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SAO Fall Meeting Luleå, Sweden, 8-9 November 2011

### Update on PSI – Arctic Council's Project Support Instrument

Since the Update to the Spring SAO Meeting held on 16-17 March 2011, the SAO Report to Ministers, Nuuk, Greenland, May 2011 welcomed the recent announcement of the decision of the Russian Federation to provide 10 million Euros to the Project Support Instrument (PSI) in 2011-2013. The SAO noted that all necessary conditions to initiate the work of the PSI had now been met and that the start of the functioning of the PSI provided significant support for the elimination of contaminants in the Arctic, as well as an important precedent of funding for Arctic Council projects which is conducive to the strengthening of the Council. The current status of contributions that have been received, pledged or indicated for the PSI are summarised in Table 1, as follows:

Table 1—Pledges (Q3 2011) to the PSI, up to a total of EURO 12.8 million.

	<b>Contributor</b>	<b>EURO (€)</b>	<b>Comment</b>
i)	Finland:	200 000	(received)
ii)	Iceland	8 000	(received ICEK 1 million)
iii)	Norway	237 700	(received)
iv)	Russian Federation (RF)	10 000 000	(total pledge EURO 10 million )
v)	Sweden	272 000	(received SEK 3 million)
vi)	United States (US)	693 200	(total indication USD 1 million <sup>i</sup> )
vii)	NEFCO	1 350 000	(total pledge EURO 1.35 million)
viii)	Sámediggi/Sami Parliament	12 900	(total pledge NOK 100 000)
	<b>TOTAL</b>	<b>12 773 800</b>	

On 4 October 2011, the Russian Government signed a Cooperation Agreement with NEFCO. This means that Russia is now the major financial contributor to the Arctic Council's PSI - a voluntary financing instrument open to contributions from the Arctic Council member states, its observers and other interested parties. NEFCO is also in the process of elaborating a cooperation agreement with the United States (US) of America and responding to queries from additional interested parties.

The Fund Manger shall now proceed and inform all of the signatories of Cooperation Agreements and those who have already deposited their contributions (Finland, Iceland, Norway, Sámediggi (Sami Parliament) and Sweden), of the changes made in the Cooperation Agreement with the Russian Federation that are specific to the Russian Agreement and differing from the Cooperation Agreements already signed.

The aim of this exchange of information is to establish a common interpretation with the Fund Manager on how the PSI is to function in practice.

Upon affectivity of the Cooperation Agreement with Russia and deposit by the Russian Federation of its first tranche contribution, NEFCO will proceed with making PSI operational and convene the first PSI Committee meeting.

### Summary

The PSI Trust Fund with contributions, pledges and indications from Finland, Iceland, Norway, the Russian Federation, Sweden, the Sámediggi (Sami Parliament), the US, and NEFCO stands at a total of EURO 12 773 800.

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The Fund Manger will inform all the signatories of Cooperation Agreements and those who have already deposited their contributions (Finland, Iceland, Norway, Sámediggi (Sami Parliament) and Sweden), of the changes made in the Cooperation Agreement with the Russian Federation that are specific to the Russian Agreement and differ from the Cooperation Agreements already signed. The aim of this exchange of information is to establish a common interpretation with the Fund Manager on how the PSI is to function in practice.

Upon affectivity of the Cooperation Agreement with Russia and deposit by the Russian Federation of the first tranche of its contribution, NEFCO will proceed with making the PSI operational, including pay in its own first contribution tranche of EURO 450 000, and convene the first PSI Committee meeting.

End NEFCO SAO PSI Update 2011.10.06

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<sup>i</sup> Subject to US internal routines and clearances.