

Summary

The Arctic Council –what Sweden can do to meet the Council’s challenges (RiR 2015:8)



Audit background

The Arctic Council is the most important body for international cooperation on Arctic issues. The Council offers a forum for discussion and negotiation between the Arctic States, and produces scientific reports on the situation in the Arctic region. Thus the Council is both a negotiating and an expert body. Under the leadership of the supreme audit institutions (SAIs) of Norway and the Russian Federation the SAIs of five of the Council's member states have audited the work of the Council. Apart from Norway and Russia, the SAIs of Denmark, Sweden and the USA participated. The SAIs of Finland and Canada participated as observers. The audit resulted in the joint report *The Arctic Council: Perspectives on a changing Arctic, the Council's work, and key challenges*, which is enclosed in its entirety. Below the Swedish National Audit Office (Swedish NAO) summarises its findings and recommendations, based on the international report.

Reasons for the audit: The Arctic region faces major challenges. Melting ice threatens to have serious consequences for the ecosystem and for the living conditions of the indigenous peoples. At the same time, the possibilities of extracting natural resources in the area are increasing, and shorter transport routes are opening up between Europe and Asia. Expectations are great that the Arctic Council will contribute to meeting the challenges wisely. The Council has existed for almost 20 years (it was formally established in 1996) and Sweden participated from the start. No external audit has been conducted previously of the Council's work. Consequently, the SAIs of five of the member countries decided, in October 2012, to conduct a joint audit of the work of the Council.

Purpose: The multilateral audit identified a number of effectiveness problems in the work of the Arctic Council. The purpose of the Swedish NAO's report is to summarise findings and make recommendations to the Swedish Government based on the findings of the multilateral audit. Another purpose is to put the multilateral audit at the disposal of the members of the Riksdag and others interested in the important work of the Council.

How the audit was carried out: The multilateral audit builds on material from the participating SAIs concerning the respective nation agencies' work on Arctic issues and in relation to the Arctic Council, as well as additional material gathered from the Council. The Swedish NAO has previously published the national report *Sweden in the Arctic Council – effective return from membership?* (RiR 2013:9), which deals with the initiatives of Swedish agencies in the Council and their ability to utilise the results of the work of the Council. The Swedish NAO's assessment in that report was that there was a



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lack of transparency in the Government's priorities for the work of the Arctic Council and that the Government had not created the conditions for implementing relevant recommendations from the Council. Summaries of all the participating countries' national reports are included in the attached multilateral audit memorandum. Links to the full national reports can also be found there.

Audit findings

The Swedish NAO's overall finding from the multilateral audit is that the Arctic Council is a valuable forum for international discussions and negotiations on Arctic issues, and for producing scientifically based knowledge of Arctic developments. Measures have been taken to strengthen the Council administratively. During the Swedish chairmanship (2011-2013) measures were taken to develop the Council's communication strategy work and to prepare the establishment of a permanent secretariat in Tromsø in January 2013. The Council faces major challenges regarding organisation, funding, priorities between different activities and implementation of its recommendations in the member states. The multilateral audit provides a valuable basis for the Swedish Government to meet the challenges. Furthermore, the multilateral audit provides additional support to the conclusions in the Swedish NAO's previous national report concerning implementation of the Council's recommendations and the import of certain international agreements negotiated by the member states through the Council.

The findings from the multilateral audit are elaborated below.

Organisation: The Arctic Council is led by the foreign ministers of the respective member countries (Canada has a special minister for the Arctic Council), who meet every other year at Ministerial Meetings. Between these meetings the Council is led by a committee of Senior Arctic Officials, which meets at least twice a year. The work of the Council is organised in six standing working groups and a number of temporary task forces (for a more detailed description, see the attached multilateral memorandum). The fundamental features of the organisational structure have remained unchanged since the Council was formed. At the same time, in terms of the number of ongoing projects, the operations have grown significantly and at present the Council works on considerably more subject areas than before. The organisational effectiveness of the Council's present organisation has been the subject of recurring discussion but no major changes have been made.

Funding: The Arctic Council funds its operations through voluntary contributions from member states to individual projects; there is no central funding. According to some of the working groups this has led to low-priority projects being started just because they



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had funding. Much time is devoted to finding sources of funding and some projects have had to be discontinued due to lack of funding. At present there is no overall system for the Council's total funding and costs.

Priorities: There are currently about 80 ongoing projects within the Arctic Council. The working groups identify new projects through two-year work plans and to some extent there are also strategic plans. During the Canadian chairmanship (2013-2015) a web-based tracking tool was introduced to follow up the projects. Priorities are discussed in the Senior Arctic Officials' committee, but there is currently no mechanism to prioritise the Council's work across the working groups and task forces.

Implementation: The Arctic Council gives recommendations to the member states in the form of Ministerial Declarations and reports from working groups and task forces. The recommendations are not legally binding but reflect the consensus of the member states. They are formulated in general terms and cannot be directly translated into concrete measures. The member states have no obligation to report to the Council to which extent they implement the Council's recommendations. Moreover, the national governments lack mechanisms for following up whether responsible agencies in the respective countries consider and implement the recommendations. These findings agree with the Swedish NAO's previous national report on the capability of Swedish agencies to utilise the results of the work of the Council. In the Government Communication to the Riksdag in response to the Swedish NAO's report, the Government described measures to consider and implement the Council's recommendations more systematically (Government Communication 2013/14:50, the *Swedish National Audit Office report on Sweden in the Arctic Council*).

International agreements: Through the Arctic Council the member states have negotiated two agreements that some of these states describe as binding. They are: the *Agreement on Cooperation on Aeronautical and Maritime Search and Rescue in the Arctic*, of 2011, and the *Agreement on Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic*, of 2013. The agreements exhort the Arctic States to cooperate, conduct joint exercises and exchange information. However, the agreements do not entail any obligation for the member states to provide resources in the event of an accident. In its previous national report the Swedish NAO considered that the Government had not been transparent in its presentation of the nature and implication of the agreements. On this matter the Government made another assessment in its communication to the Riksdag concerning measures in response to the Swedish NAO report.



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Recommendations

The Swedish NAO recommends that the Government takes the initiative in the Arctic Council to:

- make the organisational structure of the Council's work more effective. The fundamental features of the current organisation came into existence under different conditions than those that the Council now works under.
- create an overall view of the Council's total funding and cost outcomes. During the Swedish chairmanship (2011-2013) work was started to establish a common budget for the Council, and the Canadian chairmanship (2013-2015) has started to develop a system to follow up the Council's costs. This creates conditions for overall financial follow-up of the work of the Council.
- make the administrative processes for prioritising between different project proposals more effective. The current processes do not ensure that resources are channelled to the most urgent projects.
- improve member states' follow-up of implementation of the Council's recommendations. The Swedish Government has previously taken such measures but much remains to be done to enable an overall view of the implementation status in all member countries, and thus of the practical benefit of the Council's recommendations.

