). As its current strategic plan for 2018 – 2021 was adopted in 2017, there was a marked shift towards increased cooperation with other UN agencies, as well as a further emphasis on UNDPs coordinating role towards member countries' governments. The UNDP collaboration with UNFPA, UN-Women and

UNICEF was underlined by a joint chapter included as a preamble in each of their respective strategies. Collaboration with governments in the realms of climate change has included UNDP support to development of NDCs, leading up the COP23 in Paris, 2015, and the subsequent implementation and follow-up of these plans ever since. UNDP's climate change program is wide-ranging with programmes in more than 140 countries.

UNDP's renewed overall strategy (2018 - 2021) moved the issue of climate change up in the order of priority. In the previous strategy (2014 – 2017) climate change appeared as interwoven into two of seven result areas. In the current strategy, addressing climate change appears as the second area of cooperation with the other UN agencies, after poverty reduction. It is also highly integrated into the six “signature solutions” that forms the core of the strategy.

Hence, UNDP governance of climate change issues is very strong. Climate change is well integrated into key sectors as well as into country work. The main international coordination of NDCs is done by the UNDP, and progress in this field regularly published through the NDC Global Outlook Reports (UNDP, 2019). Further, it supports member countries in terms of support to e.g. Nationally Appropriate Mitigation Actions (NAMAs), Low Emission Development Strategies (LEDS) and Biennial Update Reports to the UNFCCC (BURs). UNDPs work in adaptation covers all developing countries including the least developed countries, small island developing states and African states. Activities include integrated strategies, plans and budgeting frameworks; cross-sectoral climate-resilient livelihoods; climate-resilient integrated water resource and coastal management; ecosystem-based adaptation; and climate-resilient energy and infrastructure. In mitigation, UNDP supports investment in mitigation technologies and land-uses at scale, low-carbon energy access solutions, renewables, energy efficient buildings and appliances, and reducing emissions from deforestation and forest degradation.

The UNDP system for screening projects in terms of climate change risks is assessed as relevant and well-developed (Dahlbom, 2019b). However, it is quite advanced and demand good staff competence, which might be a challenge to maintain. Furthermore, a small sample of recent country program evaluations indicate that climate change, climate risk assessments and climate adaptation is not as pronounced in country programmes as in UNDPs strategy and policy documents (e.g. UNDP country program evaluations of Somalia, Cote d'Ivoire, Ethiopia). Some of this may be linked to scarcity of finance. There were also findings at country level indicating that program results in general may be weak due to lacking theories of change as well as spreading its resources too thinly (e.g. Cote d'Ivoire, 2020, finding 11, p 23; Ethiopia, 2020).

Worth mentioning in this context is a recently initiated special collaboration with Sweden. Financial support is given to the UNDP over four years with the purpose of strengthen UNDPs work on climate change and environment as part of poverty reduction and SDG promotion activities. This support is meant to help the UNDP to further build national capacities in partner countries.

The overarching UNDP mandate of reducing poverty and contributing to sustainable development implies a strong promotion of energy access for marginalised groups and individuals. What does that mean for the energy sources to use? In its energy strategy note (UNDP 2016), the organisation excludes the use of coal in its programmes. However, due to its adaptation to various contexts it will “...be pragmatic and provide support for making existing systems cleaner...”, supporting change from solid to liquid or gaseous fuels when this may serve “as a bridge to zero-carbon systems in the future”. Hence, despite its strong promotion of sustainable energy sources, renewables and energy efficiency, the organisation does not steer fully clear from the use of e.g. natural gas. This latter should, however, be put into context. What the UNDP primarily promotes in its collaboration with governments are packages that reduce risk for transformation of energy sectors into renewable and sustainable energy. The major operational model is one of promoting energy transformation, and the UNDP is, within that framework, identified its comparative advantage in making detailed risk and barrier analysis and subsequently provide policy instruments for risk reduction (UNDP 2016: 23, 29). So, while continuing to do some harm by continued fossil investments, the organisation is at the same time transformative in its energy policy.

As compared to the MDBs, the UNDP is more active in local projects including thermal biomass and biogas for cooking, heating and other uses in rural, peri-urban and urban areas. It is also active in the field of energy efficiency. This combines with a strong involvement in forest related development work. Through alliances as well as in its own work, the UNDP is investing heavily in climate and forests. Some of the forest networks and alliances it has founded, is member of or a delivery partner includes the UNDP Climate & Forests group, the UN-REDD Programme, REDD+, the Forest Carbon Partnership Facility (FCPF) and the Central Africa Forest Initiative (CAFI), of which the UNDP hosts the secretariat.

UNDP have reorganised in order to integrate disaster risk reduction with climate change adaptation into programming. In January 2018, an evaluation found that even though such risk assessment capacity building is undertaken in many countries, the internal framework for integration was still “work in progress”. Evolution since then has not been assessed.

In sum, the UNDP is assessed to be Paris aligned, despite its limited continued support to fossil fuels and a potential for improvements also in other respects. The organisation fulfils almost all the sub-indicators in the assessment scheme, except for the innovative green finance parts. Both mitigation and adaptation work are strongly integrated into the work of the organisation. It plays a very active role in the wider system of international organisations, primarily within the UN. However, indications from country level evaluations are that more remains to be done at the level of implementation. Hence, Swedish efforts at further strengthening the UNDP in its climate work seems highly relevant, since governance and policy structures are in place, whereas practice at national level may be lagging at times.

### **World Bank Group, WBG (GHG/EE/CS/DV/RC/CR/CC/SR/CI)**

*Annual disbursements: 45 billion USD, 11 900 staff, supports national partners in 136 countries.*

The World Bank, with its global reach, influential position and complementary organisations (IBDR, IDA, IFC and MIGA) has a particular potential for making positive contributions to climate change mitigation, adaptation as well as transformative socio-economic change. It is largely seen as a very effective and efficient multilateral organisation, which partly has to do with its governing structure, with major influence for its largest financial contributors. A negative side is the very low degree of influence from its major borrowers, a group of low- and middle- income countries where effects of climate change often is expected to be very strongly felt.

In MOPAN's latest assessment, work on climate change is described as a 'slightly weak area' in terms of accountability for results (MOPAN, 2017:11). The Bank's "scorecards" that are used for reporting of results are not well suited for keeping track of cross-cutting issues, such as climate change. The Independent Evaluation Group nevertheless concluded, in an earlier evaluation of the World Bank's work on adaptation, that the Bank's system for tracking spending did report activities that specifically focus on adaptation (IEG, 2012:14). The Bank is proud that half of its projects in 2018 included some level of adaptation co-benefits, up from 31 percent the year before (WBG 2019:11).

The WBG has worked for a mainstreaming of environmental sustainability in all its work for the last two decades. It defines environmental sustainability in terms of "Clean" (climate change mitigation, pollution abatement), "Green" (natural resource management and biodiversity), and "Resilient" (climate change adaptation and climate disaster risk management). The most recent organisation-wide evaluation of climate work, covering FY 2017, noted that Resilient projects increased substantially and Clean projects moderately over the last decade, a

trend driven largely by increased work on climate change adaptation and mitigation. At the same time, support for Green project components decreased, including in areas such as biodiversity conservation, water resource management, and irrigation efficiency. Increases in other Green activities, such as forest and fisheries management, did not compensate for these declines. Also support to energy efficiency declined. In total, World Bank project components with potential environmental benefits reached 37 percent. The share is slightly higher in terms of finance (IEG, 2017: xii). Performance rating is largely in line with targets and expectation. The question is rather whether the scope is enough given challenges?

The shares of the WBG's climate change interventions are higher in middle-income countries and lowest in low-income countries. This gap has widened over time (Ibid.).

The first WBG environmental strategy was adopted in 2002. One of the subsequent climate change action plans has been valid for the 2016 – 2020 period. Climate change is also integrated into the WBG strategic vision document aiming at 2030. In order to put adaptation on equal footing with mitigation, the WBG last year also adopted an ambitious Action Plan on adaptation and climate resilience (WBG, 2019). Climate change is well integrated into sector and country work, with e.g. climate risk screening being mandatory for all IDA and IBRD projects. However, the IFC has been slower, and has only started to develop tools for climate risk screening during the last two years.

The adoption of the new resilience action plan is a commendable initiative. The World Bank Group has unparalleled global reach, deep collaboration and convincing power with partner countries and an incomparable capacity for knowledge generation and -management. Contributing to its 'convincing power' is its close cooperation with the most influential parts of partner governments, the finance and planning ministries. Through its various financial instruments, it has also a unique position to enable investments in new technologies. Taken together, this makes for a potential to play a leading global role. In E3Gs assessment of MDBs, international leadership is also deemed a strong asset for the WBG, where it is given the highest marks (Wright et al, 2018: 127ff). In the Action Plan it is underlined that the WB will increase coordination with other partners. This aim particular concern six important cross-cutting ("nexus") areas, where both competences and implementation of others will be needed (WBG, 2019:15).<sup>19</sup> The three key areas in the action plan – to boost adaptation finance;

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<sup>19</sup> The nexuses are: i) the integrated landscape management nexus, ii) the food-health-energy-water nexus, iii) the resilient cities nexus, iv) 'triple-win' approaches of joint development, emission reduction and increased resilience effects, v) eco-system based adaptation, and vi) hydromet and climate services nexus that may provide timely climate and weather information.

to promote a whole-of-government programmatic approach and to develop a new rating system for adaptation – are all of great importance. If properly implemented, they would make for transformational shifts. While emphasising that systematic climate risk management should take place in all of the Banks own sector work, the Action Plan goes beyond what the WB can achieve through its own financing and activities. The three key areas all have public good characteristics. For instance, the third area, a new rating system for adaptation, would set a new standard for all the MDBs as well as other actors in the adaptation field. It challenges, and aims to go beyond, the current standard for measuring MDB contributions to adaptation, the “Common Principles for Climate Change Adaptation Finance Tracking”, agreed in 2015 (WBG, 2019:16). By developing a new rating system, both public and private investors will get new incentives to invest more in adaptation, it is argued.

The WBG’s fossil fuel policies are well developed. Coal will only be used on rare circumstances, when no alternatives are available and low-carbon projects are started at the same time. The Bank applies a shadow coal price in line with international recommendations. Upstream oil and gas investments have been stopped from 2019, however downstream investments utilising oil and gas still occur. In practice, however, a different picture emerges. Closer scrutiny of three country portfolios – Nigeria, Mozambique and Myanmar – show several investments in coal and gas approved at least up to 2017 still being implemented (Recourse, 2020). The overall balance between investments in energy sector climate finance and fossil fuels is not encouraging. Especially the IFC and the IDA were, at least up until 2018, investing more in fossil fuels than in renewables, whereas the IBRD counterbalanced this by investing more than double as much in renewables as in fossil fuels. The IBRD and IDA substantially decreased its non-renewable funding from the 2006-2010 period to the 2011-2015 period. The IFC, however, retained its level of non-renewable energy investments during the same period (Steffen and Schmid, 2019:78).

Part of the explanation for the discrepancy between policies and practice may relate to an earlier IEG evaluation finding that none of five randomly studied pre-policy investments would have met the policy criteria (IEG, 2010: xii). Changing business praxis may be slow for various reasons. As a total, the WBG placed itself as a mediocre middle among MDBs in this regard (Wright et al. 2018:98). The WBG has also been slow in reporting emissions across its project portfolio, starting only in 2018/19.

It should be added that the WBG still contributes to climate change mitigation. It does so in its energy sector work, not least through its advisory, financing and operational Energy Sector Management Assistance Program (ESMAP) conducted in close collaboration with national governments. ESMAP is focusing on energy access based on electricity and renewables, mainly in sub-Saharan

Africa where needs are greatest. Plans for the coming four-year period are ambitious, with explicit calls for radically strengthened NDCs and massive transformations of energy systems (WBG, 2020: 12f). The WBG is also contributing to mitigation through substantive work in the forestry and agriculture sectors. The WBG is the biggest multilateral financier of forest activities and in the top also for agriculture (Wright et al. 2018:53). Activities in these sectors can have both positive and negative climate effects. Total assessments have not been found. On the positive side, though, especially the work to enlarge protected forest areas has given good results, and hence was further encouraged by the IEG evaluation of mitigation efforts (IEG, 2010). To avoid compensatory deforestation in other areas, however, forest protection ought to be accompanied by sustainable agricultural intensification. The supply of food, jobs, as well as forest products such as timber and non-woody products still needs to be assured. This is why forest and agricultural projects need to be analysed from a systemic, land use, perspective for climate effects to be traced (Ibid, p 80).

As to transformation, how should the WBG ideally play its internationally leading role? Four major paths have been proposed:

- Support climate change favorable policies
- Serve as a venture capitalist to promote technology development and transfer
- Scale up promising investments
- Build on feedback and learning for both its own and partners work.

The first area is an obvious task for the WBG in its collaboration with national governments. The second area, acting as a venture capitalist for technology transfer, involves both making the most of identifying and reducing investments risks in relation to young and promising technologies. Here, collaboration with the GEF and use of other concessional finance is important. Another part of the technology transferring role would be to build and utilise knowledge of successful transfer processes, including the role of social networks, trust and other factors essential for diffusion. The third area could include further efforts for e.g. energy saving, as well as techniques for carbon sequestration and alternatives to fossil fuels.

The internationally leading role in terms of climate adaptation and resilience may seem less obvious. Adaptation has long been perceived as something that has to happen locally, hence a responsibility for national or local agents. However, effects of lacking- or mal-adaptation are increasingly understood as being transboundary and international (Person and Dzebo, 2019). Increasingly, the responses also need to be transboundary and international. This is what makes the recent adaptation and resilience Action Plan of the WBG important. There

is a need for joint measurement, approaches and coordination. The WBG is well placed to convene such processes, as for instance its long-time work on transboundary water resources has shown.

In the field of adaptation, the fourth international role: to create feedback loops, adaptive learning, and sharing of knowledge across a wider international system, becomes especially important.

In sum, the World Bank Group is assessed as Paris aligned. However, the assessment is mixed, with strong negative and strong positive elements. A major complication in assessing the whole Group is that its various parts act very differently. WBG is still not fully passing the threshold of not making harm, since it continues to finance investment in fossil fuels. Even if improving, it is occupying a mediocre middle role amongst the MDBs in that sense. Other than that, however, there are a number of positive contributions – along all the sub-indicators – to lower emissions and climate-resilient development. The WBG has increasingly started to take on its transformative, and internationally leading role. The potential to take this further is great and much needed.

## **Summary of the category**

Organisations belonging to this group are possibly the ones with greatest potential to contribute to a transformation towards low-emission, climate-resilient societies. They have vast leverage over finance ministries, and hence key economic policies and planning. They intervene in all key economic sectors, including infrastructure, energy and transport sectors where GHG emissions are the greatest. Their roles as setting international standards and norms are extremely important, especially if they manage to act collectively. This group of organisations is key both in relation to climate change mitigation and adaptation. It is noteworthy that the assessment of these organisations is mixed when it comes to Paris alignment.

They are all – at a general level – well Paris aligned. But there are important and increasingly serious exceptions in their fossil fuel policies and praxis, and in their under-utilised potentials for transformational leadership. Given that these organisations have the largest potential for transformative leadership, even higher demands should be placed on them. For instance, why is it that a regional development bank – the IDB – is more innovative and leading the way ahead of the World Bank Group? The WBG with its global reach ought to be at the forefront of transformative change. Promising models and programmes need to be picked up. Communication needs to improve across the streets in Washington D.C. That said, recent initiatives from the WBG leadership seems promising. Further improvements are essential, but seems possible building on existing and evolving engagements.

## 5.5 Organisations with pure climate and/or environment mandates

### Adaptation Fund, AF (RC/CR/CC/SR)

*Annual disbursements: approximately 100 million USD; 15 staff, program implementation by partners – international and national.*

The Adaptation Fund (AF) is a relatively young organisation, initiated in 2001 under the Kyoto protocol, launched in 2007. Despite a bumpy start, with a near collapse of its main funding mechanism – derivatives from the certified emission reductions under the Clean Development Mechanism – the Fund has built a portfolio of around 100 projects in about half as many countries. The projects are divided between sectors such as agriculture, food security, rural development, coastal management, water management and disaster risk reduction. In a recent evaluation (TANGO International, 2018), the Fund's unique focus on adaptation, its support to concrete activities and implementation of direct access for partner countries were described as its most valuable contributions to the global climate finance architecture. The Fund's portfolio has a great potential to complement the work of others, however, operational links and improved exchange need to develop for this to fully materialise. This is an area for improvement, according to the evaluation.

The Fund was assessed to be effective in relation to its main objectives. These include: Achieving good risk- and vulnerability assessments in projects; The development of risk reduction systems, such as e.g. early warning systems for targeted populations; Strengthened national policies and institutional capacity to reduce climate risks; Strengthened awareness and ownership of risk reducing mechanisms. Another key result area concern diversified and strengthened livelihoods for vulnerable people. Results vary somewhat between projects, but on the whole, Adaptation Fund projects are assessed to contribute to strengthening resilience at national and/or local levels. Important for our purpose is that the AF achieves good results both in terms of building resilience capacity (RC), the management of climate risks (CR) and in confronting climate change (CC).

The Fund's implementation of the direct access modality was seen as a success as it greatly contributes to country ownership and to sustainability of the interventions. However, a constraining factor is the relatively limited amounts of finance available for adaptation projects. A case study within the evaluation of the Swedish Climate Change Initiative 2009 – 2012 also showed that projects may contribute to mal-adaptation by not taking multi-level coordination and governance enough into consideration (Abidi Habib, 2020).

The latter is also an indication that monitoring and evaluation capacity within the AF is still not fully developed neither at portfolio, nor at project level (TANGO International, 2018). However, progress is being made and the Fund has potential to become a leading partner for knowledge management on adaptation, if it can widen its knowledge products to deal more with lessons learned across the whole portfolio. The AF should also improve its work on gender analysis and inclusion.

The AF is assessed to be efficient, with its small secretariat hosted by the World Bank, and cooperation with other organisations as implementing partners. However, its support and guidance on project design could be strengthened with sharper articulation of adaptation problems and better calculation of costs among other things. As the recent evaluation of Sweden's climate change initiative 2009 – 2012 shows, Sweden has been influential in shaping the working modalities of the Fund through engagement in the AF board. Sweden also remains the second largest donor to the AF after Germany (Abidi Habib, 2020). As such, Sweden may contribute in helping the AF to further its internationally leading role in the area of climate adaptation and resilience, and in that sense become more transformative. Improved linkages to other organisations and their operations, a further improved MEL system and knowledge building capacity would be important steps in such a direction.

In sum, the AF is clearly Paris Aligned since the three relevant sub-indicators are positively assessed. Adaptation is the core of its work, and results of its intervention assessed to be good, contributing to positive climate impact. It is actively contributing to country ownership through its direct access mechanism, and the Fund is active in the relevant sectors. The AF is helping populations deal with current, as well as future climate risks, which is an indication that it is partly working in a transformative direction. This is an organisation that, through its limited, but focused, mandate to a large extent responds to the main focus of Swedish climate assistance: to support poor and vulnerable countries in their efforts to adapt to climate change.

## **Global Environment Fund, GEF (GHG/EE/CS/(RC)/CR/CC/SR/CI)**

*Annual disbursements: approximately 1 billion USD; 65 staff, supports 18 implementing partner organisations.*

The GEF is operated in partnership by governments, international institutions, civil society and the private sector, with the objective to achieve global environmental benefits. It serves as the financial mechanism for five global conventions, among them the United Nations Framework Convention on Climate Change. The mission of the Fund is to help developing nations address

global environmental challenges and live up to its commitments in the five conventions. It is the largest public funder for interventions aimed at safeguarding and benefitting the global environment.

Run by a secretariat hosted by the World Bank in Washington, the GEF works through 18 implementing bodies, among them the major MDBs, UNDP, UN Environment, FAO, IFAD, and also NGO:s such as IUCN and WWF. Working in partnership gives the GEF a potential to play a systemic role. The Funds interdependency with other international structures was illustrated as it saw finance for its climate change focal area decrease in its latest (7<sup>th</sup>) replenishment, whereas the Green Climate Fund became operationalised during the same period (MOPAN, 2019a, p 19). A general challenge for the GEF is that financial contributions from member governments are decreasing in real terms, despite global environmental needs and challenges steadily becoming worse.

The overall GEF strategy, the ‘GEF 2020 Guidepost’ is also its climate change strategy, since it builds on integrated solutions where the root causes of environmental degradation are addressed. The Fund is organising its work around four major challenges: the food system, the energy system, the urban system and the production/consumption system. This approach provides potential for being catalytic to broad transformative social change. In a general assessment, GEF:s interventions are relevant for all the sub-indicators in our scheme, the organisation is seeking to promote social transformation towards low-GHG climate resilient development, and it is taking on a partnership role with a vast set of other actors in this endeavour.

Is it also living up to this in its practice, beyond the policy document level? MOPAN, as well as the thorough independent evaluations produced by the GEF evaluation organisation, both assess the Fund to be effective and achieving results. 81 percent of completed and evaluated projects were found to have satisfactory outcomes. However, there are also worries and room for improvement. Sustainability of interventions is estimated to be somewhat lower, at 63 percent of the evaluated projects. Project cycles are long and slow, collaboration with implementing partners not always clear and smooth as responsibilities are sometimes unclear, and more fundamentally, processes for learning are fragmented and weak in project cycles, as well as on an overall level.

The major challenge for the GEF is that environmental and climate needs are increasing, whereas funding is getting scarcer. To address this, the GEF needs to become even more strategic, as it must avoid spreading its resources too thinly over 140 countries and several thematic areas. Apart from improving learning and knowledge production at systems level, the Fund also needs to expand its collaboration with the private sector. Collaboration with the private sector may enlarge the financial envelope, but also increase impact. However, the GEF has

so far not been assessed as very strong when it comes to partnering with the private sector.

The overall assessment is clearly that the GEF is well aligned with the Paris agreement. However, there are important challenges, both external and internal, that need to be addressed for this alignment to play out well in practice. This is especially important since the GEF has good potential to play a systemic and transformative role.

### **Green Climate Fund, GCF (GHG/EE/CS/(RC)/CR/CC/SR/CI)**

*Annual disbursements: approximately 800 million USD; 220 staff, supports implementing partner organisations.*

Since its establishment by the UNFCCC in 2010, the Green Climate Fund, GCF, has initiated projects in more than 100 countries. Its focus is on vulnerable societies such as LDCs, SIDS and African countries. The GCF was set up to achieve new, additional climate finance at scale, improve the access to climate finance, promote technology transfer and to undertake transformative, innovative and country-owned climate change adaptation and mitigation actions on the ground. It has rapidly become the largest multilateral climate fund, representing almost three percent of total international climate finance (GCF-IEU, 2019: xxxii). The GCF seeks a balance between funding for mitigation and adaptation initiatives and work with eight results areas:

Agriculture, Forestry and Other Land Use, with a strong focus on deforestation and REDD+ (mitigation); Energy efficiency in buildings and appliances (mitigation); Supporting low-emission energy sources on large- and small scale (mitigation); Transport (mitigation); Supporting ecosystem services for adaptation (adaptation); Health, food and water security (adaptation); Infrastructure (adaptation); Livelihoods of vulnerable communities (adaptation);

The GCF strives to drive a paradigm shift towards low emissions and climate resilience, and it engages with both public and private actors. The latter receives about one third of the funding channelled through the GCF (GCF, 2020). However, in the area of adaptation finance, the participation by the private sectors is very low (GCF-IEU, 2019). The activities financed by the GCF are implemented by almost one hundred accredited implementing agencies, among them international organisations, civil society organisations as well as national accredited entities. The latter category constitutes a majority. These National Implementing Entities (NIE) have been established to enable direct access to funds for developing countries, to enhance ownership and effectiveness.

The GCF is still so young that MOPAN has not yet assessed its operational capacities and efficiency. An Independent Evaluation Unit has recently been built up and is still evolving. One of its ten first evaluations is a performance review (GCF-IEU, 2019). The review finds that the GCF has achieved a lot and has great potential for future work. The GCF has good capacity and leadership to drive change towards low-emission and climate resilient development. The review still recommends improvements in some areas: First, the GCF should strengthen its implementation processes (at headquarters and in-country) to better address variations in developing country needs and capacities. It should increase the use of direct access entities. Second, the GCF should produce a new strategic plan to establish itself as a thought leader and policy influencer. Third, the GCF should re-emphasise its support for adaptation investments, while recognising the role of new actors in mitigation, not least in the private sector. Fourthly, the review recommends greater delegation of authority to the secretariat with emphasis on responsibility, agency and speed in delivering country climate needs. GCF disbursements have hitherto been slow.

Since the international climate finance architecture is developing rapidly, the review argues that the GCF ought to reconsider its processes and strategy on a continuous basis. The need for adaptation investments is increasing, new forms of operational models are being tried. The GCF can benefit from such lessons, according to the review.

In sum, the GCF is well Paris aligned. It is financing activities all along the sub-indicators used for our assessment. It is aspiring for a leadership role in promoting transformative change. However, there are still improvements to be made to the working processes and strategies of the organisation. Its potential is not yet fully developed or used.

## **UN-Environment (GHG/CS/RC/CR/CC/SR/CI)**

*Annual disbursements: 800 million USD; 900 staff, 20 offices, global action, own implementation and support to partners. (Note: Additional organisation, i.e. not one of the 15 largest recipients of Swedish core support.)*

UN Environment (previously United Nations Environment Programme, UNEP) was established after the Stockholm conference 1972 with a mandate to promote international co-operation and UN coordination in the field of the environment. UNEP's mission is to provide leadership by inspiring, informing and enabling nations and their citizens to improve their quality of life without compromising that of future generations. Given global developments, demands on UN Environment are increasing, not least with the Agenda 2030 objectives where it has a key role to play.

MOPAN finds this a generally effective multilateral organisation, with well-functioning organisational architecture, systems and processes. It has a long-term vision, a good evaluation system, it is good at building partnerships and generally reaches good results. There is room for improvement in some areas such as its work with governments and in its use of evaluations. However, on the whole MOPAN portrays a very positive image (MOPAN, 2017f).

UN-Environment has included climate change issues, and the objective to strengthen the ability of countries to integrate climate change responses into national development processes, as one of seven core cross-cutting themes. Many of the other seven – such as ecosystem management, environmental governance, disasters and conflict and resource efficiency – further strengthens the organisations work in relation to climate change issues. Hence, the organisation intervenes in the areas expected from our analytical scheme. It also fulfils the relevant sub-indicators. In particular, it takes on a leading role within the UN system, which opens opportunities for contributions in the field of transformative socio-economic development.

In sum, we assess UN-Environment to be well Paris aligned.

### **Summary of the category**

It is perhaps self-evident that organisations within this category should be assessed as strongly Paris aligned. The interesting question is rather to what degree, and how their respective roles may become even more pronounced and influential towards the wider system – as they currently are relatively underfinanced and under-resources given the immense tasks at hand. How to channel more finance into investments in low GHG-emission, climate resilient development initiatives? The influence these organisations may have depend on their effectiveness, their capacity to gradually adapt to the emerging architecture of climate finance, coordinate amongst themselves and others and to collaborate with countries. When it comes to transformative leadership, an organisation such as the GEF needs to be at the core of climate work by its implementing partners, primarily the MDBs.

Sweden has over the last decade made important contributions to all three areas. These contributions should be continued.

## 6 Systemic issues and climate change

The above analysis has treated each multilateral organisation separately. However, multilateralism is essentially about collaboration, pursuing coordination and procuring global public goods. Cooperation has partly been touched upon in the brief sections that deal with respective organisations' capacities to take on internationally leading roles. The latter capacity is enhanced the more effective the normative work of the organisations becomes.

The emerging system of international climate finance and operation is both fragmented and complex. It shares characteristics with its older, and overlapping, international system for development finance (Pickering et al. 2017, Sagasti et al. 2005). It is fragmented along several dimensions. Institutionally, it contains several organisations with sometimes overlapping mandates, which may make for competition. Different actor constellations within, as well as between public, private and civil society organisations is another dimension. Different and competing norms guiding financing objectives further add to the complexity and fragmentation (Pickering et al. 2017: 6f).

Does fragmentation and complexity preclude coordination and collaboration between organisations? Climate change may in different ways affect the work of every organisation, hence they all need to contribute to climate change mitigation and adaptation. Should this be in concertation or through a multitude of separate contributions? The character of the Paris Agreement is bottom-up, building on voluntary contributions, based on the insight that all nations eventually will be forced to undertake, and will benefit from, climate change mitigation and adaptation. Would a multitude of constructive contributions also from multilateral organisations enrich this approach?

A first observation is that surprisingly few multilateral organisations provide substantive support to national governments in their work with Nationally Determined Contributions (NDCs) and National Adaptation Programmes (NAP). The 'bottom-up' approach of the Paris Agreement could be strengthened substantially.

A second observation is that the organisations assessed in this study have very different financial and staff capacities available for interventions. This is clearly illustrated by differences between e.g. UNDP and the World Bank Group. The WBG has 30 percent less staff but almost ten times as much financial resources at its disposal. Furthermore, UNDP's financial flexibility is restricted as it receives only 13 percent of its funding in core contributions while the rest to various degrees is earmarked. The larger and the more influential the actor, the more important its Paris alignment. Hence, when striving for increased Paris

alignment, a strong focus on Multilateral Development Banks is warranted especially in the fields of mitigation and societal transformation.

Both the World Bank Group and UNDP are influential when working with national governments, however in different ways. The UNDP plays an essential role through its coordination, tracking and support of the NDCs and NAPs.<sup>20</sup> The coordination, transparency and accountability entailed in such programmes are important, since it forms part of the wider, normative, UN process on climate change. In this process, the UNFCCC and the international agreements within it, are at the core. It is this normative process that has set the whole multilateral system in motion on climate issues. Even if faced with enormous challenges, the continued international normative work is what will keep determining where future finance will be allocated. Hence, the importance of continued efforts in this field.

Climate relevant normative changes may also come through other parts of the UN system. In particular, the FAO may play an important role in issues related to land use and land use change – issues of relevance both for mitigation and adaptation. As well, the smaller and perhaps less well-known UN-Habitat faces important challenges in setting new standards for urban planning. Such normative work may eventually guide other organisations in where to focus efforts and financial resources.

The climate importance of UN organisations stems both from their field activities and their normative roles. In contrast, the leverage of the World Bank Group is of a somewhat different character. Through its lending to core socio-economic activities, through the character of some of its lending instruments and through the size of its investment financing, the Bank has come to influence economic and socio-economic policies in many national settings. Seen together with the influence that regional development banks may add, coordinated action within the MDB group will potentially be influential in transforming societies towards low GHG-emissions and climate resilience.

There may be even more reason for coordination and complementarity in the field of climate change, than in other areas. In contrast to the provision of some other global public goods, managing the negative effects of climate change may not be confined to specialised organisations at international level or to sector approaches within countries, such as e.g. in the field of health. Transformation towards low GHG-emission and climate resilience require action by widest possible set of actors, at all levels. Specialised organisations in the climate field, such as the Adaptation Fund or the Green Climate Fund, are still small and

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<sup>20</sup> The support program of National Adaptation Programmes is run together with the UN-Environment and funded by the GEF.

resource weak in relation to the tasks at hand. Other organisations, especially the well-resourced, need to contribute. At country level, whole-of-government approaches are needed.

Some multilateral organisations are implementing programmes themselves, while others serve as funders of programmes implemented either by partner organisations or national governments. This does not imply that only the Paris alignment of implementing agencies should matter. The role of (climate) funds may be to identify and promote best practice and innovations, which eventually may influence broader programmes and practices. Hence, they may both support good programmes and play wider catalytical roles. In the assessments above, this has been dealt with as 'leadership' capacities of funds. Thus, as these examples intend to show, even within a system described as fragmented and complex, we find possibilities and practice of cooperation and complementarity of roles. One complicating factor to coordination and complementarity is competition for funding from the same (bilateral) sources. This may be overcome by clear articulation of organisational mandates in the climate change field. One example here is the relationship between the GEF and the GCF. Mandated to serve different international environmental conventions, their roles should be separate. In practice, limited finances and unclear boundaries seem to create overlap and possible competition. Flexibility shown on both sides helps to build specialisation on thematic sub-sectors, on different types of financial instruments and/or business models. In cases like this, close coordination and constant awareness of the organisational environment is needed. Also, for MDBs with similar geographical focus, and in relation to multifunctional UN bodies, coordination between leaders of organisations, between boards and between their donors would help.

The assessment of the extent to which such coordination and complementarity occur at general, systemic, level is obviously beyond the scope of this study. Further investigations into these aspects are warranted.

It is, however, already possible to identify a set of options for societal transformation where increased coordination and collaboration would be especially beneficial. A first area concern land use, land use change and the utilisation of biological natural resources. The three Rome-based UN organisations together, as well as separately, have good potential to contribute to changes in agricultural practices, including forestry and fishing. Land is both a source and a sink of GHGs. Agriculture, forestry and other land use accounted for 23 percent of total net anthropogenic emissions of GHG during 2007-2016, hence provide scope for major reductions in GHG emissions (IPCC, 2018). Furthermore, forestry and agriculture provide major options for carbon sequestration. During 2007-2016 land served as a net sink for one of the greenhouse gases, CO<sub>2</sub>, at a scale equivalent to 29 percent of total CO<sub>2</sub>

emissions. However, the carbon sequestration capacity is highly vulnerable to changes in land use, such as deforestation. If one studies the whole of the global food system, including activities at the input side of agriculture, and post-production treatment and delivery, it is estimated that this accounts for something between 21 and 37 percent of total emissions of GHGs (Ibid. A3).

Land use sectors also constitute key economic activities for millions of people who experience climate vulnerability in various ways. For instance, around 500 million people lived in areas that experienced desertification during the period 1980 – 2000 (Ibid.). This figure is most likely much higher today. Agriculture in its widest sense, and economic activities emerging out of agriculture, need be part of most strategies for increased climate resilience. Due to this potential both in the areas of mitigation and adaptation, land and water use sectors are especially relevant when ODA is used for climate purposes. The poverty reduction objective is particularly prominent here. In sum, there are major responsibilities for the Rome-based organisations to take on in transforming and adapting economies and societies to climate change. Sweden would have an important role in specifying and advocating the move towards such increased leadership.

A second area for increased coordination concern energy policies and energy sector transformation. Especially the MDBs and UN multifunctional organisations have broad mandates for general socio-economic development and are the major multilateral actors in the energy sector. Their importance is paramount for energy transformation – a responsibility they have not taken fully. In this sense, the MDBs are, as a collective, lagging and not living up to what is needed. There might be different ways to achieve the transformation needed. General transformation of energy sectors, and in the longer run of economies, may be reached either through much stricter regulations of fossil energy investments and -use, or through a more active promotion of renewables, energy efficiency, more market-based opportunities and innovation. Regardless of path chosen, close collaboration between MDBs on norms and strategies is needed in order to influence other actors. Current practices of most MDBs do not put enough emphasis on energy efficiency and are too lax on the use of fossil fuels.

The issue of fossil fuels deserves more detailed discussion. An argument has hitherto often been that multilateral banks should not totally abandon investments in fossil fuels, such as coal, oil and natural gas, since they ought to influence energy policies in a way that leads to lower GHG emissions. If they ban the use of fossil fuels, they run the risk of be left out, without chance of influencing when governments go along with existing solutions. For instance, ten years ago, the IEG advised the WBG to retain its strict coal policies, but not exclude support to coal plants on rare occasions (IEG, 2010:83). A similar perspective underlies a recent initiative by the UN Economic and Social Commission for Asia and the Pacific (UN-ESCAP, 2019), in promoting natural

gas as an alternative to oil and coal. Natural gas produces between 25-30 percent less CO<sub>2</sub> per joule delivered than oil and 40-45 percent less than coal respectively, so it would be an improvement. Some scenarios foresee increase of gas consumption until 2025 or 2030. However, there is currently a huge discussion on the role of gas. Expectations are that the IPCC may soon conclude that there is no further space for natural gas in a <2°C world (Bartosch, 2020). Infrastructure investment for going from coal or oil into gas risk creating path dependencies, as lifetimes of gas power plants are typically 30 years or more. The needed radical transformation may be foregone.

Hence, the main focus should be elsewhere. Today, both availability and profitability of renewable energy sources have increased radically and are expected to continue to do so. For increasing numbers of industries, fossil free production seems possible in a foreseeable future, and will bring market advantages for early entrants. The latter insight is in and by itself a source of more rapid transformations. It is time for MDBs to develop a common standard and strategy on fossil fuels, instead of as today, keeping to their individual strict, but allowing, fossil fuel policies. An increasing number of corporations are taking the lead in moving towards fossil-free energy sources and practices. MDBs should not be laggards.

The example of IDB is commendable in this respect. Its policies do admittedly not exclude investment in fossil fuels. However, with a very strong focus on the promotion of electrification and of renewable energy sources, the issue of fossil fuels is growing increasingly irrelevant. There is such a vast need and demand for renewables, that it seems to consume the full IDB investment portfolio. In support of such investments another part of the IDB strategy is to engage in early dialogues with partner countries with the objective of turning their NDC commitments into bankable projects. In this way, the IDB is preparing the way for even more investments in renewables. The World Bank ESMAP program has similar potential, especially for African countries. This program is also working with capacity building, advice, policy formulation and other elements in energy market creation. In some settings energy sector transformation appears particularly cumbersome, due to factors such as high investment risks and vested interests in established markets. Examples may be found in sub-Saharan Africa, but also elsewhere. Use of credit guarantees in combination with good market knowledge may prove beneficial, as Swedish experiences have shown. Increased knowledge sharing and collaboration between programmes and approaches like these are warranted.

These two examples – land use change and energy sector initiatives – are indicative of the spirit of the Paris Agreement: put the main focus on promotion of the opportunities with transformation and with new solutions, rather than on restrictions only.

As mentioned in the previous section, more needs to be done in the area of linkages between health and climate change. The same could be said about linkages between climate change and demography, where organisations such as UNICEF and UNFPA may be encouraged and nudged to play leading roles.

Climate change and disaster risk assessment and management is an area that likely will become more acute. The humanitarian organisations will increasingly be faced with crises, catastrophes and migration issues following from climate change. This will become even greater challenges, the more underfunded the humanitarian system becomes (Swithern, 2018). An even greater challenge stems from the emerging insight that most (traditional) development interventions contribute to increased vulnerability as an internalised characteristic (Maskrey and Lavell, 2019). That challenge is for the whole multilateral system, and all its contributing organisations to tackle. If the system manages, we will begin to see real social transformation.

## 7 Conclusions and recommendations

The assessments of multilateral organisations show a high degree of Paris alignment in general. But there is variation, and especially among organisations whose main mandates are weakly connected to climate change issues, there is at times a dearth of preparedness and elsewhere a lack of policy and operational structures. As no organisation can afford to be ‘climate blind’, these are weaknesses. More attention is specially needed to the interrelations between health and climate to achieve better grounded climate resilience. Also, other aspects and interlinkages underpinning effective climate adaptation need to be promoted, in particular risk assessment of various development activities as a basis for transformative action.

As the Paris alignment of organisations with large financial resources, wide mandates and particular leverage with national governments is particularly important, major weaknesses remain among the MDB:s. Even though these are Paris aligned in general, many of them stick to outdated approaches regarding fossil fuel investments. More is also to be expected from their contributions to transformative socio-economic change. Taken as a group, more is needed in terms of joint strategies and swift action. The best available approaches ought to become the business standard.

To deal with the negative effects from climate change, more and improved coordination and complementarity is required by multilateral organisations. The scale and scope of required change is immense. All actors need to contribute.

Given such challenges, what could and should Sweden do to further the Paris alignment of its multilateral development cooperation?

The multilateral system as a whole has great potential to promote and drive socio-economic transformation towards low-emission, climate resilient development. In particular the multilateral development banks and UNDP are key actors in this respect, through their potential influence over countries NDC:s and NAP:s, but also through their capacities in setting international standards.

A lesson from the recent evaluation of the Swedish Climate Change Initiative 2009 – 2012 (Colvin et al., 2020) is that there are clear possibilities for Sweden to influence the international climate finance architecture through a combination of financial and staff engagement.

The MDBs ought to be pushed towards even faster reforms in their energy policies, with the purpose of achieving substantial changes at national levels. Approaches and initiatives such as those by the IDB and the World Bank (ESMAP) should be encouraged, supported and scaled-out. Experiences gained

through Swedish bilateral involvement in energy sectors may be drawn upon to further multilateral energy sector work.

Transformative roles and niche roles for organisations and funds with climate and environmental mandates need continuously be carved out and modified to seek complementarity. Sweden has an important role to play as active board member, financier and supporter of these organisations.

The overall assessment leads to five recommendations:

Leverage in the multilateral system is dependent on the capacity to prioritise and focus. Sweden may want to keep a continued focus on climate change adaptation in poor countries, since this is in line with the overall poverty reduction objective of Swedish ODA. But, as argued, there are also mitigation objectives that need to be promoted.

*R1: Sweden should continue to strategically promote multilateral collaboration and joint standards for climate change mitigation, especially among the MDBs. Active promotion of energy sector reform towards renewables and energy efficiency are key components.*

For adaptation purposes continued support to the Adaptation Fund, the Least Developed Countries' Fund (not directly treated in this assessment) and the Rome-based UN organisations is well motivated. However, the relative effectiveness of this support should continuously be assessed in comparison to what may be achieved through organisations with larger leverage, such as the MDB:s in general and the World Bank in particular. These assessments should consider the extent to which adaptation finance is allocated according to needs. There are also other areas related to climate change adaptation that needs to be pushed. The health-climate nexus and the adaptation-related work of humanitarian organisations are key areas that need to be supported, promoted and further developed.

To prioritise adaptation to climate change requires continued learning, leading to adaptation of policies and support strategies. Such capacity would benefit from continued analysis of what effective adaptation to climate change is, what elements that need to underpin it, and what combination of actors that best can provide it. Continuous learning is, and will be, needed to support the formation and implementation of effective policies through multilateral organisations. Sweden needs to plan for being continuously strategic in this respect.

*R2: Sweden should seek alliances with governments, multilateral organisations, academia and other actors that may further develop the understanding of what successful adaptation to climate change is and how this learning evolves. Based on this understanding the underpinning thematic aspects and interventions should be strengthened.*

As recommended by Sida (2020:17), there is need for increased knowledge about multilateral organisations' climate work. The current study has only been able to provide descriptions of each organisation based on publicly available documents. Further and deeper studies into what policies and action to influence and change, as well as the initiation of dialogue is warranted.

*R3: To make informed choices within its climate financing strategy, Sweden might want to further develop tools such as the Central Environmental Assessments, used by Sida as a basis for organisational assessments. Sweden should also pursue analysis of climate finance and its architecture in structured forms as part of its multilateral development cooperation.*

Based on experiences and competence, Sweden has important contributions to make in areas such as energy sector reform, use of the credit guarantee instrument, as well as how successful adaptation to climate change is linked to health and humanitarian sectors, and to conflict or gender.

*R4: Sweden should continuously initiate and encourage normative and operational dialogues on how to integrate climate change management into multilateral organisations' mandates, policies and practices, building on these experiences and competences.*

However, a precondition for continued and future impact is that there will be enough Swedish staff resources with the relevant competence to influence and push agendas. Ambition needs to be backed by staff resources, and not only financial contributions. Today, the various Swedish financial contributions are not backed by equal levels of staff resources, seniority and competences.

*R5: Sweden need to balance financial resources with staff engagement, which in most cases will imply increased staff resources.*

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## Annex 1: Character of the Paris Agreement

At its 21<sup>st</sup> conference (COP21), in December 2015, the Parties to the UN Framework Convention on Climate Change<sup>21</sup> reached the ‘Paris Agreement’. The core of this treaty<sup>22</sup> is often held to be its article 2, which states that:

- a) The increase in global average temperature be held well below 2°C and aiming at 1.5°C above preindustrial levels;
- b) The ability to adapt to adverse impacts of climate change and to foster climate resilient, low-GHG emission development be increased without threatening food production;
- c) Finance flows be made consistent with pathways towards low GHG emissions and climate resilient development.

The treaty has been described as ‘voluntary’. However, this is not fully correct, since it contains a mix of mandatory and non-mandatory provisions concerning climate change mitigation, adaptation and finance (Bodansky, 2016). What differs from earlier, failed, climate agreements is that this treaty builds on a ‘bottom-up’ approach where countries declare their voluntary contributions. This signals a shift in perspective, where cooperation towards the below 2°C temperature increase objective is encouraged by transparency, accountability, precision and knowledge about consequences of non-action, rather than by legal regulations and sanctions. Hence, it is a *collective aim* to reach global peak of emissions as soon as possible, and net zero emissions by 2050 and a *recommendation* to establish absolute emission targets.

There are still parts of the agreement that are binding, especially the *procedural obligations* to prepare, communicate and maintain Nationally Determined Contributions, NDC, of emission reductions. These shall be renewed every five years, communicated and controlled in prescribed ways. Countries are also obliged to undertake climate adaptation planning, report on such activities and OECD countries are mandated to contribute financially to mitigation and adaptation in developing countries (Ibid).

The question of legal character of the treaty was key throughout the process. Eventually a balance was stricken between the level of legal binding on the one hand and the level of states’ participation on the other. This was the reason why

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<sup>21</sup> The UNFCCC was agreed upon in Rio de Janeiro in May 1992 and entered into force in March 1994. The 197 countries that have ratified the convention are called the ‘Parties to the Convention’.

<sup>22</sup> The legal status of the treaty has been widely discussed. The Agreement is legally a treaty within the definition of the Vienna Law on Treaties, hence under international law. However, many of its provisions are not legally binding and the treaty cannot necessarily be applied by domestic courts (Bodansky, 2016).

negotiation late in the process dealt with the choice between ‘should’ or ‘shall’ in a certain sentence (Bodansky, 2016:142).

When describing the Agreement, its long-term and transformative character has been held forward (Cochran and Pauthier, 2019), together with its anchoring with national planning and policies (Dagnet et al. 2016). The latter makes the process country-led rather than top-down. The approach also includes all countries and hence, move away from some of the earlier conflicts between different country categories. Mitigation of climate change as well as adaptation to its consequences should be country driven. However, the Agreement still recognises that both mitigation and adaptation are global challenges and will have to be treated as such. Implicitly, this illustrates the transformative process that the treaty presupposes. The rules and modalities that are needed for the implementing the Agreement at global scale will subsequently have to be designed and developed through collective efforts (Ibid, p2).

By making the Warsaw International Mechanism on Loss and Damage permanent, the Agreement also deals with the complex issue of support to countries affected by negative climate change effects (PA, Article 8). Other areas included in the treaty concern technology development and transfer, capacity building and the issues of transparency and accountability.

## Annex 2: Detailed description of Swedish multi-bi climate funding

Table A1: Swedish climate *adaptation* related bilateral support through multilateral organisations, million USD 2018 (20 largest contributions)

Multilateral organisation	Not targeted	Significant	Principal	Share related to adaptation
United Nations Children's Fund	102,6	72,6	0,4	42%
Food and Agricultural Organisation	2,4	36,8	17,6	96%
United Nations Development Program	150,0	39,0	14,8	26%
International Bank for Reconstruction and Development	78,6	40,3	9,2	39%
United Nations (UN) agency, fund or comm	53,8	29,0	2,6	37%
World Bank Group (WB)	19,8	23,7	4,5	59%
Other multilateral institutions	48,9	6,5	5,6	20%
United Nations Human Settlement Program	1,9	11,6	0,0	86%
United Nations	12,4	4,5	4,6	42%
World Health Organisation - core volunta	19,0	9,0	0,0	32%
World Food Programme	41,2	2,3	3,4	12%
United Nations Capital Development Fund	1,1	4,0	0,3	80%
United Nations Entity for Gender Equalit	35,5	4,1	0,0	10%
European Union Institutions	19,3	0,9	2,7	16%
African Development Bank	2,3	0,0	3,4	60%
International Labour Organisation - Regu	14,3	2,6	0,0	16%
International Fund for Agricultural Deve	0,1	0,0	2,3	94%
United Nations Industrial Development Or	5,8	0,0	2,3	28%
United Nations High Commissioner for Hum	11,2	1,8	0,0	14%
United Nations University (including End	0,0	1,0	0,0	100%
United Nations Environment Programme	4,3	0,8	0,0	16%

Source: OECD-DAC.

Table A2: Swedish climate change *mitigation* related bilateral support through multilateral organisations, million USD 2018 (20 largest contributions)

	Not targeted	Significant	Principal	Share related to mitigation
<b>United Nations Development Program</b>	119,6	77,4	6,8	41%
<b>International Bank for Reconstruction</b>	91,2	25,9	19,5	33%
<b>Food and Agricultural Organisation</b>	30,0	24,0	2,9	47%
<b>World Bank Group (WB)</b>	25,7	22,3	0,0	46%
<b>United Nations (UN) agency, fund or comm</b>	64,8	20,0	0,5	24%
<b>United Nations Human Settlement Program</b>	1,9	11,6	0,0	86%
<b>United Nations Children's Fund</b>	165,0	10,4	0,3	6%
<b>Other multilateral institutions</b>	50,8	7,0	3,3	17%
<b>United Nations</b>	13,5	0,5	7,5	37%
<b>International Labour Organisation</b>	13,0	1,4	2,6	24%
<b>United Nations Capital Development Fund</b>	1,4	4,0	0,0	74%
<b>European Bank for Reconstruction and Dev't</b>	5,8	0,0	3,4	37%
<b>European Bank for Reconstruction and Development - Western Balkans joint trust fund</b>	0,0	0,0	3,4	100%
<b>United Nations Industrial Development Org</b>	5,3	0,6	2,3	35%
<b>United Nations Entity for Gender Equality</b>	37,9	1,7	0,0	4%
<b>World Food Program</b>	45,8	1,1	0,0	2%
<b>United Nations University</b>	0,0	1,0	0,0	100%
<b>United Nations Educational, Scientific</b>	34,6	0,0	0,7	2%
<b>United Nations Environment Program</b>	4,5	0,6	0,0	12%
<b>United Nations Volunteers</b>	3,5	0,6	0,0	14%

Source: OECD-DAC.

N.b. The numbers may not be added between the two tables, since interventions may be marked as relevant to both adaptation and mitigation.

## Annex 3: Different approaches to assessing Paris Alignment

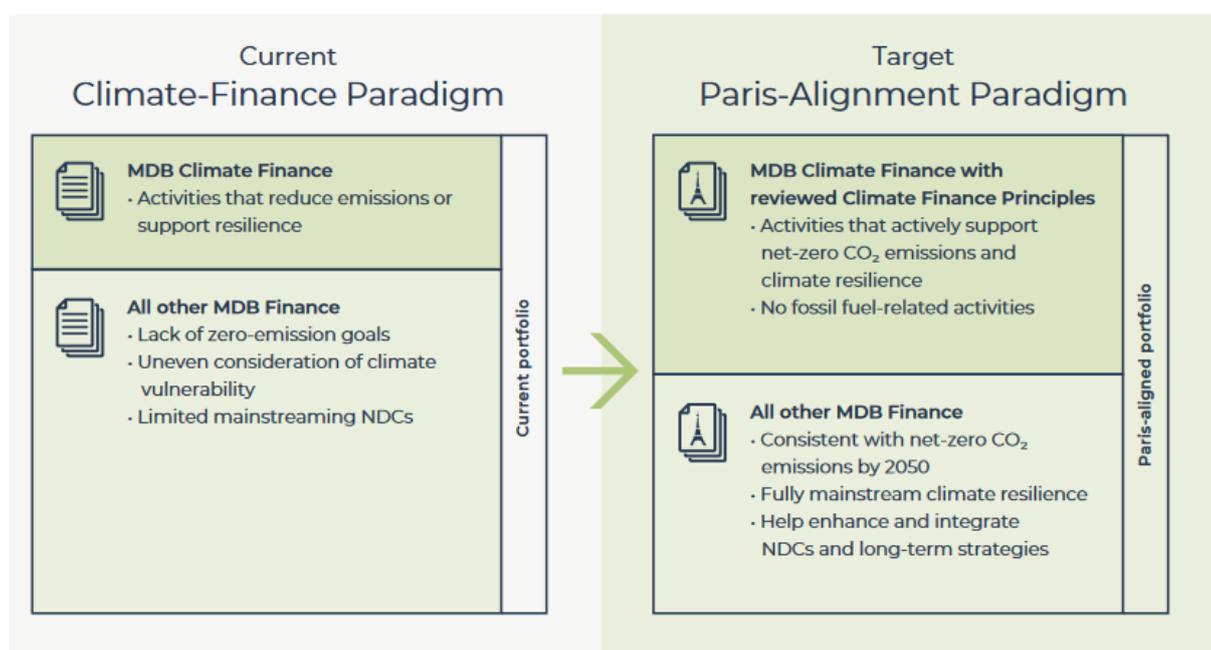
This section describes a set of existing approaches used for assessing the extent to which development cooperation is aligned with the Paris Agreement. The description does simultaneously provide motivation for the choices made in this report.

The OECD (2019) approaches the question of Paris aligned development cooperation through the following four main characteristics of development cooperation. It:

- Does not undermine the Paris Agreement but rather contributes to the required transformation;
- Catalyses countries' transitions to low-emissions, climate-resilient pathways;
- Supports the short- and long-term processes under the Paris Agreement;
- Proactively responds to evidence and opportunities to address needs in developing countries.

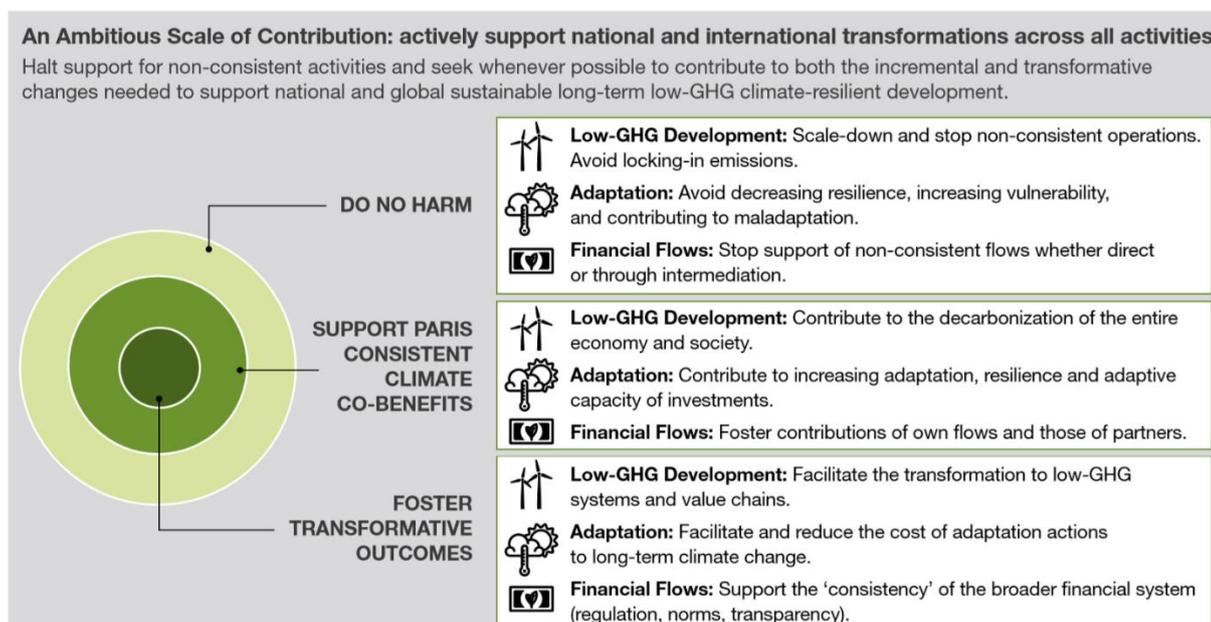
These are clear and general principles. However, they don't make for very precise tools for assessing Paris alignment. Germanwatch (2020) move a bit further with the following image, however, limited to the activities of multilateral development banks:

Figure A1:



Other approaches have also been applied for assessing and measuring to what extent multilateral banks are Paris aligned. One approach has been proposed by I4CE, a three-pronged approach separating do-no-harm (negative list) from support to climate benefits (positive list) and the fostering of transformative outcomes. Within each of these three levels they provide room for mitigation, adaptation and increased financial flows (see figure A2).

Figure A2:



Although this approach is well structured, problems emerge when assessing the lower-level indicators. E.g. what would 'contributing to the decarbonisation of the entire economy and society' or 'facilitate and reduce the cost of adaptation actions to long-term climate change' imply. One could interpret these things in many ways. Hence, it would be clearer to assess something that is closer to what the MDBs actually do in their operations.

The E3G has chosen a more concrete and tangible approach. Their assessment of MDB Paris alignment scrutinizes a set of 16 different dimensions.

Table A3:

<b>Governance</b>	Standalone climate strategy & integration of climate into overarching strategy
	Integration of climate change mitigation & resilience into key sector strategies
	Integration of climate change into country partnership work
	Level of transparency and promotion of citizen rights
<b>Strategy</b>	Energy efficiency strategy, standards and investments
	Commitments on forest and land use
	Policies to restrict finance to fossil fuels including exploration
	Energy access and fuel policy
<b>Risk and operational management</b>	Greenhouse gas accounting at project and portfolio level
	Integration of climate risk screening and assessment
	Internal carbon pricing
	Green /brown ratio, scaling up climate investments in all sectors
<b>Transformational initiatives</b>	Technical assistance for implementing Paris goals
	Promotion of green finance
	Innovative instruments and mobilisation of private finance
	Institutional leadership and information sharing

In our study, these dimensions have been slightly redefined and re-organised, in order to enhance relevance also for other organisations than the MDBs. In the assessment, they are treated as 15 sub-indicators, each belonging to one of the three major areas of Paris alignment – Avoiding negative climate impact; Contributing to positive climate impact; Contributing to transformative change towards low-carbon, climate resilient development (Table 4).