

Arctic Economic Council

Working Group: Responsible Resource Development

WORKING GROUP SCOPE

The Arctic Economic Council aims to facilitate and guide business activities and responsible resource development throughout the circumpolar Arctic. The Council will do this through the sharing of best practices, technological solutions, standards, and other information. There are five overarching themes of the AEC, and they include:

- Establishing strong market connections between the Arctic states;
- Encouraging public-private partnerships for infrastructure investments;
- Creating stable and predictable regulatory frameworks;
- Facilitating knowledge and data exchange between industry and academia; and,
- Traditional indigenous knowledge, stewardship and a focus on small businesses

The Arctic is becoming more accessible for development and with this new focus comes challenges and opportunities in the circumpolar Arctic.

The opportunities for economic growth from responsible resource development can benefit the local, regional, national and international communities in the Arctic. Increased development in the Arctic raises many important questions about habitat and climate, about how local societies in the North should relate to the growing industrialization.

The Arctic is open for business. The roles of the AEC and the work of the RRD working group are to facilitate investments aimed at conducting resource development in a sustainable manner throughout the Arctic. A changing Arctic opens up new opportunities for more efficient marine transportation routes, and positions our region to meet the global demands for natural resources. Further, it empowers regional growth through access to innovative renewable technology to improve the quality of life at the local level.

The working group on *Responsible Resource Development* aims to provide the necessary framework for responsible resource exploration and development. The goals are centered around development taking place in a responsible,

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sustainable and cooperative manner which also contributes to the regional economic growth of the Arctic

KEY ISSUES:

- Review opportunities for resource development in the Arctic and identify potential barriers to sustainable development
- Facilitating business investments
- Local Benefits
- Management of Risk
- Sustainability

LOCAL BENEFITS

Responsible resource development is an asset that can help ensure the success of projects or initiatives in the Arctic for the long-term benefit of both developers and the local community/ region. This approach starts long before the project begins. The process to achieve responsible resource development initiatives must conform to the unique requirements of the project and the goals of the community and requires dialogue. The investment to include local communities and regions from start to finish is the perfect de-risking agent for any project, and may ensure long-term success and positive impacts for future generations. Arctic residents' desire balanced economic development that brings new revenue, employment opportunities, improved infrastructure, affordable energy and economic growth.

Non-Arctic stakeholders looking to do business in the Arctic provide mutual benefit by partnering with Arctic businesses. Arctic business leaders bring the local knowledge that help non-Arctic companies with key decisions that involve climate, winds, sea ice and migration routes. Arctic residents benefit with new business ventures, infrastructure, and increased service levels.

Key factors and questions that the report will seek to address include:

- Infrastructure improvements
 - New developments startups often require new infrastructure for communications, housing, warehousing, laydown yard, hangar, or docks. How to develop infrastructure that is sustainable after the initial project is completed?
- Service support by local companies
 - Identify services needed for the new project?
 - How to include local companies either in the direct supply of those services or in joint venture with non-Arctic service companies and local companies?

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- Identify investment options to help local communities be a significant owner in new business ventures in support of development activities

MANAGEMENT OF RISK

The Arctic is a complex and challenging environment. Development is far more difficult and carries more risk than in other parts of the globe. Standards for developing in the Arctic must be carefully constructed to insure risk is appropriately identified and managed to ensure the security of the land, people, waters, and food supply is safe.

The relationship business has with society and the environment in which they operate is a critical factor in their ability to continue to operate effectively. The AEC seeks to establish a sustainable platform for a high standard of business operations through this working group.

Key Factors:

- Identify the potential risk factors in resource development
- Explore and identify operational practices between all Arctic countries doing resource development (industry and academia)
- Determine best practices
- Work with regulatory authorities across all eight Arctic nations to encourage adoption of common standards

SUSTAINABILITY

Development of non-renewable resources will have impacts both short term and long term. In the short term when new resource development takes place, there is more commercial activity in a region, followed by production, and eventually demobilization. The challenge is to how to maintain the communities after the development program is over.

Key factors and questions that the report will seek to address include:

- Creating an environment for sustainability
- Identifying the needs, challenges and gaps within the circumpolar region to promote sustainability
- Solutions and innovative ideas for long-term sustainable energy solutions.

OPPORTUNITIES, BARRIERS AND BEST PRACTICES

Due to the remote nature of the Arctic region, certainty and low risk are key factors to increased development. It is important that all stakeholders understand the economic potential and opportunities that responsible development will bring at a local, regional and national level.

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Key factors and questions that the report will seek to address include:

- Review opportunities for resource development in the Arctic
- Identify potential barriers and best practices to sustainable Arctic development

ATTRACTING AND FACILITATING INVESTMENTS

The Arctic holds vast renewable and non-renewable resource potential, and the challenging Arctic environment, by its nature, can be cost restrictive. The AEC and the RRD aim to promote an investment rich environment whereby attracting investors and advocating for an investment friendly climate.

Key factors include:

- Promote a healthy investment climate for Arctic resource development
- Identify challenges to Arctic investment
- Identify factors of a healthy investment climate for Arctic resource development

DELIVERABLES

The evaluations in Responsible Resource Development will form the basis for the development of:

- How business investments can improve responsible resource development and prosperity in the Arctic
- Recognizing Responsible Resource Development
 - What is the definition of responsible development?
 - What are the traits of responsible resource development? Identify successful examples of responsible resource development.
 - What are the local benefits?
 - Identify best practices on how to develop both renewable and non-renewable resources in a responsible way in the Arctic;
- Analysis of economic factors that pose challenges and benefits to the Arctic, and the identification of those factors that will help grow and sustain the communities through all phases of resource development

Best practices and innovative solutions identified across the four key areas will be summarized in order to suggest a potential framework for being good business partners across the Arctic with indigenous residents and communities.

The identification of best practices will serve to provide businesses with the

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appropriate tools and background for operating efficiently and responsibly in the Arctic environment and engagement strategies with indigenous residents and communities leading to the advancement of greater stewardship in the Arctic.

The final analysis will be incorporated into a published report under the auspices of the Arctic Economic Council.

METHODOLOGY

The working group is comprised of representatives from, or recommended by, the AEC membership. It will work in a collaborative manner with Arctic stakeholders, including indigenous groups, governments, associations and business interests.

Outreach will be conducted country by country in the most cost effective manner, without compromising the quality of the information gathered. The terms and level of detail on a community scale will be determined by the working group.

TIMELINE

The working group will commence work in January 2015 – end of 2017.

BUDGET

There is no budget identified at this time as no one has committed funding for these efforts. Therefore, meetings will remain in virtual format.

PROJECT TEAM

Project Lead:
Lillian Brewster
Bruce Harland

The project leads will assemble members of the working group.