



## AEC Investments & Infrastructure Working Group: Mandate

### Introduction

The Arctic Economic Council (AEC) aims to facilitate business activities and responsible resource development throughout the circumpolar Arctic. The AEC will do this through the sharing of best practices, technological solutions, standards, and other information.

The overarching themes in the work of the AEC 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,
- Dissemination of traditional indigenous knowledge, stewardship and a focus on small businesses

### Background

The Arctic business and investment potential is remarkable. There are several already existing projects focusing on the mapping of this investment potential, such as [Arctic Business Forum Yearbook](#), [Arctic Maritime and Aviation Transportation Infrastructure Initiative](#), and [Business Index North \(BIN\)](#). In addition, some private stakeholders are engaged in the creation of an infrastructure inventory.

The World Economic Forum's (WEF) Arctic Global Agenda Council published an [Arctic Investment Protocol](#) (AIP) with an intention to start a discussion and build a coalition around responsible investment in the Arctic. While the WEF's Arctic Global Agenda Council ceased to exist in 2016, the WEF wanted to see the work on the AIP taken forward. The AEC decided to endorse the intent of the AIP at its Annual Meeting in 2017, and the AIP was transferred to the AEC later the same year. The role of the AEC includes continuing to build a coalition of support around the principles laid out in the AIP.

### Scope of Work

#### Phase 1: Principles on Responsible Investments

The AEC Working Group on Investments & Infrastructure (IWG) will focus its work on the principles related to responsible investments in the Arctic. This work will build upon the foundation of the AIP. While the AIP itself remains as is, the AEC may adapt or update the text if it deems that the circumstances require this.



The aim of the IIWG's work is to create guidelines/Code of Ethics for Arctic investments. These guidelines aim at laying a foundation for responsible investments in the region. While these rules will not be legally binding, they should serve as guidelines on what to take into account when investing in the Arctic, who to consult, and how to do it in a responsible manner. These guidelines should aim at being globally applicable principles which aim at facilitating investment decisions regarding the Arctic – based on terms set by the Arctic businesses and the people of the Arctic with the participation of financial institutions.

The IIWG will use the AEC's 5 overarching themes and goals set by the AEC [Strategic Plan](#)(s) as the foundation/starting point for its work. As one of the challenges related to Arctic investments is the (inaccurate) perception of Arctic as a region with limited economic opportunity and potential<sup>1</sup>, the IIWG will also seek input from international financial institutions with the aim of "making the Arctic investable".

As stated in the AEC Working Group Recommendations, the IIWG is expected to keep the AEC Secretariat updated of the development of its work. The AEC Secretariat in turn updates the WEF of the development of this work.

#### Phase II: Investment Coalition of Support

The second phase of IIWG's work will focus on building a coalition of support for the principles. This includes familiarizing the work product with relevant stakeholders globally, and gaining support for the principles.

The second phase of the work will also focus on how the Arctic can attract growth capital, and how different funding options can serve the region.

#### Phase III: Funding and Potential Investments

When the first two phases of the work are completed or have advanced far enough, the AEC will consider whether there is a need to continue the work creating an Arctic business inventory which could serve those interested in investing in the Arctic and doing business in the region. If the AEC decides to proceed, the IIWG will carefully consider collaboration with other stakeholders already working in this field.

#### Deliverables

The IIWG will deliver a work product in writing at the end of the first phase of the project.

---

<sup>1</sup> Arctic Business Analysis; <https://arcticeconomiccouncil.com/press-release-arctic-economic-council-nordic-council-ministers-release-arctic-business-analysis/>



At the second phase of the project, the IIWG will consider creating a directory of the stakeholders supporting the principles.

## **Membership, Timeline and Practicalities**

### Members

The IIWG's work is led by Mr. Tero Kiviniemi (AEC Finland). The IIWG membership will consist of experts nominated by the members of the AEC and potentially also of invited Subject Matter Experts serving for a limited period of time. All members are expected to be in possession of relevant expertise related to the scope of the Working Group's work.

### Timeline

The IIWG will commence its work during Q1/2018 and will deliver its first work product by Q1/2019.

The work plan and timetable will be set by the Chair of the IIWG prior to the start of the work.

### AOB:

IIWG will consider by which means and to which extent the findings of the Working Group can be presented to the Arctic Council. While the AEC work products are not subject for revision at the Arctic Council, it is important to consider how the Arctic business community's views can be brought forward to the Arctic Council. This is in line with the AEC goal of providing advice and a business perspective to the work of the Arctic Council.

### Budget

There is no budget identified to the work of the Working Group. Each member will cover his/her own costs for participating in the Working Group. Due to the international character of the group, the meetings will primarily take place virtually.