Promoting Sustainable Development in the Arctic

A Private Sector Proposal for Partnership
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.

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<th>Shipping</th>
<th>Energy</th>
<th>Ocean Resources</th>
<th>Environmental Protection</th>
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<td>By 2030, over 5% of total world trade could be routed along the Northern Sea Route.</td>
<td>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.</td>
<td>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”.</td>
<td>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.</td>
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A UNIQUE OPPORTUNITY: Creating a new category for sustainable investment

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 year

• 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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Step 1: The Arctic Investment Protocol
ARCTIC INVESTMENT PROTOCOL: Guggenheim Partners & World Economic Forum Global Agenda Council on the Arctic

• 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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Step 2: The Arctic Infrastructure Inventory
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
SUSTAINABILITY INVESTMENT ASSESSMENT | SUSTAINABILITY QUOTIENT

SUSTAINABILITY ASSESSMENT PROCESS

Pipeline of Investment Opportunities -- Universe of Possibilities

Sustainable Investment Assessment -- Sustainability Quotient

Sustainable Development Infrastructure Inventory -- Viable Projects

Sustainable Development Investment Vehicle -- Financing Solutions

Environmental Soundness

Social Harmony

Financial Viability

Contribution To Civil Societies
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Step 3: A Permanent Capital Vehicle
• 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

Source: IFC
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