Arctic Connections

Collaborative Approaches for Regional Cooperation in the Arctic

Final Project & Conference Report

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1. INTRODUCTION

The new challenges and opportunities in the Arctic have an important regional dimension. Regional territorial cooperation is considered an important driver for development in the Arctic and adjacent northern European regions. This paper sets out the main findings of the Arctic Connections international conference held on 10-11 June 2014 in Glasgow and proposes a route map for the implementation of a collaborative mechanism for regional cooperation in the Arctic.

The paper draws from research conducted by European Policies Research Centre (EPRC), and discussions during the plenary sessions and six thematic working group sessions of the conference (see section 3). The international conference and supporting activity have been grant aided by the Scottish Government. The paper starts with some background to the research and conference, followed by a brief synopsis of the main points discussed during the working group sessions. It then considers the delivery of a collaborative mechanism (ARC-NET), its strategic objectives, activities and structures. Finally it identifies an implementation approach for the ARC-NET concept.

2. SETTING THE SCENE

The Conference in Glasgow on 10-11 June 2014 were the latest steps in the so-called Bodo process initiated in March 2013 by the Norwegian Government in Bodo to explore the prospects for greater collaboration through territorial cooperation programmes in the Euro-Arctic and near-Arctic.¹ Subsequent steps involved two events in Norway House in Brussels (September 2013 and April 2014) organised by the Norwegian and Scottish Governments. During these events the potential for the establishment of a mechanism to facilitate increased collaboration between regional actors in the Arctic and near-Arctic was discussed, but it was agreed that more research and discussion in terms of the objectives, activities and structures of a potential mechanism were needed. Hence, a number of research papers were drafted to inform discussions for the Arctic Connections conference. The Conference attracted a wide range of stakeholders that have an interest in the region representing different levels of government, private sector partners, academics and other interested parties.

2.1 Conference objectives

The goal international conference and associated activities was to explore more collaborative approaches in relation to regional cooperation in the Arctic. Based on a series of research papers on specific Arctic themes, the conference provided participants with the opportunity to engage with the latest thinking in relation to regional cooperation regarding Arctic development opportunities and challenges. Key themes addressed in the research papers and discussed at the Conference included:

- new strategic and policy approaches to regional-level Arctic cooperation;
- the role of the ‘near’ Arctic in territorial cooperation activities with Arctic partners; and
- identifying a more collaborative approach to Arctic territorial cooperation.

¹ The discussions mainly considered the Euro-Arctic region (although there are also clear links to Canada).
2.2 ARC-NET proposal

Previous research identified a number of challenges for regional cooperation in the Arctic.² On the one hand, the limited critical mass of stakeholders in the Arctic region is regarded as a key challenge for cooperation partnerships. As a sparsely populated region, the Arctic has a limited pool of beneficiaries who can be involved in intervention programmes. On the other hand, there is already a significant number of overlapping institutions and programmes that are concerned with Arctic development challenges and engage in territorial cooperation activities. However, on their own, these institutions and programmes often have limited capacity (due to factors like remoteness or limited funding) which can constrain the scope and scale of their potential support. In order to improve the impact, efficiency and effectiveness of cooperation programmes and other organisations that are concerned with Arctic development issues, and to achieve synergies between them, a collaborative approach is required.³

A so-called ARC-NET mechanism has been proposed to overcome these difficulties and facilitate Arctic regional collaboration⁴. As currently envisaged, this would comprise a network with different organisational nodes. A coordinating node, potentially in Tromsø, would provide a central and organisational/secretariat function with a number of sub-nodes – perhaps in higher education institutions involved in the University of the Arctic - each dedicated to a specific theme depending on their expertise.

2.3 Points of discussion

Research undertaken by EPRC and discussions during the Conference confirmed stakeholder commitment to the ARC-NET concept. However, in the course of the preparatory activities for the Conference as well as during the conference plenary discussions and working group sessions, a number of discussion points became apparent:

(a) Breadth/scope of collaborative mechanism: On the one hand, there was strong support for a broad network involving European Territorial Cooperation (ETC), European Neighbourhood Instrument (ENI), regional programmes as well as the Regional Councils (Arctic Council, Nordic Council of Ministers, Barents Euro-Arctic Council, Northern Dimension Framework, etc.). On the other hand, there were concerns about the focus of the mechanism if it has such a broad approach.

(b) Relationship with other initiatives: Complementarity of the ARC-NET concept is fundamental for its success. There are a number of initiatives and organisations in respect of which ARC-NET needs to differentiate itself whilst at the same time ensuring linkages so that synergies can be achieved. Particularly important in this context are the EU Arctic Information Centre and INTERACT, but also the Nordic Council of Ministers Secretariat, Arctic Council Secretariat, Northern Dimension Institute and the Nordic Working Group on Sustainable Regional Development in the Arctic.

⁴ Ibid.
(c) Organisational structure and location: The proposal suggests a multi-nodal structure for ARC-NET, but there are some concerns regarding the efficiency/practicality of such a structure. Furthermore, positioning and discussions on location are to a certain extent informed by political agendas. Finally, there are considerations concerning the hierarchy of the different nodes in such a multi-nodal framework.

3. THEMES FOR COOPERATION

The research focused on a number of key themes for Arctic regional cooperation which provided the basis for thematic working group sessions at the Conference. The themes were based on priorities identified in Arctic strategies and cooperation programmes that cover the Euro-Arctic space. Furthermore, the selection process was informed by feedback from key stakeholders (see Figure 1).

Figure 1: Thematic Working Group Sessions Arctic Connections Conference
3.1 Cross-Arctic regional innovation: entrepreneur networks and economic diversification

There is a recognised need to diversify the range of economic activities in the Arctic region, in order to reduce vulnerability to economic shocks stemming from an over-reliance on extractive industries. ‘Who benefits’ from economic diversification in the Arctic is a key question; though reliance on extractive industry can be viewed negatively, it can also be a means of developing greater economic innovation through the development of schools, supporting industries and infrastructure. Another key question concerns the type(s) of innovation and partnership which should be promoted. Given that innovation stems from the effective interplay of local and external expertise, and often requires engagement from large firms, it would be advantageous to develop links between actors and better systems of public-private partnership in the region.

Though there are no definite solutions, promising avenues include: developing a platform to bring together potentially complementary projects; encouraging multi-fund projects which combine EU funding streams; and supporting small innovation projects which could be missed or unsupported by large (multinational) firms, but would enable greater economic diversification.

3.2 Addressing climate change and environmental challenges through regional networks in the Arctic

Though climate change is a key driver of change in the region, other drivers such as social dynamics, political factors and globalisation also influence human impact on the environment. In many respects the challenges faced by Arctic regions are shaped by global developments such as macroeconomic growth, international investment, and international agreements on pollution and environmental protection. Competing political agendas are also relevant - for example, Greenland's pursuit of independence and need to increase domestic revenues has affected the environmental protection challenge. Neither is the Arctic a uniform area - environmental impacts are experienced differently across the region - ‘negative’ change in some areas can lead to ‘gains’ in others (for example, reduced permafrost is enabling easier access to fish stocks).

The key considerations are undertaking action at the right level/scale, and engaging with Arctic communities about how best to adapt to the opportunities and challenges faced. Territorially-based ‘bottom-up’ projects may be tailored to specific community needs. Examples of existing initiatives are also recognised, and any new territorial cooperation platform must complement these. Links to scientific development are particularly important in this thematic area; territorial cooperation can span research, demonstration and policy. There is scope for more and better dissemination of project results, and for small projects to achieve greater synergy.

3.3 Collaborative approaches to developing and diversifying regional resource-based economies

The importance of engaging communities in the ongoing development of Arctic resource-based regional economies is recognised as key to future success in this thematic area. However, community involvement presents particular challenges, and depends in part on proactive industry-led action. For example, tourism can have negative impacts in that employment creation may primarily benefit non-local rather than local people. It is necessary to develop more innovative ways of managing resource-
based industries, to develop appropriate niches (e.g. local food initiatives), and take a diversified approach to ensure that communities do not become (or remain) dependent on single industries.

The key questions facing a new collaborative platform are how to promote community involvement and what needs to be done in communities to facilitate this. Existing territorial cooperation programmes have scope to address specific challenges, such as the current lack of youth skills in Northern Norway (relating to resource-based industries), but it is not fully clear how and where weaknesses in current provision exist. There is potential to extend Interact project database coverage in the future, to better support project websites and ensure ongoing visibility and impact, and to develop better coordination in order to avoid any duplication of activities. This would help to create a more joined-up picture of existing activity and existing weaknesses, in efforts to promote economic diversification. Regular meetings, complemented by an annual conference, can also be considered in terms of facilitating further project coordination.

3.4 Community-based cooperation in the Arctic

Community-based cooperation is strongly linked to the economic diversification agenda. Cooperation must be inclusive and involve all stakeholders, including the private sector. It is recognised that private sector cooperation can make a strong positive contribution to community empowerment, such as in the case of the Nord programme. Community-based cooperation tends to work best when the initiative is taken by the community, and when there is coordination and guidance to access funding.

There is often a gender imbalance with regard to employment opportunities. Many Arctic industries provide types of work for which men are mainly recruited; there needs to be more opportunities for women to participate actively and have equal employment opportunities.

It is recognised that there are many successful initiatives in the Arctic, but there may be scope for better synergy and focus across the programmes. A particular challenge is the current lack of dialogue between actors involved in promoting this theme. An associated challenge is the limited number of actors, meaning that some programmes find it difficult to identify good projects and appoint good project leaders. A new platform could mobilise communities and help them deliver growth and jobs. This could allow building of a knowledge bank of ongoing activities, and this knowledge would in turn facilitate better community-led decision-making.

3.5 Collaborative regional energy projects in the Arctic

Significant questions remain to be answered in this thematic area. It is unclear which energy sources can be developed through regional cooperation, and which institutional and technical barriers must be overcome in order to realise this potential. It is also critical to ensure that there are clear benefits for local populations, particularly regarding economic development and environmental protection. Geopolitics - in particular, global interest in developing hydrocarbon reserves - is a critical driver. There is a balance to be sought between political and economic concerns, and there is a risk of sideline environmental considerations. Much of the added value of territorial cooperation will likely be on renewable energy and energy efficiency projects, as well as energy efficiency. Community involvement must be central to further development of collaborative energy projects. Though firms have considerable technical expertise in the kind of collaborative projects being discussed, the Arctic
is a challenging operating environment; utilising local knowledge can ensure successful project delivery.

With regard to the role of a new cooperation platform, there are potential synergies which can be made with funding programmes such as Horizon 2020 and scope for enhancing the profile of the Arctic in funding programmes. Potential energy efficiency projects could focus on buildings, where there is the greatest potential for efficiency savings, and on efficiencies that can be made across the whole life-cycle of energy products rather than just during power generation. There is a need to test the viability of renewable energy technologies in difficult environmental conditions, and to develop training centres to ensure that there is an endogenous skills base to support collaborative regional energy projects. The Arctic could become a model for cooperation around the goal of sustainable development.

3.6 Developing regional transport/accessibility solutions in the Arctic

There are a number of important issues under this thematic area. Some are directly related to transport, such as: the opening of new sea routes and associated possibilities for freight and cruise shipping; the coordination of environmental protection measures; terrestrial transport challenges linked to climate change (such as melting permafrost leading to road degradation); navigation and communication; and the location of new or future transport hubs. Associated issues include the need to maximise gain for local communities, and to facilitate the relocation of younger people in light of the anticipated/planned upturn in Arctic economic activity.

Given that new pan-Arctic shipping routes will be seasonal, their economic sustainability is critical and depends on good logistical support. For example, Russian plans to develop supporting facilities and vessels such as icebreakers are a positive development, but at present can incur fees which reduce the economic viability of routes. Air links remain important, but must also be viable on a market-led basis.

Territorial cooperation is a key element of successful and sustainable pan-Arctic transport, although it must have clear added value, and should acknowledge that it cannot address every aspect of the transport and accessibility challenge. One positive function would be the enhancement of cooperation between ETC and ENI programmes, which do not always have priorities which are dedicated to transport. There is strong potential for cross-thematic multi-programme action here; many transport related projects which are implemented through territorial cooperation programmes can be addressed through innovation and climate change-related priorities (which are generally more common). Cooperation could also play a role in making smaller projects financially viable.
4. DELIVERING A COLLABORATIVE MECHANISM

The research findings and proceedings during the Conference have reinforced the potential for regional cooperation programmes, including ETC and ENI programmes and other local development initiatives in the north of Europe, to promote cross-border, transnational and inter-regional cooperation. The research and discussions, particularly in the working group sessions, contributed to developing the ARC-NET concept and provided ideas for the practical application of a collaborative framework. The following section sets out possible strategic objectives, operational activities and structures of ARC-NET.

4.1 Strategic objectives

The research and briefing papers for the Conference as well as the discussions in working group and plenary sessions helped to identify a number of important strategic objectives of ARC-NET. First, the concept of utility of territorial cooperation for local communities was considered of vital importance. ARC-NET should aim to enhance the relevance of territorial cooperation for individuals and communities in the Arctic and near-Arctic (e.g. ownership, engagement, capacity). In other words, ARC-NET should ensure a bottom-up perspective.

Second, the efficiency of programme and project delivery is a key consideration. ARC-NET has to improve the management and delivery of territorial cooperation intervention (e.g. coherence, integration, targeting of activities/support, learning and adaptation).

Third, ARC-NET should contribute towards the effectiveness of project and programme results. ARC-NET has to increase the impact and added-value of projects and programmes (what works, what doesn’t). Particularly at a time of budget constraints at the national level, and demands of result-orientation from EU institutions, effectiveness has become an increasingly important consideration for territorial cooperation programmes.

Figure 2: Strategic objectives of ARC-NET
4.2 Possible activities

There are a range of activities that ARC-NET could undertake that are all related to capacity building of programmes, projects and stakeholders. These relate to the different stages of the programme life cycle. At each stage (see Figure 3), the need for information sharing and knowledge exchange among programme stakeholders is an essential part of overall programme delivery. Hence a mechanism that provides such activities between different initiatives would benefit all individual programmes.

Figure 3: Programme delivery life-cycle

At the programming stage, common Arctic-related themes and priorities are identified and these are linked to policy and strategies. Sharing information and exchanging knowledge at this point allows programmes to identify common themes and work-up joint approaches from an early stage.

For project generation, issues around timing of project calls and mobilisation of applicants are of the upmost importance. A collaborative approach can avoid some of the key challenges (e.g. animation and brokerage, avoiding competition, maximising added value, ensuring integration, involving communities).

In order for the project appraisal processes and selection criteria to be most effective in terms of leading to the selection of the most appropriate projects, a collaborative approach also provides significant benefits. These include:

- taking account of lessons that other programmes have learned;
- promoting synergies between programmes;
- responding to unpredictability and variability of Arctic development; and
- maximising community benefit.
**Project follow-up and support** are increasingly a key part of the project cycle. In order to maximise the outputs and results of projects it is not enough to rely on the promises in the application form and monitoring results through the conclusions of mid-term or final project reports. Maximising project impact depends on pro-active implementation structures. Pro-active cross-programme collaboration affords programmes opportunities to achieve projects that have a greater impact by facilitating cross-programme links across clusters of projects, and supporting the sustainability and legacy of projects (including post-project advice for beneficiaries).

**Monitoring and evaluation** are an essential part of measuring effectiveness and efficiency of programmes. Programmes could collaborate by sharing methodologies and information on project outcomes in order to identify what works, especially for communities.

There are some other capacity building activities on which ARC-NET could focus. First, as information concerning the Arctic is dynamic and highly complex, information and intelligence sharing on the environmental changes in the region and their impact on regional development activities is necessary to ensure that programme and project activities remain relevant for the communities in the region. A horizon-scanning capability, which would cover changes in the physical (climate, demographics, environment etc.), economic and political/policy could be provided through an ARC-NET collaboration and in association with existing observatories, portals and advisory groups.

An important part of capacity building is establishing a wider learning culture. ARC-NET can provide support for the development of a learning culture by bringing together programme administrators and considering topics such as systems, tools and human resources within the specific context of Arctic regional cooperation activities.

### 4.3 Possible structures

The functions described in the previous section dictate the possible structures for a collaborative mechanism. The ARC-NET proposal paper and associated research papers highlighted the benefits of a networked organisation with one or more nodes which could tap into already existing structures and knowledge in the Arctic and near-Arctic region. Here there are questions about whether nodes would have a thematic or a functional focus.

The research and Conference discussions reinforced the utility and the practicality of such an approach. However, questions were raised about the efficiency of a multi-nodal structure as opposed to a single node and also about hierarchical organisation of the framework and to what extent it could be linked to already existing networks. A Norwegian proposal for a key node in Tromsø was discussed, as were other geographical locations. It is important that ARC-NET works alongside and with other already existing or proposed initiatives and that it demonstrates clear complementarity. Specifically its relationship to organisations such as the EU Arctic Information Centre and INTERACT were deemed crucial.

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5. CONCLUSIONS AND RECOMMENDATIONS FOR NEXT STEPS

The research papers and discussions during the Arctic Connections Conference reinforced the continued support for a collaboration mechanism for Arctic regional cooperation (ARC-NET). Following the example of the “Three Nos” that the Commission formulated in response to the development of macro-regional strategies\(^6\), it may be helpful to set out the boundaries of such a mechanism with a similar three nos for ARC-NET:

- No strategy or agenda setting role
- No top-down coordination function
- No operational overlaps with existing institutions.

Instead ARC-NET must focus on operational challenges in relation to territorial cooperation activities. It should provide an approach for programmes bodies to monitor, review and summarise information from all relevant territorial cooperation activities. ARC-NET can be regarded as an information bridge, sharing information that is relevant to ETC/ENI programmes in the Arctic and near-Arctic. In doing so, the initiative would support a number of well-recognised needs:

- to pursue collaboration and cooperation as a means to maximise results;
- to ensure and maintain coherence of programmes with the external and internal policy environment; and
- to work effectively and efficiently in an increasingly complex, and rapidly changing, policy and strategic environment,

Stakeholders have indicated that it is desirable for ARC-NET to be a broad initiative which is inclusive and linked to the numerous organisations that are involved in regional cooperation in the Arctic. That said, in order to operationalise ARC-NET, it is worth considering whether a collaborative mechanism could be initiated involving a limited number of key stakeholders which have a strong incentive to work together. Such a smaller group could take some first steps to setting up structures whilst maintaining the intention to evolve the network and to include or liaise with a broader range of organisations and institutions. In practical terms, this would initially mean closer collaboration between the ETC and ENI programmes, and where possible would include regional development programmes, Regional Councils (AC, NCM, BEAC) and other organisations involved in cooperation initiatives.

Given the increased budget constraints at national levels, together with the more result-orientated drive at the EU level, there is a strong incentive for ETC and ENI programmes to collaborate. Furthermore, these programmes have a high level of similarity and operate in a similar way (e.g. similar implementation structure, legal framework, programme cycle etc.). From a Scottish perspective it is advantageous that the NPA can fulfil a coordinating function, as the Programme covers much of the Euro-Arctic area and has links to Russia and Canada. Scotland as a long standing partner in the NPA is therefore able to take advantage of its links and relationships in order to collaborate with Arctic partners.

\(^6\) The Commission set out three principles for the development of macro-regional strategies – no new funds, no new legislation, no new institutions – which became a positive message – better coordination of resources, coherent implementation of regulations and laws and minimal structures making use of those that exist.
The NPP programme has funding available for a preparatory project which would assist to establish, in liaison with the partners, an organisational structure based on the conclusions from the Bodø process and the results from a previous NPP preparatory project. A key aspect of the preparatory project would have to be engagement, and building the partnerships. Key partners would be ETC and ENI programme authorities. The role of university networks, especially the University of the Arctic should also be carefully considered.

It would test the utility of the ARC-NET concept and which functions are relevant. It would also start implementing the organisational structures that are necessary. However, there should also be substance to the project. There is potential to look at issues that will be of interest to programmes in one or two years’ time, such as results orientation and project generation in order to test the relevance and utility of the concept. Furthermore, it may also be useful to give the project a thematic focus; research and innovation may provide scope and relevance, as it links with any potential university network involvement.

\[^7\] Van der Zwet et al. (2013) op cit.