

# SAOs Report to Ministers on

## THE REVIEW OF THE ARCTIC COUNCIL STRUCTURES

Annex 1 to the SAO Report to the Ministers

### *Introduction*

*The Senior Arctic Officials under the direction of the Chair of the Arctic Council and in cooperation with the Working Group Chairs and permanent participants have prepared for Ministers this report containing recommendations for improving the structures of the Council. The report responds to the request of Ministers meeting in Barrow, Alaska in 2000, takes into account the consultant's review prepared by Mr. Pekka Haavisto and considers the future disposition of the ad hoc Arctic Council Action Plan steering group. All recommendations included in the SAOs' report are subject to the Rules of Procedure of the Arctic Council.*

### **1. The task set by the Ministers in Barrow 2000**

The Second Ministerial Meeting of the Arctic Council in Barrow, Alaska, October 12-13, 2000 requested that the Senior Arctic Officials (SAOs), with assistance from the chairs of the Arctic Council subsidiary bodies, consider the future of the Arctic Council Action Plan (ACAP) and recommend appropriate ways to improve the way work is structured in the Arctic Council and present a report to the next Ministerial Meeting.

The relevant sections of the Barrow declaration are as follows:

"Take note that as the Arctic Council has evolved and taken over the structures established under AEPS, some overlap of functions has occurred among the new and existing institutional structures of the Council, and request that the SAOs, with assistance from the chairs of the Arctic Council subsidiary bodies, consider and recommend as appropriate ways to improve how work is structured in the Arctic Council and present a report at the next Ministerial Meeting;" [ paragraph 19]

"establish an ad hoc ACAP Steering Committee on an interim basis, for a period of two years under the chairmanship of Norway, awaiting a review of the structure of the Arctic Council organization;" [paragraph 2]

## **2. The preparatory process**

The Host Country commissioned Mr. Pekka Haavisto to prepare a report on the structure of work in the Arctic Council for the SAO meeting in Rovaniemi, June 12.-13, 2001. A draft consultant's study was presented to the SAOs and discussed by them at the Rovaniemi meeting. The final consultant's report was delivered to the Arctic Council Secretariat on 29 June, 2001 and circulated to the Member States, the Permanent Participants, the Working Groups and the Observers immediately thereafter. The report was written with assistance from the chairs of the Arctic Council Working Groups. The SAOs express their appreciation for the work of the Mr. Haavisto, and by the Council Secretariat, in preparing the report.

In the next phase of the review process the Chair of the SAOs held bilateral discussions with all Member States. The Haavisto report served as the background paper and a source of ideas for these discussions. The Chair next prepared a non-paper which SAOs and Chairs of the Working Groups discussed at their meetings in Espoo in November 2001. The Chairs of the Working Groups agreed upon a few recommendations to the SAOs. This report was revised by the SAOs on the basis of the responses given in Espoo and further preparations in the Member States and finally adopted by the SAOs at the meeting in Oulu in May 2002.

The limits to undertakings of the Arctic Council was thoroughly discussed, bearing in mind that the Council is operating as a high level forum without a permanent secretariat or financial resources of its own. The possible establishment of a permanent secretariat with an annual budget based on obligatory funding does not enjoy unanimous support among the Member States. This means that all recommendations to be presented for the Ministers will concur with the present situation. The Arctic Council Secretariat will rotate with the chairmanship and funding will continue to be voluntary. The lead country approach is essential in managing projects of the Arctic Council. A more even distribution of the Secretariats of the Arctic Council working groups and programs between member states is preferable.

## **3. SAOs Comments and Recommendation on the Review**

### ***3.1. Role of the Senior Arctic Officials***

The tasks of the Senior Arctic Officials are defined in the Rules of Procedures. The Senior Arctic Officials, *inter alia*, receive and discuss reports from working groups, task forces, and other subsidiary bodies and coordinate and guide Arctic Council activities in accordance with the decisions and instructions of the Arctic Council biennial ministerial meetings. The SAOs review and make recommendations to the Ministers on proposals by

Arctic States and Permanent Participants to be submitted to a Ministerial Meeting with respect to proposed cooperative activities.

The Framework Document on Sustainable Development (the Barrow Chapeau) is meant to guide all activities of the Arctic Council. The SAOs have the responsibility to ensure that all activities in the Working Groups and other subsidiary bodies are in line with the general principles of sustainable development and promote the implementation of the Framework document.

In the preparations of the review Member States and Permanent Participants emphasized the need to strengthen the work on the economic, social and cultural dimensions of sustainable development in line with the Framework document. The knowledge base on the state of the Arctic environment and biological diversity, and human development will be further strengthened during the coming few years. CAFF has in 2001 delivered the first circumpolar status report on Flora and Fauna and AMAP will present the 2<sup>nd</sup> status report on pollution to the Inari Ministerial in 2002. The final report of the Arctic Climate Impact Assessment (ACIA) in 2004 is expected to influence strongly the future measures to promote sustainable development. The possibility of developing a holistic strategy on sustainable development on the basis of the strengthened knowledge base has been discussed. It could also respond to the challenges following the Johannesburg World Summit and the specific role the Summit might identify for regional and sub-regional bodies.

The SAOs are responsible for coordinating with other institutions and bodies active in the Arctic. The aim should be to enhance synergies and avoid overlapping activities. The necessity to focus on circumpolar, region-wide activities is generally acknowledged. Enhanced dialogue, especially with the Observers of the Arctic Council, will contribute to this end. Cooperation with the Northern Forum as the representative of many of the Arctic sub-regions is significant and growing. Contacts should be further developed to the European Commission and such regional bodies as the Barents Euro-Arctic Council, the Council of Baltic Sea States and the Nordic Council of Ministers.

There is a need to stimulate outside investments in the Arctic as a follow-up to the projects and activities of the Council. International and regional financial institutions, however, tend to finance only such projects that they themselves have closely scrutinized, starting in the pre-investment phase. This would mean that SAOs, on the recommendation of the Working Groups, should alert such institutions and the private sector at an early stage. There are capacity limits in the Arctic Council, bearing in mind that the Council depends on voluntary funding by member states, to how the Council might involve itself in the preparation of project and programs with large budgets. The activities of the Council and its subsidiary bodies should not give rise to unfounded expectations. The SAOs should also consider how to best seek professional advice in project preparation for funding among external financing partners.

As the ministers at Barrow emphasized the need for the Council to cooperate closely with other international fora, the Chair has greater need to maintain contact with SAOs between their regularly scheduled meetings. Active use of e-mail has facilitated the fulfillment of this responsibility. Furthermore, informal well-planned meetings of the SAOs and the representatives of the PPs have brought added value to the preparation of the official meetings.

*The SAOs note that they need to take particular care to*

- ensure that all activities of the Arctic promote sustainable development;
- consider the possibility of preparing in close cooperation with all Working Groups a revised strategic document on sustainable development on the basis of the strengthening knowledge base including climate change, the state of the Arctic environment, status and conservation of Arctic flora and fauna, and human development, with the aim of having this document finally approved by the Ministers in 2006;
- develop contacts between the Arctic Council to the European Commission and appropriate regional bodies with the aim of enhancing synergies and avoiding duplication of work;
- enhance the dialogue with the Arctic Council Observers and develop cooperation with them as appropriate;
- prioritize among project proposals that need extensive funding and serve as a clearing house for Arctic Council activities that seek funding from the private sector or international and regional financial institutions, and consider how to best make professional expertise available in project preparation and funding.

### ***3.2. The Working Groups and coordination among them***

Four Working Groups were formed in the 1991 Arctic Environmental Protection Strategy and are specifically mentioned in the 1996 Ottawa Declaration. The Sustainable Development Working Group was established at the First Ministerial Meeting in Iqaluit in 1998.

All Working Groups have flexible mandates that have been successively developed and supplemented at Ministerial Meetings, either directly in Ministerial Declarations or in the reports provided by the SAOs. This method has facilitated flexible inclusion of new priorities. Often the Working Groups themselves have identified new needs and requested expanded or adjusted mandates with little knowledge of parallel processes in other Groups.

To help the Working Groups present their activities to the SAOs in a more coordinated and systematic way, the Arctic Council Chair should organize regular meetings or electronic forums of the Working Group chairs, accompanied, if necessary, by their secretariats. These consultations should serve as a way for the Working Groups to inform each other of planned activities and thus help to avoid overlaps.

Both AMAP and Conservation of Arctic Flora and Fauna (CAFF Working Group) have monitoring duties in their programs. Both Working Groups are providing data for the Council's Arctic Climate Impact Assessment. These two Working Groups have recently developed their coordination and are now working closely together. As an expression of this development the Working Groups have presented the idea of an Integrated Arctic Monitoring Network to be developed during 2002 – 2004. In addition, a common monitoring program would enhance coordination and help in the choice of priorities.

The two working groups should be given the mandate to work out the details of the future division of work in monitoring and present a proposal for the SAOs at their first meeting after the Inari Ministerial.

*The SAOs note that*

- the Chair of the SAOs should continue to regularly organize coordinating meetings with the Chairs of the Working Groups and the Chair of the IPS board;
- SAOs need to more carefully prepare and coordinate the mandates to be given to the Working Groups;
- Working Groups must report regularly and in a timely fashion to and seek guidance from the SAOs;
- AMAP and CAFF should be directed to prepare a coordinated common monitoring program and present it for endorsement by the SAOs by the end of 2003.
- Working groups may promote investments in activities that protect the Arctic environment and promote sustainable development by developing projects for financing among the Arctic states and external financing partners.

### ***3.3. Arctic Monitoring and Assessment Programme (AMAP)***

SAOs find that no change in the basic duties of AMAP – monitoring and assessment – are required.

*The SAOs note that*

- it is appropriate to reconfirm the mandate of AMAP;
- they welcome the offer by Norway to continue hosting the Secretariat of AMAP.

### ***3.4. Conservation of Arctic Flora and Fauna (CAFF)***

SAOs find that no change in the structure of CAFF is required. The role of CAFF is to promote conservation of Arctic biodiversity and sustainability in the use of living resources.

There has been some discussions between CAFF and SDWG regarding sustainable use and management of terrestrial and marine living resources. Sustainable use of living resources is important for the subsistence and development of Arctic communities and economies. The SDWG is responsible for promoting the sustainable use of natural resources. The SDWG will need to work closely with CAFF to ensure that conservation is appropriately taken into account in the case of living natural resources and to use the environmental expertise and scientific advice of CAFF.

*The SAOs note that*

- it is appropriate to reconfirm the mandate of CAFF as the Arctic Council working group on biodiversity conservation;
- CAFF should provide expertise and scientific advice to SDWG in its work on sustainable use of natural resources;
- they welcome the offer by Iceland to continue hosting the Secretariat of CAFF.

### ***3.5. Emergency Prevention, Preparedness and Response (EPPR)***

SAOs find that no change in the structure of EPPR is required.

SAOs consider emergency prevention, preparedness and response as a continuously important priority, and thus the work of EPPR should be revitalized and more emphasis be given to new tasks such as prevention, preparedness and response to emergencies involving hazardous materials, including radiological materials. It has also been suggested that EPPR could address emergencies caused by nature, especially in view of disasters connected to climate variability and change, such as flooding.

EPPR and PAME are encouraged to coordinate more closely. Both working groups have activities related to extraction and transportation of oil and gas in their programs. Before embarking upon new activities, these two Working Groups should better clarify their division of work. EPPR is also encouraged to clarify with AMAP the division of labor regarding the monitoring and assessment of radioactivity and the prevention, preparedness and response to radiation emergencies.

Exchange of information between EPPR and the Barents Euro-Arctic Council, the Northern Forum and other sub-regional and bilateral efforts is important. BEAC is expanding its work on cross-border rescue cooperation. EPPR should focus on circumpolar issues.

*The SAOs note that*

- EPPR should continue its efforts related to emergencies resulting from extraction and transportation of oil and gas and clarify the division of responsibilities with PAME;
- EPPR should give more emphasis to prevention, preparedness and response to emergencies involving radiological and other hazardous materials;
- it could be appropriate to expand the mandate of EPPR to include preparedness and response to emergencies related to natural disasters;
- they welcome the offer by Canada to host the EPPR Secretariat during its period as Chair.

### ***3.6. Protection of the Arctic Marine Environment (PAME)***

SAOs find that no change in the structure of PAME is required.

The Regional Programme of Action (RPA) provides an important framework for PAME's work related to land-based activities. Other important work relates to sea based activities of shipping, dumping and oil and gas. An important task is the work on guidelines supplementing national and international arrangements.

PAME works on the implementation of the RPA and has also a mandate to further develop this program. Towards this end, emphasis should be placed on promoting an integrated and strategic approach for the protection of the marine environment.

Within the RPA framework PAME has, on behalf of the Arctic Council, successfully supported Russia in the preparation of the NPA-Arctic. One concrete example of the implementation of parts of the Russian NPA-Arctic, where PAME acted as a catalyst is the GEF project "Russian Federation – Support to the NPA Arctic" which was approved by the GEF Council on 7 Dec. 2001. Support from PAME and Arctic Council Member States has been welcomed by Russia. SAOs find that the implementation of national action plans is a national responsibility and countries have the sovereign right to decide on method and partners in fulfilling this task.

Continuous updating of the review of international agreements and arrangements regarding protection of marine and coastal areas is important.

*The SAOs note that*

- it would be appropriate to reconfirm the mandate of PAME as the working group for protection of the Arctic marine environment with a specific responsibility for programmatic development for the RPA, and development of guidelines complementing national and international arrangements;
- At request from concerned countries, PAME may support the AC member states in their efforts to implement their NPAs, subject to approval by the SAOs;
- PAME should emphasize the importance of continuous review of international agreements and arrangements and their implementation from an Arctic angle and encourage PAME to identify possible ways and means to improve these instruments and compliance with them;
- PAME should continue to work in cooperation with EPPR with the aim of enhancing security and environmental protection in oil and gas exploitation and transportation;
- PAME's work with offshore oil and gas guidelines and on shipping is extremely important and has an interface with EPPR's activities
- they welcome the offer by Iceland to continue hosting the PAME Secretariat.

### ***3.7. Arctic Council Action Plan to Eliminate Pollution of the Arctic (ACAP)***

SAOs recommend that ACAP continue to operate at least until 2006.

ACAP was established in response to AMAP's assessments. The Second Ministerial Meeting of the Arctic Council in Barrow, in 2000, adopted the Arctic Council Action Plan and determined that this plan would be a basis for developing and implementing actions under the Council's auspices with respect to pollution prevention and remediation. The Ministerial also established an ad hoc Steering Committee on an interim basis, for a period of two years. The Ministers recognized the need for the RPA, under PAME, and ACAP to develop complementary activities.

Many Arctic States are represented in ACAP by experts in project preparation and administration. Arctic States and a Working Group Secretariat has the co-coordinating responsibility for projects under ACAP.

*The SAOs note that*

- it would be appropriate to extend the mandate of ACAP and its steering committee until the Ministerial Meeting in 2006;
- ACAP should engage in the administration of pre-investment, feasibility studies or other specific preparation of investment projects managed by third parties only after approval by the SAOs;
- ACAP should work closely with all Working Groups, especially with PAME and AMAP;
- Norway has chaired and provided secretarial support for the ACAP.

### **3.8. Sustainable Development Working Group (SDWG)**

SAOs find that no change is required in the structure of the Sustainable Development Working Group.

The Sustainable Development Working Group (SDWG) has in its initial phase worked in close contact with the Senior Arctic Officials. The SDWG prepared the Sustainable Development Framework Document, which contains a guiding strategy for all activities in the Arctic Council, including all Working Groups.

It is preferable for SDWG to become an independent working group separated from the SAOs, reporting to the SAOs like the other working groups. Since the Rovaniemi SDWG meeting in April 2001, developments seem to be going in that direction.

The Sustainable Development Program can usefully promote the integration of a capacity building focus into the activities of the Arctic Council and serve as the expert working group for a broad range of issues especially related to the social, economic and cultural dimensions of Arctic communities. To date the SDWG has been active in assessing and monitoring social, economic and health issues as well as promoting the well-being of children and youth. Other initiatives promoting ecological tourism and reindeer husbandry focus on expanding economic opportunities in the Arctic.

The sustainable use of natural resources, be they oil, gas, minerals and metals or living resources, is an increasingly important topic in circumpolar cooperation.

SDWG should carefully coordinate its activities with CAFF regarding living resources and biodiversity conservation and with other working groups as appropriate.

The existing secretariat support of SDWG seems insufficient in view of the expanding role of SDWG. Strengthening these secretarial services is a matter of urgency.

*The SAOs note that*

- SDWG should continue to assist the SAOs in developing and implementing the Sustainable Development Program of the Arctic Council;
- the SDWG should further strengthen its role as the expert Working Group on the social, economic and cultural dimensions of Sustainable Development
- SDWG should seek input from experts from specialized ministries, departments and non-governmental institutions in its work as appropriate;
- SDWG should continue to give priority to issues such as health, social affairs, education and training, children and youth as well as sustainable economic development, including tourism, infrastructure as well as information and communication technology (ICT);
- SDWG should work closely with all Working Groups to promote the integration of a capacity building focus into the activities of the Arctic Council;
- they welcome the offer by Canada to provide secretarial support for SDWG;

### ***3.9. Other Issues Related to the Work of the Arctic Council***

#### ***Funding***

The funding of Arctic Council activities is voluntary. Heavy responsibilities lie with the Chair of the Council and the countries hosting Secretariats of the Working Groups as well as with leading participants in projects.

This voluntary funding has functioned better than many expected. The Working Groups in particular, however, are facing difficulties in raising funds for all activities included in their mandates approved by the Ministers. SAOs and Working Group chairs should avoid requesting from Ministers unfunded mandates. The possibility of approaching the private sector, including relevant foundations, in raising funds should be taken into consideration.

*The SAOs*

- will take funding into consideration during the preparation of biennial Ministerial Meetings;
- will with all subsidiary bodies continue efforts to engage external funding institutions in financing projects endorsed by the Arctic Council;
- will explore the possibility of raising funding in the private sector, including relevant foundations.
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#### ***Permanent Participants***

The participation of indigenous people in the work of the Arctic Council on a permanent basis is an overriding principle. Representatives of indigenous organizations take part in the discussions of the Arctic Council on an equal basis with government representatives. This arrangement is unique in international affairs. Like other funding within the Arctic Council, supporting the participation of Permanent Participants in the work of the Arctic

Council is based on voluntary contributions of the Member States and indigenous organizations.

#### *The SAOs*

- encourage the Member States to continue to facilitate and support financially and in kind the participation of the Permanent Participants in the work of the Arctic Council;
- welcome the offer by Denmark to continue hosting the IPS-secretariat.

#### *Observers*

Observer status in the Arctic Council is open to non-arctic states, global and regional intergovernmental and inter-parliamentary organizations and non-governmental organizations. The Observers may participate in the SAO meetings, Ministerial Meetings and other activities of the Council. Observer status is granted to applicants that the Council determines can contribute to its work. The observer countries are valuable supporters of the Arctic Council. To ensure their support and interest in the future their role and visibility in the meetings could be expanded.

However, there might be a need to restrict the number of Observers in the future for practical reasons. One solution could be to grant observer status only to such NGOs that are active in more than one country.

#### *Using the political support of Arctic Parliamentarians*

The role of Arctic parliamentarians is particularly significant when Arctic questions are being aired and information about Arctic activities is being disseminated. The report of the Fourth Conference of Parliamentarians of the Arctic Region in Rovaniemi, 2000, indicates a strong commitment by the members of parliament from the eight Arctic countries to the subjects that the Arctic Council deals with.

It will be helpful if Parliamentarians can be engaged more effectively to distribute information on the Arctic programs. They could also initiate and support new activities of the Council.

#### *e-Arctic*

Generally, it is very important to keep the number of working groups limited, otherwise there will be more and more circumpolar meetings among the Arctic officials, and permanent participants and observers too will need to follow too many processes. Limited resources have especially restricted the attendance of the permanent participants. Some of the communications can be now be arranged as internet-meetings, where documents are discussed via the internet.

It is very important that these e-meetings follow normal meeting procedures, and participants and observers have enough time to get familiar with and form their

comments on the documents. Together with networking efforts this type of Arctic Council communication planning could constitute a wider e-Arctic program.

The institutional memory of the Arctic Council can be created in the form of e-Archives on the www-pages of the Arctic Council. It is very important that in the system of rotating chairmanship, each chair takes the responsibility to maintain and update the e-Archive. Via the www-pages an Arctic discussion group could also be created.

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