

A dark, monochromatic photograph of an Arctic landscape. In the background, jagged, snow-capped mountains rise against a cloudy sky. In the foreground, a small settlement with several buildings is visible, situated near a body of water. The overall tone is somber and majestic.

Promoting Sustainable Development in the Arctic

A Private Sector Proposal for Partnership

Arctic Economic Council

Top of the World – Arctic Broadband Summit

JULY 2016

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The 17 Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by 193 countries at a UN Summit in September 2015.

The Goals cover social, environmental and economic targets for global development and tackle some of the most serious issues facing people and the planet.



Shipping

By 2030, over 5% of total world trade could be routed along the Northern Sea Route.

Energy

While Arctic oil production could double by 2050 under some projections, the Arctic holds vast renewable potential: wind, hydro, tidal, geothermal, solar, and biomass are all promising areas.

Ocean Resources

Fishery catches in the region could increase by up to 70% over the next 40 years, with even greater potential in aquaculture and the “blue economy”.

Environmental Protection

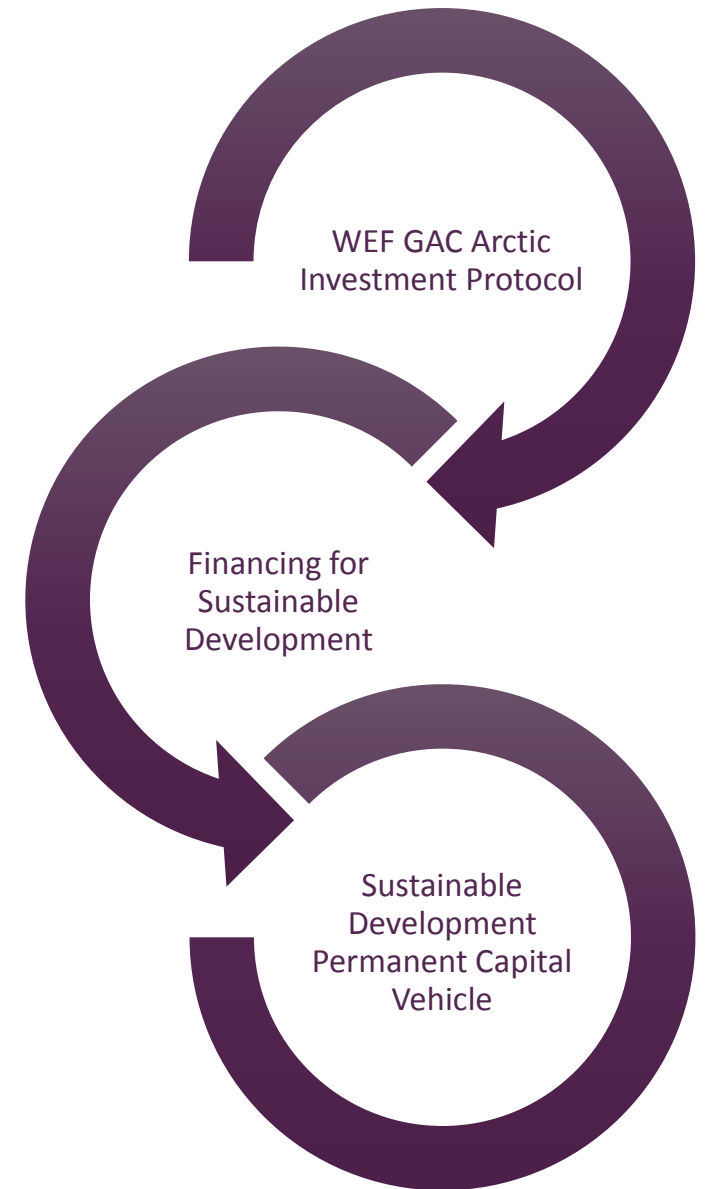
The Arctic is warming twice as fast the rest of the world, a warning for the rest of the world but an opportunity for climate science and other research.

Infrastructure needs around the world are increasing

- Sustainable Development will require annual worldwide investment of \$4.5 trillion
- Infrastructure, water & sanitation, and telecom, have an estimated shortfall of up to \$1.6 trillion per year₁
- Infrastructure requirements in the Arctic region alone are expected to reach nearly \$1 trillion over the next 15 years
- Ensuring that future development is genuinely sustainable is a generational imperative

World Economic Forum Global Agenda Council on the Arctic

- A large, diverse group of experts from business, civil society, academia and government have convened to focus on how best to develop the Arctic region
- The Arctic Investment Protocol is the first step toward inclusive, transparent development which is measurable and accountable



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Promoting Sustainable Development in the Arctic **Step 1: The Arctic Investment Protocol**

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- Code of Conduct for Investment in the Arctic advances sound practices for sustainable development that is based on the UN's SDGs
- Ensures private sector organizations engage in sustainable development for the right reasons
- Clear standards for responsible business practices, governance, environmental stewardship and fostering resilient communities
- Creates accountability to a pragmatic set of goals



1. Build resilient societies through economic development
2. Respect and include local communities and indigenous peoples
3. Pursue measures to protect the environment of the Arctic
4. Practice responsible and transparent business methods
5. Consult and integrate science and traditional ecological knowledge
6. Strengthen pan-Arctic collaboration and sharing of best practices

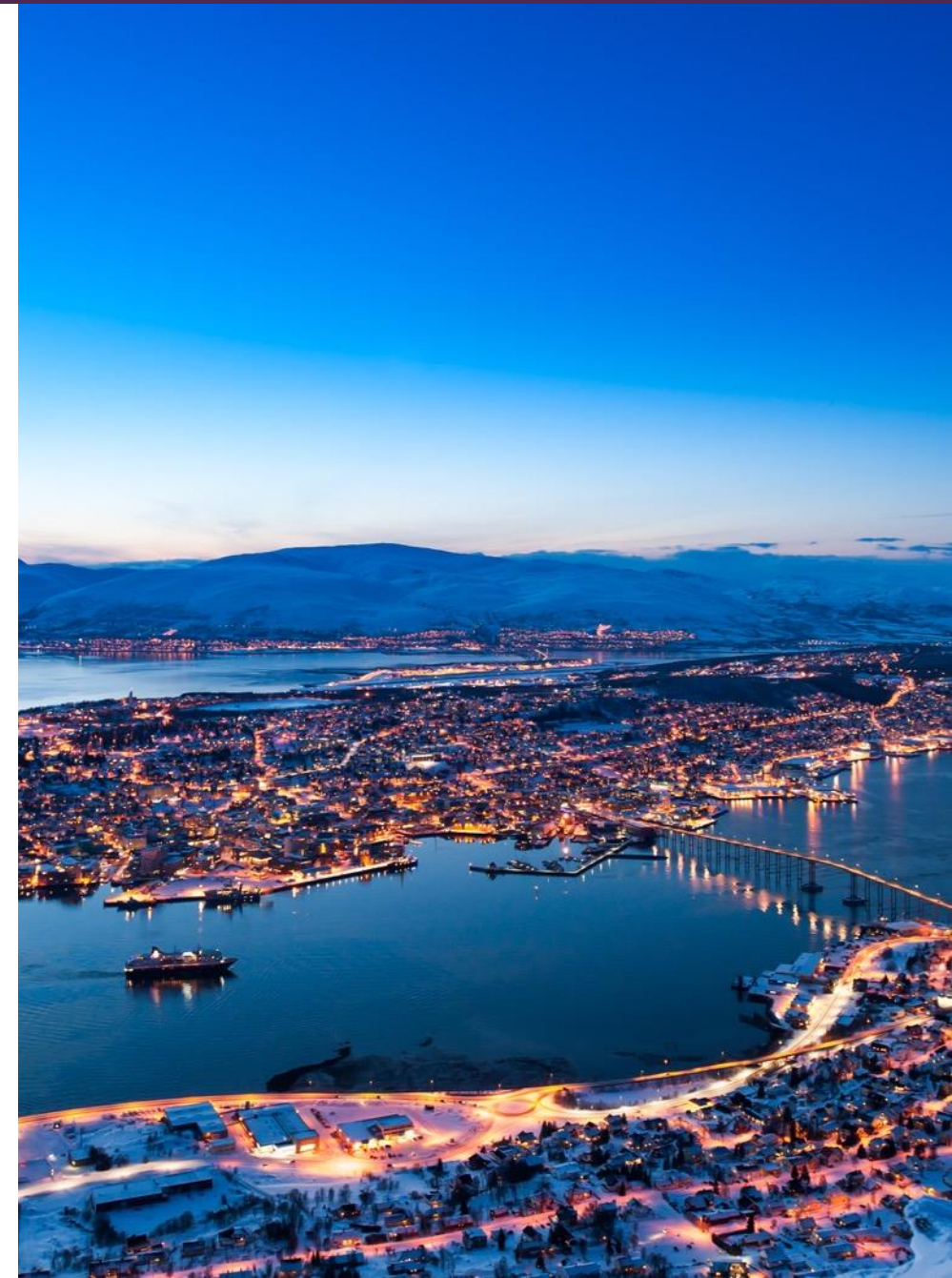
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Promoting Sustainable Development in the Arctic **Step 2: The Arctic Infrastructure Inventory**

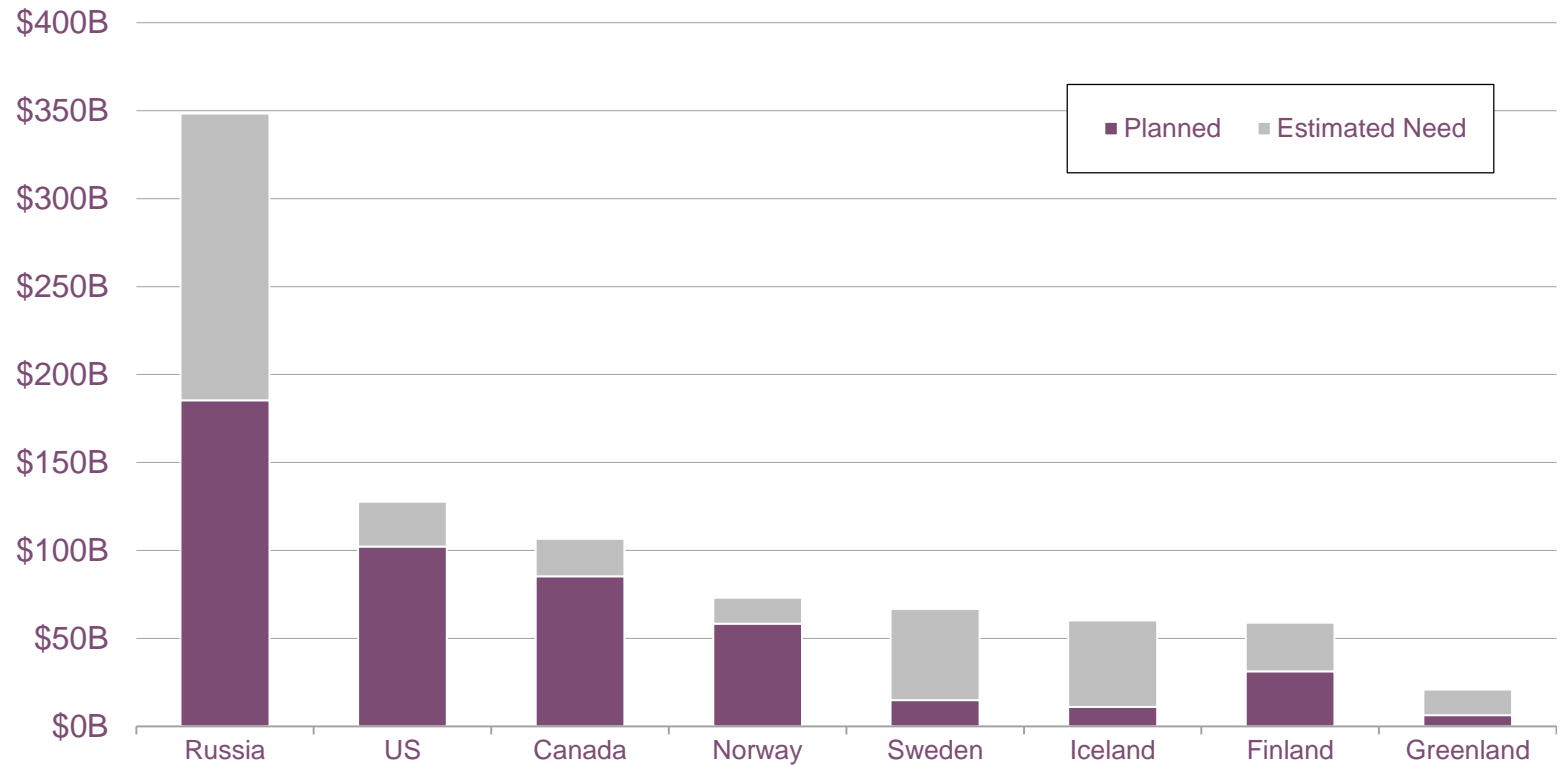
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IDENTIFYING INVESTMENT OPPORTUNITIES IN:

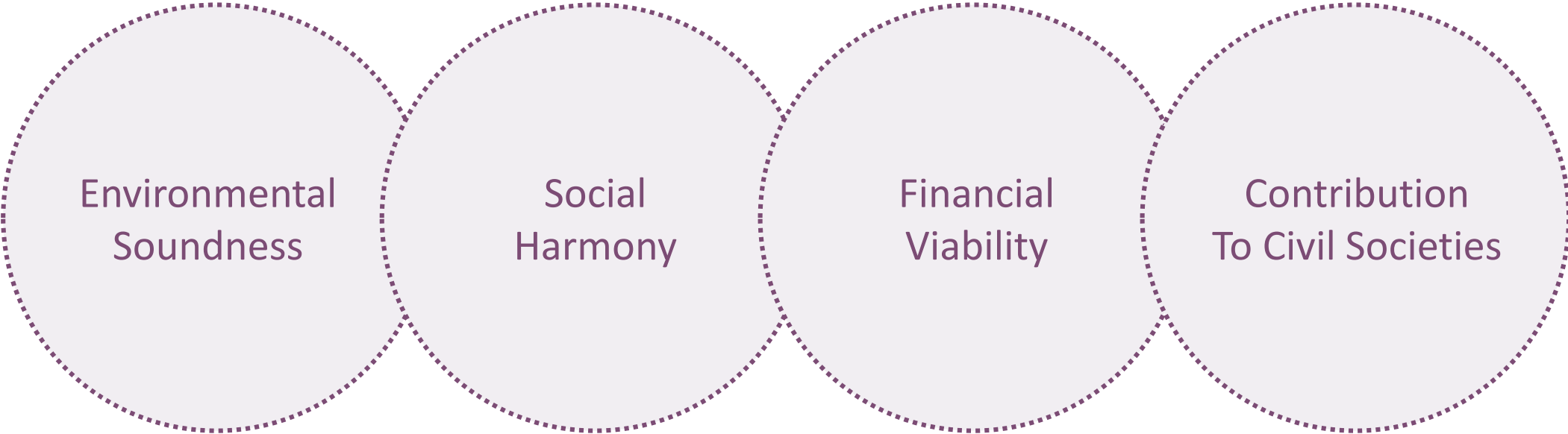
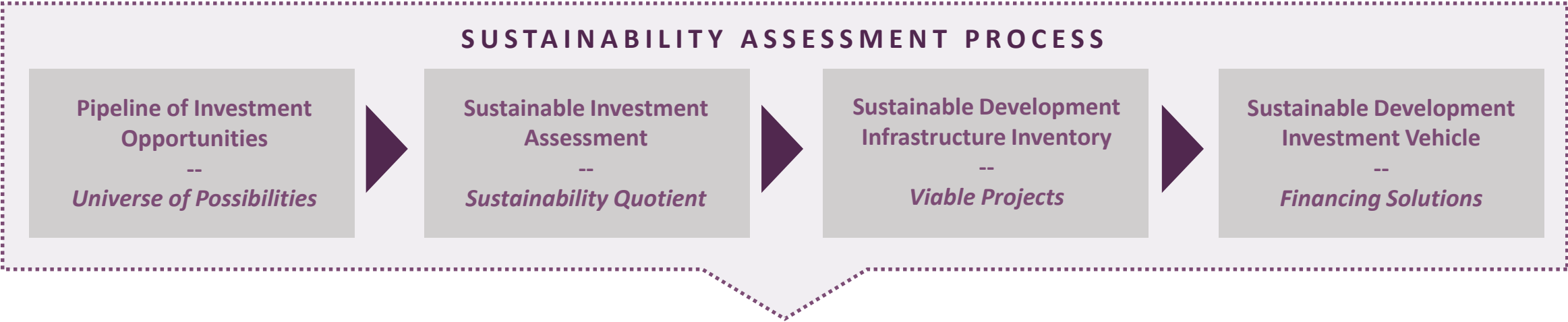
- **Aviation** (airports, terminals, runways, logistics centers)
- **Marine** (icebreakers, ferries, ice class vessels, navigational aids)
- **Mining** (metals, minerals, diamonds, gemstones, uranium, smelters, processing/storage facilities)
- **Ports** (container terminals, oil terminals, LNG terminals, cruise terminals, fishery support)
- **Power** (electricity generation, transmission lines, long distance cables)
- **Railways** (freight, passenger, port offloading, municipal)
- **Roads** (highways, toll roads, bridges, access roads, ice roads, upgrades/improvements/rehab)
- **Renewable** (wind, hydro, geothermal, solar, tidal, biomass)
- **Social** (housing, schools, hospitals, cultural)
- **Telecom** (broadband, subsea cables)



- An exhaustive list of possible projects is being assembled
- Partnership with national bureaus and ministries, education institutions, and local and indigenous communities
- More than 600 infrastructure opportunities valued at over US\$500 billion



VALUE OF POTENTIAL ARCTIC INFRASTRUCTURE
PROJECTS BY COUNTRY



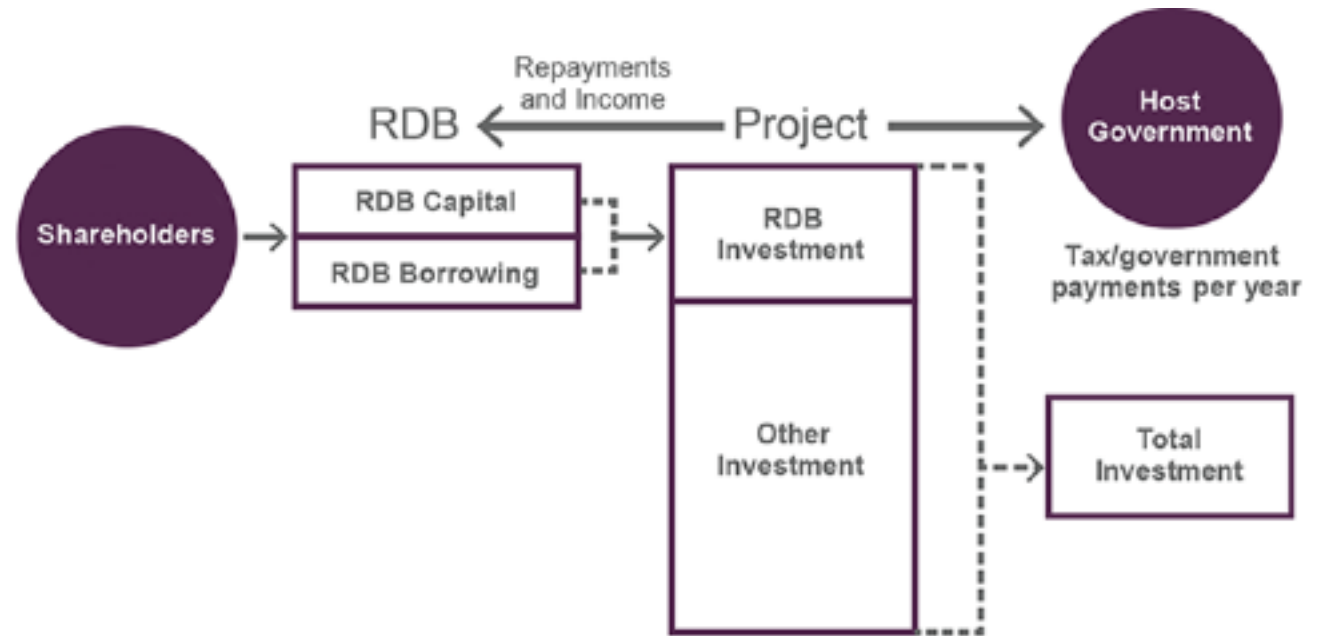
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Promoting Sustainable Development in the Arctic **Step 3: A Permanent Capital Vehicle**

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- Matching the demand from long term, patient capital with the urgent need for investment in the Arctic, particularly in infrastructure
- Investments will be guided by the Arctic Investment Protocol
- Potential models include regional development banks, infrastructure finance companies, and development funds
- High degree of interest from pension funds, sovereign wealth funds and insurance companies with long term investment horizons and need for stable returns

Regional Development Bank (RDB) Model



Guggenheim Partners

Source: IFC



We have to choose between a global market driven only by calculations of short-term profit, and one which has a human face

- Kofi Annan

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