

Rovaniemi Town Hall
August 28, 2000

Mr. Paavo Lipponen, Prime Minister of Finland

THE EUROPEAN UNION POLICY FOR THE NORTHERN DIMENSION FROM AN ARCTIC ANGLE

Madame Speaker, Madame Governor,
Dear Parliamentarians, Ladies and Gentlemen,

One of the main messages of the Barents Region conference here in Rovaniemi three years ago was the urgent need to develop a Northern Dimension policy for the EU. Today, I am happy to be able to say that the Northern Dimension has indeed become an integral part of the European Union's external and cross-border policies. Furthermore, the EU Northern Dimension with its Action Plan has been prepared in close cooperation with the EU's partners in the European North; namely the three Baltic States, Poland, Norway, Iceland and Russia.

Three years ago I also called for transatlantic cooperation on northern issues. Northern cooperation was officially added to the transatlantic agenda at the Summits between the EU and the USA as well as between the EU and Canada in December last year. I discussed Northern cooperation with both President Clinton and Prime Minister Chrétien at these summits. Foreign Minister Axworthy even said, when I met him earlier in Helsinki that the Northern Dimension is the best Canada has heard from Europe for years.

Today, we note with appreciation that the three transatlantic partners have done their homework. The European Council in Santa Maria da Feira endorsed the Northern Dimension Action Plan in June. On behalf of the Government of Canada, Foreign Minister Axworthy officially announced "The Northern Dimension of Canada's Foreign Policy on June 8 this summer. And in August 2, President Clinton signed the "Cross-Border Cooperation and Environmental Safety in Northern Europe Act of 2000".

These developments mean that we now have the building blocks we need for close transatlantic cooperation on northern issues. This conference is an excellent occasion for stocktaking and - more importantly - for consideration on future actions, especially concerning the Arctic region.

Continuing dialogue between parliamentarians and governments on northern and arctic issues is indispensable. The Nordic Council and the European Parliament have expressed their opinions on the Northern Dimension at every milestone

along the road. The European Parliament has even contributed actively to tailor-made financing of urgent projects in the Baltic Sea region. The American Act on Cross-Border Cooperation and Environmental safety was introduced by Representative Sam Gejdenson. The Northern European initiative enjoys support from not only the present administration but also the US Congress. The Canadian Northern Dimension is well anchored after assiduous consultations led by Ambassador Mary Simon.

I am convinced that arctic cooperation would not flourish without regular conferences of Arctic region parliamentarians. It is a privilege for Finland to be able to benefit from the outcome of this Conference in our preparations for the up-coming Chairmanship of the Arctic Council.

By endorsing the Action Plan the European Council has given a strong and concrete boost to the Northern Dimension policy. Never before has the EU taken such a comprehensive and detailed stand on questions related to the Northern Dimension region. The Action Plan is the outcome of determined work but is by no means its end point. It is a good start for long-term co-operation.

The European Commission and especially Commissioner Patten is strongly committed to developing the Northern Dimension. EU member states must make sure that the Commission has the necessary resources in this work.

The Northern Dimension does not compete with southern cooperation. Both are in the vital interest of the Fifteen. Prime Minister Aznar of Spain considered it historic that the Northern Dimension and the EU's new strategy for the Mediterranean region were endorsed at the same time, in Feira in June.

The Russian Federation has supported the Northern Dimension since the beginning. This was confirmed by President Putin in June when President Halonen visited Moscow. I will meet Prime Minister Kasjanov in the near future and the Northern Dimension is on our agenda. I welcome the participation of the high-level delegation of the Duma in this conference.

The Northern Dimension Action Plan sets out objectives and actions for the years 2000-2003 in sectors in which expected added value is greatest, such as energy, transport, information society, environment, nuclear safety, human resources and research, public health and social dimension. Let me highlight some of these sectors from an arctic perspective.

A key objective of the Action Plan is to enhance sustainable development of the energy sector, including mitigation of repercussions on local populations, especially indigenous peoples, caused by exploitation of natural resources. This is also relevant for the Arctic Council.

The Northern Dimension region is an area rich in resources such as oil and gas. These are of strategic importance to the enlarging European Union. It is estimated that the EU's need to import natural gas from third countries will increase from 40 percent to 70 percent by the year 2020. In the long run, the EU will be increasingly dependent especially on Russian gas reserves. The Shtokmanovskoje gas field in the Barents Sea, has strategic significance. The development of this huge field will certainly influence the distribution infrastructure, making a northern pipeline via the Russian Barents area and Finland and along the Baltic Sea to Germany more likely to be built in a foreseeable future.

The Northern Dimension aims at strengthening sustainable forest development by integrating socio-economic, agricultural and ecological principles into forest management at regional, national, sub-national and local levels. During the Finnish chairmanship of the Barents Euro-Arctic Council last year, the forest sector was chosen as a new priority. This initiative is also recognized in the Northern Dimension Action Plan, which addresses the potential of the forests as in many cases as the only available resource for improving livelihood of people in the North in a sustainable way.

The Barents Forest sector programme brings together members of Barents Council, Arctic Council and the European Commission in a concerted effort. We do hope that the re-structuring of the Russian forestry administration will have positive effects on the evolving multilateral and bilateral cooperation in this sector.

Sustainable development in arctic areas is closely connected to infrastructure and transport issues. The Northern Dimension Action plan envisages actions to link the Russian transport system to transeuropean networks. What is lacking is a circumpolar strategy on transport, covering sea, air and land based transports. Moreover, the Arctic Council should consider how infrastructure and transport investments could contribute in a ecologically sustainable way to strengthening of the economic base for social wellbeing arctic areas.

The seas in the northern region are particularly sensitive to environmental hazards. There are "hot spots" where wastewater is discharged directly into rivers and seas. Investments to eliminate such pollution is a priority of the Northern Dimension policy. Reports presented by the Arctic Council working groups also form a basis for many actions within the Northern Dimension framework. Similarly, the Arctic Council now faces the urgent need to draw political conclusions from the scientific assessment reports. Finland will promote these efforts during her Arctic Council Chairmanship.

Construction of St.Petersburg wastewater treatment plant is crucial for the ecology of the Baltic Sea. EU financed, from Tacis funds, the first report for a

general programme. The preparation of an Investment Programme have been started under the coordination of the Nordic Investment Bank. Financial support comes from Finland and Sweden. In projects like this, large financing consortia are needed. Another crucial factor is national commitment.

The safety of nuclear reactors in North-Western Russia, including spent nuclear fuel and radioactive waste, present a great environmental challenge. Further measures need to be taken to improve the situation.

Negotiations on the Multilateral Nuclear Environmental Programme in the Russian Federation (MNEPR) started within the Barents Council framework in 1998. Reaching agreement on this programme is a prerequisite for foreign assistance.

The US Northern Europe Act is the latest confirmation of the readiness of the international community to assist Russia in funding appropriate investment. Nuclear waste disposal, and enhancing the safe operation of nuclear power plant are a Northern Dimension priorities. The new Tacis programme reserves considerable financing within this sector with specific reference to North-Western Russia.

One of Finland's priorities in the arctic cooperation has been the promotion of arctic research. I am happy to note the significant progress being made in this field. Following the proposal of the Circumpolar Universities Association, the Ministerial Declaration of the Arctic Council in 1998 announced the establishment of the University of the Arctic. This project is well under way. Finland has supported it, for instance, by financing the interrim secretariat here in Rovaniemi.

The University of the Arctic, a "university without walls" is an excellent example of the possibilities that information technology can offer. Telemedicine is another important field. Strengthening cooperation in the IT sector is a priority area within the EU and in the Northern Dimension Action Plan. Ways of strengthening cooperation in this sector are being examined. But narrowing the gap between the EU and North-Western Russia is the biggest regional challenge.

In this context I would also like to refer with appreciation to the recent establishment of the Northern Research Forum, based on a proposal made by the President of Iceland, Olafur Grimsson. The first congress of the Forum will take place in Akureyri in November.

At present, the European Commission does not participate in the work of the Arctic Council even though the Commission is already financing research in the Arctic. Closer relations between the Commission and the Arctic Council are envisaged in the Northern Dimension Action Plan. The EU has obvious interests

in the Arctic Area. Scientific environmental assessment reports produced within the Arctic Council can serve as a basis for action on national, regional, European and global levels.

Changes in the Arctic environment have an important impact on global climate. The EU's participation in the Arctic Council would provide the Union with an Arctic and circumpolar interface and an additional transatlantic link. From the Arctic countries' point of view the EU is a global actor which strongly influences developments in the North. For Finland the establishment of permanent relations between the European Commission and the Arctic Council is a logical priority and a natural follow-up to our Northern Dimension initiative.

Next month in Barrow, Alaska, the United States will hand over to Finland the Chairmanship of the Arctic Council. Professor Oran Young has prepared an excellent paper on the structure of arctic cooperation as part of the preparations for this conference and bearing in mind the forthcoming Finnish chairmanship of the Arctic Council. I am sure his recommendations will be studied carefully and constructively.

The Arctic Council environmental programs are the corner stones of the Council itself. Finland intends to continue supporting the important work of these programmes, as well as the sustainable development programme. Many ideas have been put forward concerning the organisational character of the Council, including the Council's role among the various international actors. We look forward to the challenging task of meeting these expectations.

The composition of the Arctic Council is unique. It is the only forum where the indigenous peoples, through their own institutions, are represented at the same table as the national governments of the Member States. We will carefully listen to the voices of the indigenous permanent participants.

As Professor Young has emphasized, arctic cooperation can not be successful only as a forum for capitals located outside the target region. The regions must be more strongly involved. The Barents Euro-Arctic Council arrangement could serve as a model, keeping in mind that the Northern Forum already serves as a network for arctic regions.

Efficient implementation and systematic follow-up of the Northern Dimension Action Plan, together with identification of projects, are of utmost importance. In this task, the EU Presidency holders and the Commission play a key role. France is already cooperating with Sweden in order to start the implementation of the Action Plan. Sweden will organise a high-level follow-up conference on the Northern Dimension during its Presidency, in April 2001. Moreover, Sweden and

Commission intend to prepare a full report on the Northern Dimension policies for the Gothenburg European Council in June 2001.

In our role as the chairman of the Arctic Council during the period 2000 to 2002, we are responsible for keeping arctic issues in focus within the Northern Dimension, in close co-operation with our arctic neighbours, Sweden and Denmark, who will hold the EU Presidency during our Arctic Council chairmanship. We are also following with great interest the development in Greenland's Arctic Window Initiative. Equally, we want to promote northern cooperation between the EU and our transatlantic arctic partners, the United States and Canada.

Madame Speaker, ladies and gentlemen,

This high-level parliamentary conference proves that the Northern Dimension is progressing well. But we still need further efforts. One of the challenges is to guarantee that all ideas and proposals from different actors are closely studied and taken into account. Here in Finland we need a national Northern Dimension Forum to gather experts, scholars, officials and interested people from all parts of Finland together to discuss and generate ideas on how to further develop the Northern Dimension.

It is important that we can benefit from knowledge and expertise of our regions, cities, Universities and private enterprises. I have today invited Mr. Esko Riepula, Rector of University of Lapland, to gather a preparatory group to prepare such a forum and act as a chairman. The intention is to organize the first conference of Northern Dimension Forum by the end of this year.

Rovaniemi Town Hall
27 - 29 August, 2000

Theme 1: The Arctic Council, activities by the Standing Committee 1998 - 2000

Statement by

**Clifford Lincoln, MP, Canada,
Chair of the Standing Committee of Parliamentarians of the Arctic Region**

It is opportune, at the opening of this statement, that I should express the warm appreciation of the parliamentarians of the Arctic Region to the United States for having ably assured the presidency of the Arctic Council over the last two years.

In particular, I would like to express our sincere thanks to Mr. Ray Arnaudo and to the U.S. Department of State for the interest and cooperation extended to our Standing Committee during the U.S. mandate.

At this time, may I also convey to the Finnish Parliament the gratitude of the Standing Committee for accepting to host this Conference. In the usual Finnish manner, the welcome has been as warm as the efficiency of the arrangements has been thorough. We are most appreciative of this.

Arctic Council

The Arctic Council held its first Ministerial meeting in Iqaluit, Canada in October 1998. At the inaugural meeting in 1996 the governments expressed their wish to have the Committee participate in future meetings of the Council, and the Committee's observer status was formalized at this first ministerial meeting. This status has given the Committee the formal base it needs for an active participation in the work of the Council. The Committee has been represented at all meetings of the Council and of the Senior Arctic Officials.

The Committee wants to work in close cooperation with the governments of the Arctic states in order to support the efforts of the Council. An important part of successful international cooperation and global governance is an active dialogue between governments and parliaments. Parliamentary participation also provides for better democratic anchoring of views and positions, and this, in the long run, will be of great importance when decisions on practical issues have to be made on a national level. In the Ministerial Declaration from the Arctic Council meeting

in 1998 a reference was made to the Conference Statement approved by the Parliamentary Conference in Salekhard in April 1998.

The Standing Committee has also been invited to participate as a guest in coming meetings of the Barents Euro-Arctic Council. The Committee was represented for the first time at the ministerial meeting held in March 2000 in Oulu, Finland. This means that the Arctic parliamentary conferences and the Standing Committee now have an established position as a parliamentary forum for issues being dealt with by both of these intergovernmental organizations dealing with Arctic cooperation. The Committee has also actively promoted increased cooperation between these two Councils, and is pleased to note that information about ongoing activities in different international organizations with relevance for the Arctic is now a regular feature on the agenda of Arctic Council meetings.

In addition to participating directly in Arctic Council meetings, the Committee has also maintained an active dialogue, through its Chair and Secretary, with the USA as host-country of the Arctic Council. Last March the Arctic Council Chair and some of his key colleagues kindly accepted our invitation to meet with the full Committee, and a most fruitful discussion took place at the Capitol in Washington.

The Arctic Council presidency will pass from the United States to Finland next October. The hope of our committee is that during the Finnish mandate the current work on a sustainable development framework be completed without delay. We also view the strengthening and solidification of the Arctic University system as a key element in achieving a sustainable future for the youth and future generations of the Arctic Region.

It has been the consistent view of the Standing Committee that the Arctic Council must represent the very expression of high-level political and policy leadership and coordination for the Arctic Region. We are as firmly convinced of this today as we have been all along. This in our view is especially true in the light of the major policy initiatives undertaken of late by the United States, Canada, and the European Union.

In this connection, we should recall the advice of a prominent former member of the Standing Committee, Speaker Birgitta Dahl of Sweden, in her key-note address to us at the Yellowknife Conference in 1996. She suggested that the governments and parliaments of the Arctic States should take stock and inventory of the myriad of initiatives, programs and projects under way in the Arctic Region, so as to avoid the cost, inefficiency, and frustrations of unnecessary duplication. This is why the Arctic council must become and remain the key political instrument for ensuring the most effective blending and complementarity of Arctic policies, and the monitoring of their most effective implementation.

With this in mind, the Standing Committee will continue to work actively to support, and cooperate with, the Arctic Council during its Finnish and future mandates.

Sustainable Development

Sustainable development issues have been given high priority in the work of the Standing Committee. At the Arctic Council ministerial meeting in 1998 the Committee stressed the need to give more political attention to the work underlying sustainable development. To bridge the conflict between different ways of approaching this work within the Arctic Council, the Committee suggested a two-track approach: the Council could give the green light to selected practical projects, and at the same time start planning on an overall sustainable development strategy.

In order to contribute to this work within the Arctic Council the Standing Committee decided to give its backing to an informal workshop on sustainable development organized in the spring of 1999, in Iceland. The workshop was attended by representatives of governments, the academic community, and of the Standing Committee. The workshop was productive and helpful in furthering the efforts towards solving the issue within the Arctic Council. We are pleased to note that this workshop is being followed up directly after this conference by an international workshop on Social Science and Sustainable Development in the Arctic, to be held here, in Northern Finland. The Arctic Council is presently working on a framework for its sustainable development activities, and this framework is expected to be approved at the ministerial meeting in October 2000, in Alaska.

The Committee has also given high priority to the concerns of indigenous groups and peoples. The Committee has expressed its support for the implementation of a program by UNEP GRID Arendal for capacity building and participation of indigenous peoples in the sustainable development of Arctic Russia. Members of the Committee have also encouraged participation in this program on a national level. The Committee took an active part in a round-table discussion on State and Indigenous Parliaments arranged by the Russian State Duma in Moscow in March 1999. The Committee has also drawn attention to the economic aspects of sustainable development and has maintained contacts with the World Bank and the Global Environment Facility.

More recently, at the suggestion of our Icelandic colleague, Tómas Ingi Olrich, strongly supported by our Finnish colleague Kimmo Kiljunen, and with the full cooperation and expertise of the UNDP, the Committee has started discussions on a Human Development Report for the Arctic region, an important project which we propose should be included in the Conference Statement.

Capacity Building

Capacity building in the Arctic has received much attention by the Standing Committee, especially in the preparations for this conference.

In particular the Committee has followed with special attention the steps being taken to establish the Arctic University and make it an ongoing reality. The Arctic University concept received the strong endorsement of the Salekhard Conference, and the decision to launch the University at the first Arctic Council ministerial meeting was warmly welcomed by the Committee. We have also arranged hearings on youth exchange, mobility programs, as well as the Canadian initiative on the future of children and youth in the Arctic.

As a follow-up of the debate on capacity building here in Rovaniemi, the Standing Committee is planning, at the urging of our Swedish colleague, Lennart Daléus, to focus in particular on information technology and the Arctic at its next meeting, to be held in November in Sweden.

New political initiatives

In the period following the Salekhard conference, three major political initiatives concerning the Arctic and northern regions have been introduced: the EU's policy for the Northern Dimension, Canada's Northern Foreign Policy Initiative and the US Northern Europe Initiative. The Committee has welcomed these policy developments, which highlight increased political interest in the Arctic region.

The Arctic as a region was also underlined, for the first time, at the Second OSCE Parliamentary Conference on Subregional Economic Cooperation Processes in Europe, in October 1999.

After an appeal from the ICC and at the invitation of the Speaker of the Russian Duma the Committee was represented on a mission to monitor the Russian parliamentary elections in December 1999.

Meetings

The Standing Committee meets on a regular basis, three to four times a year. The meetings alternate among the different member parliaments.

In connection with its meeting at the European Parliament in Brussels in the spring of 1999 the Committee, in cooperation with the European Parliament, also organized a seminar on the Northern Dimension Policy of the European Union.

The Committee regularly arranges hearings with experts and officials from national administrations in order to follow up on the work of the member states on issues raised in the statements approved by the Arctic Parliamentary

Conferences, or otherwise taken up by the Standing Committee. We are particularly grateful for the close cooperation we have received from the Senior Arctic Officials of our respective countries. Several member parliaments have also arranged national or regional seminars in order to raise political interest and sensitize opinions regarding the needs of the Arctic region.

Because of the paramount importance of the United States in the international context, we view its active participation within the Committee as an essential element. Unfortunately, due to its congressional system of government which differs fundamentally from the parliamentary form of government of the other Arctic States, it has proved very difficult for the U.S. to be represented by elected representatives at our regular Committee meetings, as well as our Conferences,.

The Committee thus agreed to accept U.S. representation by non-elected alternates, so as to ensure a much-needed link with the U.S. Congress. Senator Murkowski's Chief of Staff, Mr. David Garman, as well as members of the U.S. State Department and of the staff of the Governor of Alaska, have been extremely cooperative in this regard. We are determined to continue our efforts to ensure a regular U.S. presence within the Committee and at our Conferences, a presence we consider essential.

General

At the beginning of 1999 the Standing Committee adopted formal rules of procedure for the Committee and for these Conferences. The rules are general and based on the traditions which have evolved within the Committee and at the Conferences, and are in all respects compatible with the rules of procedure of the Arctic Council.

In order to increase access to information on the work of the Standing Committee and the Parliamentary Conferences, a homepage for the Standing Committee has been set up on the Internet. The homepage also includes the Inventory on Sustainable Development Projects which has been updated for the Rovaniemi conference. The Inventory has been financed and prepared by Canada. It is our hope that the inventory can be coordinated with complementary inventory projects of the Arctic Council and other Arctic institutions in order to avoid unnecessary duplication of time, effort and funds.

As major contributions by the Committee towards Arctic cooperation I would like to also mention the two reports produced for this conference: Dr. Richard Langlais' review of the work of Arctic cooperation organizations, and the paper by Dr. Oran Young on the structure of Arctic cooperation.

The Standing Committee looks forward to cooperating actively with Finland, the incoming host-country of the Arctic Council, in moving forward the many important issues that will be raised at this Conference.

The Secretariat

In closing, I would be remiss as I terminate my current mandate as Chair of the Standing Committee, if I did not express the very grateful appreciation of the Committee to the Parliament of Finland for having hosted the Secretariat since the very inception of the Committee. This has been in all ways a major contribution towards the essential and efficient functioning of the Committee, and indeed of the biennial Conferences.

I would like at this time to express my very special thanks to our Secretary General, Guy Lindstrom, whose dedication on our behalf knows no limits. To coordinate the activities of a committee representing several countries is never an easy task, and it would be an impossible one to achieve in our case without the tireless and highly-efficient work of Mr. Lindstrom. May I also voice my thanks to Mr. Lindstrom's Assistant, Ms. Maarit Immonen, whose courteous efficiency certainly deserves to be underlined.

Rovaniemi, Finland
August 29, 2000

Financing Sustainable Development: GEF and the "Northern Dimension"

Remarks by

Mohamed T. El-Ashry Chief Executive Officer and Chairman Global Environment Facility

Good morning. I want to thank Clifford Lincoln for the invitation to be here today in Rovaniemi, the heart of Finnish Lapland. It is a privilege to join the deliberations of Arctic parliamentarians as you consider the best options for pursuing sustainable development in this new century. And I look forward to hearing what my fellow panelists have to say on this subject.

When we look at global environmental problems affecting the Arctic and other parts of our planet in the last two to three decades and extrapolate them into this century the outlook by any measure is alarming. Despite some progress we still face a wide variety of critical threats around the world: degradation of soils, water, and marine resources essential to food production; widespread, health-threatening air and water pollution; global warming that could disrupt weather patterns and raise sea levels everywhere; loss of habitats, species, and genetic resources that is damaging ecosystems and the services they provide; and stratospheric ozone depletion.

A recent news report in Washington speculated on what was to become of polar bears and other mammals, as the snow and ice melt and sea levels rise. Similarly, ice pack has retreated as much as 120 miles north of Alaska and scientists have noted that thinning sea ice appears to be causing population declines for walruses, seals, and other pinnipeds. These mammals predicament mirrors mankind's. If we make our home uninhabitable, future generations will have nowhere to turn. However, the good news is that solutions to most global environmental challenges are not impossible dreams - they are within our reach. In fact, many are already beginning to work.

Why? Because of leadership by parliaments, governments, private business, NGOs and even private citizens. A special word of thanks to our hosts for being out front on these issues. Across the Arctic region, within the EU, and worldwide, Finland has championed win-win policies for human welfare and the environment. I'm told that there are some 60 research institutes dealing with northern and Arctic issues in Finland and, in Lapland alone, about 30

organizations tackling everything from ecology and human health to heavy industrial sciences.

I would like to borrow a few words from a speech President Lipponen made here a few years ago. To achieve "peace and stability, with prosperity and security shared by all nations", three things are needed: "a comprehensive strategy, an institutional framework, and adequate financing arrangements to carry out our plans."

These are also the three key elements of the Global Environment Facility's (GEF) work. I am going to take them in reverse order, starting with financing. At the Earth Summit in 1992, it was agreed that most financing to achieve the goals of Agenda 21 would come from within each country's domestic resources. However, new and additional external funds were deemed necessary to share the costs, and benefits, of sustainability with developing countries and nations transitioning to market economies.

The GEF has been entrusted with channeling a major portion of these "new and additional" funds on behalf of current and future generations. In 1994, 34 nations pledged \$2 billion to the GEF, and in 1998, 36 nations committed another \$2.75 billion. Today GEF's portfolio encompasses close to 700 projects in 140 nations. We've allocated nearly \$3 billion and raised another \$8 billion in co-financing from recipient governments, bilateral and multilateral aid agencies, non-governmental organizations, and private industry. Thanks to all those present whose countries have helped make these funds available.

GEF's institutional framework, or cluster of partnerships, is by necessity many faceted. A total of 166 nations participate in GEF - and our 32 member governing Council balances the interests of all, developing and developed. Projects are, in the first instance, driven by country priorities related to sustainable development and the global environment. But they are also the primary means by which the goals of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change are put into practice on the ground. GEF-financed initiatives also support the goals of the Convention to Combat Desertification, extend the ozone layer protection of the Montreal Protocol to Russia, Central Asia, and Eastern Europe, and underwrite most international waters programs and projects worldwide.

As to strategy, the GEF is pursuing a new generation of projects that recognizes the inter-relatedness of environmental problems and their links to economic development, and the need to forge new alliances to address them. Let me give you three examples that also illustrate the growing importance of the "Northern Dimension" of GEF's work.

One new GEF project will use an integrated ecosystem approach to conserve biodiversity and minimize habitat fragmentation in selected sites facing

development pressure in the Russian Arctic. Local communities, indigenous peoples, and non-governmental organizations will work with authorities to help protect this area -- home to millions of migratory species from Asia, Africa, and Europe; important stocks of cod, whitefish, and salmon; beluga, bowhead, and gray whales; and the largest wild reindeer population in Eurasia. Not to mention many rare and endemic species of plants.

Another new GEF initiative involves all Arctic countries in an effort to address the threat to food security posed by persistent toxic substances that respect no borders. This project is considering the significance of aquatic food chains as pathways of exposure for indigenous peoples, assessing the relative importance of local and distant sources of these pollutants, and the role of atmospheric and riverine transport of persistent toxic substances (PTS) in northern Russia. I would note that this is just one of a number of PTS projects - and the GEF is developing a new operational program to address persistent organic pollutants (POPs).

Another GEF project - again with generous co-finance from your countries -- is specifically supporting the development of Russia's national plan of action to deal with marine pollution in the Russian Arctic. Capacity building in nations and at the local and grass roots levels must be supported by governments and international organizations alike, as it is here that we find the forums for innovation and the mechanisms for change in the real world.

On another major front, the GEF has become the single largest financier of renewable energy in developing countries. So far, \$500 million in GEF grants have leveraged an additional \$2 billion for 42 renewable energy projects in 26 developing and transition countries. This is the center piece of our climate change strategy and I do not need to tell anyone in this room about the vulnerability of the Arctic to the impacts of climate change. Financing, institutional frameworks, and strategy also point to a leading role for the private sector. Pursuing sustainable development and mainstreaming global environmental priorities across sectors as well as borders can often best be done in partnership with business. In 1980, global gross domestic product was just over \$10 trillion; today it is over \$30 trillion. Even with recent financial crises, foreign direct investment is almost five times that of ODA.

But collectively, resources available to developing countries for sustainable development are small compared to needs. As a result a number of ideas have been advanced for mobilizing additional finance for sustainable development.

A carbon or energy tax is often suggested as a means of generating revenues for global environment and sustainable development purposes. Closely related is the recent fund-raising provision of the Kyoto Protocol known as the Clean Development Mechanism (CDM) which is linked to carbon emission trading and joint implementation. There are also ideas related to taxing international air

transportation, international tourism, and even a surcharge on automobile registration.

The one idea, however, that seems to be gathering support lately is the Tobin Tax. Currency speculators trade over \$1.8 trillion each day. A tax of 0.1 to 0.25 percent would generate \$100-300 billion a year and the revenue could go into earmarked trust funds for urgent international priorities related to sustainable development and the global environment.

I realize that "taxes" in general are not a popular subject with politicians. One alternative is to find a way to attract some of the \$50 trillion in world stocks and bonds to address the sustainable development needs of developing countries. This would involve raising the interest of institutional capital funds in the long term benefits that characterize sustainable development investments.

Let me add one more point -- while finance is very important, it is not sufficient by itself to ensure sustainable development. We need to deal also with the underlying economic, demographic, and political forces. Whether in addressing wasteful consumption and production patterns, population growth, or inefficient energy and transport systems, the right policies always count. In other words, adequate finance without adequate policies will not deliver the full intended results. In fact, the right policies concerning energy pricing and proper natural resource valuations can generate substantial financial resources. In the case of energy subsidies, they amount to \$200 billion worldwide -- which takes us full circle back to finance.

In concluding, we need to step up to the challenge and look for opportunities to creatively package our ideas and efforts, pool our resources, reform our policies, and form new public-private partnerships on behalf of sustainable development and the global environment. This includes brokering the "deals" needed to match new and efficient technologies for clean energy with the countries that need them most. For unless environmental values and technologies are integrated into all aspects of the growing global economy, our mission of pursuing sustainable development globally will surely continue to lag behind.

At the dawn of this new century, the international community as a whole needs to look at ways to re-energize the pursuit of sustainable development and protection of our global commons. Where do Arctic governments and parliamentarians fit in all of this? Clearly there is a "northern dimension" to our global environmental problems. Without the political will and leadership to identify national priorities and seriously address the policy and institutional issues surrounding sustainability and the global environment, no global institution can succeed. At the same time, it is important to recognize that the larger agenda is neither North nor South. It is a common agenda for global environmental security.

What holds promise is the flexible clustering of forces designed to leverage a larger result. The Arctic Council is an example of this approach and so is the GEF, combining the best efforts and approaches of UNDP, UNEP, and the World Bank. And we have taken this a step further by joining in mutual alliances with Regional Development Banks, the private sector, and NGOs on key issues like land and water degradation, capacity building, and clean energy technologies.

Considering the range of the environmental challenges I described earlier and the severity of the likely consequences of continuing to neglect them, the GEF is, financially, only a small defense. However, its strategic approaches and unique institutional arrangement can provide the international community with a strong foundation and valuable lessons for expanded cooperation in addressing the global environmental agenda. With your support and involvement, the GEF will continue to look for new opportunities to add value to and for the global environment.

Thank you.