OVERVIEW

LEFT OUT IN THE COLD:

COVID-19 GREEN STIMULUS AND JOBS IN THE ARCTIC

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People who live in the Arctic are facing a rapidly changing climate and global pandemic—a dual threat that is putting their personal health and economic security at risk. **Arctic countries are injecting a total of US$3.5 trillion into COVID-19 fiscal stimulus programs,[i] but little of that money appears destined to support communities in this vulnerable region.** The COVID-19 recovery packages announced to date have also largely failed to pave the way for sustainable long-term development or green job creation in the Arctic. However, when comparing policies across countries, some best practices emerge—and there are still huge, untapped opportunities for COVID-19 stimulus funding to drive lasting change in the Arctic.

WWF hopes that by highlighting best practices, governments will adapt their next COVID-19 stimulus funding to support sustainable economic development in the Arctic. It is vital that any future development promotes a healthy, biodiverse Arctic that benefits all life in the region.

US$3,560B
SUM OF ARCTIC COUNTRIES' NATIONAL STIMULUS

1.8%
QUANTIFIED NATIONAL GREEN STIMULUS AS % OF TOTAL

US$65.6B
SUM OF ARCTIC COUNTRIES' NATIONAL QUANTIFIED GREEN STIMULUS

0.01%
QUANTIFIED ARCTIC GREEN STIMULUS AS % OF TOTAL

KEY RECOMMENDATIONS

Overall, Arctic countries' current COVID-19 stimulus packages will have a negative environmental impact on the region. For instance, policies that encourage more investment in oil and gas activities will escalate risks from climate change and cause long-term environmental harm. Therefore, WWF recommends Arctic governments to:

- **Include dedicated funding for Arctic investment in their national environmental protection measures to create lasting impact.** Although some countries' packages will have positive impacts nationally, very few national policies will have effects that trickle up to the Arctic in meaningful ways. Countries should also develop or adapt national initiatives to address the unique environmental challenges facing the Arctic.

- **Incentivize green technologies and infrastructure in their rescue and bailout packages.** Few have harnessed the opportunity to include capitalization of cash-flow injections and investments with green conditions in industry bailouts and financial incentives to steer recoveries toward a sustainable path. Prioritizing investments in renewable technologies, energy efficiency and decarbonization would support sustainable long-term growth and create short- and longer-term green jobs.

- **Invest in sustainable jobs by attaching green strings to bailouts and investing in green infrastructure across all sectors.** Investments in industry transitions, nature-based solutions, green infrastructure and renewable technologies have the potential to create as many as 20 green jobs for every US$1 million invested. For example, renewable energy investments produce nearly 70 per cent more jobs per dollar than investments in fossil fuels.[ii]

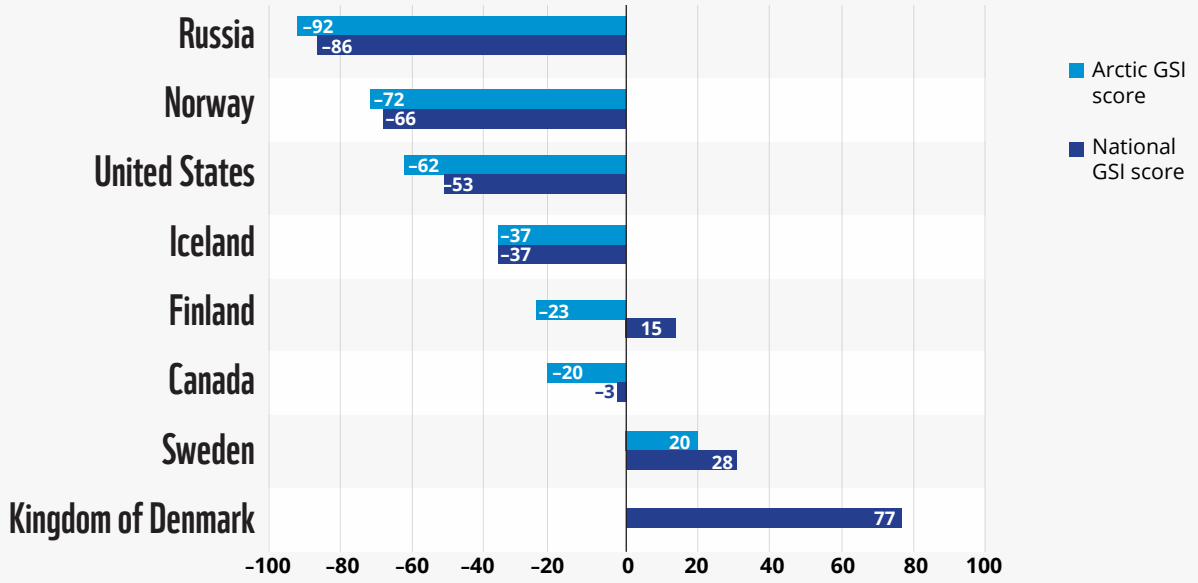
- **Use their COVID-19 recovery spending to fund and implement national Arctic strategies, with a focus on environmental protection measures and creating green jobs in the Arctic.** Many countries' Arctic strategies highlight environmental protection as a priority, but do not follow up with funding for environmental protection measures or details on how to implement them.[iii]

GREEN STIMULUS IN THE ARCTIC

Almost all Arctic countries' stimulus packages will have a negative environmental impact on the Arctic—and in all countries, the packages' net environmental impacts will be more negative in the Arctic than on a national level. This is mostly due to increased spending on fossil fuels at the expense of green initiatives that target or could benefit the Arctic.

Figures 1 and 2 set out the Arctic countries' Greenness of Stimulus Index (GSI) performance, adjusted for the Arctic region.[iv] On a scale ranging from –100 to 100, the GSI score indicates a country's net impact on climate and the environment due to COVID-19 stimulus.[v] Per country, the positive and negative contributions from Arctic stimulus policies—as well as the country's baseline performance—combine to yield an overall index score. In most cases, the Arctic GSI scores in Figure 1 are lower than the national GSI scores.

Figure 1: Overall national and Arctic GSI scores by country

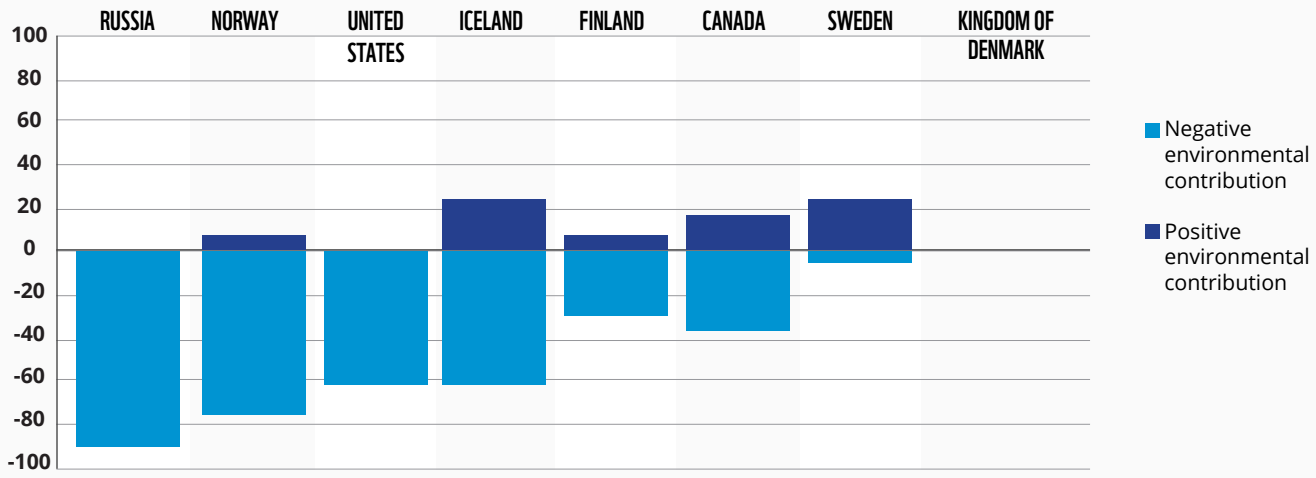


Source: Vivid Economics

Note: For a definition of the Arctic region for this report, please see the methodology. Given that Greenland and the Faroe Islands are autonomous territories within the Kingdom of Denmark, Danish national recovery programmes do not affect these regions. As a result, Denmark has a national GSI score only.[vi]

Sweden is the only country with positive GSI scores in the Arctic and nationally. In contrast, while Finland's stimulus measures have a positive environmental impact on a national level, its most significant green policies have no impact on the Arctic. This is also the case for Canada and Norway. No Russian or US policies have a positive impact on the Arctic region: both countries are subsidizing the oil and gas industry, engaging in environmental deregulation, and introducing policies to encourage drilling, exploration and extraction in the Arctic. As a country located entirely within the Arctic, all of Iceland's stimulus measures are considered Arctic, but its stimulus package contains few green measures.

Figure 2: Positive and negative impacts of stimulus packages on their Arctic region



Source: Vivid Economics

Sweden's stimulus packages will have a positive net environmental impact, both in the Arctic and nationally, because it is implementing many best-practice policies. Table 1 sets out the extent to which countries are implementing these best-practice policies.

Table 1: Overall performance by country in implementing best practice policies in the Arctic

COUNTRY	ENVIRONMENTAL PROTECTION	SUSTAINABLE INDUSTRIES	GREEN INVESTMENTS
Canada	🟡	🔴	🟡
Finland	🟢	🟡	🟢
Greenland (KofD)	🔴	🟡	🔴
Iceland	🟡	🟡	🟡
Norway	🟡	🟢	🟡
Russia	🟡	🔴	🔴
Sweden	🟢	🟡	🟢
United States	🔴	🔴	🔴

🟢 **Green:** The country is implementing best-practice policies compared with other countries. In general, this means the country has put in place one or two large policies that will have a substantial impact on—or include funding for—the Arctic. It could also mean the country has put in place two or more smaller policies with substantial impact.

🟡 **Yellow:** The country is making some efforts to implement Arctic-positive policies, but the policies fall short of constituting best practices, either because their impact will be insubstantial, or they include limited funding.

🔴 **Red:** The country is not implementing any best-practice policies

Source: Vivid Economics

Note: Environmental protection refers to nature-based solutions and conservation and wildlife protection programmes. Sustainability policies are those that improve the sustainability of industries (notably fishing, tourism and transportation) through green conditions, environmental regulations, decarbonization, electrification and energy efficiency. Green investments refer to direct investments in renewable energy and transport, green research and development spending, and grid and network improvements.

INDIGENOUS PEOPLES' PERSPECTIVES

The social justice impacts of COVID-19 stimulus packages lie outside the scope of this project. However, we consulted with Indigenous stakeholders in several countries to obtain a balanced view of COVID-19 stimulus measures and their effects on Arctic communities.

Many Indigenous communities—such as those in the Saami homelands of Norway, Sweden and Finland—are concerned about COVID-19 stimulus measures that have increased investments in the mining and oil and gas industries because of the infrastructure they will require. Even the construction of roads and other green energy infrastructure (such as for onshore wind farms) can disrupt ecosystems and subsistence economies, especially the reindeer-herding industry. For example, the Alaskan Porcupine caribou herd, its natural environment, and the communities that depend upon the caribou will be severely affected by plans to drill for oil in the Arctic National Wildlife Refuge.

The COVID-19 stimulus packages announced by Norway, Sweden and Canada include direct financial aid for Indigenous Peoples and their economies, primarily through support for reindeer herding and general business. In Finland, Russia and the United States, similar support was either not provided or is a contentious issue.

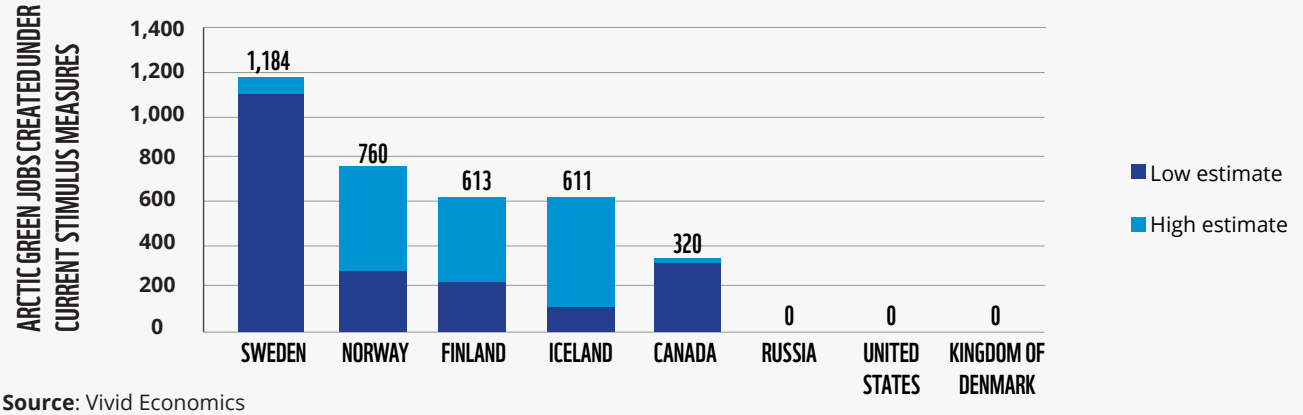
The policies likely to have the greatest positive environmental impacts on the Arctic combine short- and long-term elements, such as restoring nature to promote tourism or making green investments in shipping technology, energy efficiency and renewable energy. However, measures for environmental protection and sustainable industrial development are among the least implemented across all countries.

One of the most significant threats to the Arctic is the environmental and climate harm that results from stimulus policies that support oil and gas activity in the Arctic, encouraging and opening up new areas for drilling. Other harmful policies—such as unconditional support for the airline, tourism, fishing, shipping, mining and drilling industries—can be adjusted to include green conditions or provisions for environmental restoration. More funding—such as through green infrastructure investments, research and development (R&D), and tax reductions and subsidies—could help these industries to make green transitions.

GREEN JOBS IN THE ARCTIC

A crucial element of COVID-19 stimulus packages is their ability to create green jobs. Among the Arctic countries, Sweden is a frontrunner in this respect. Its emphasis on creating green jobs, making investments that match unemployed people to green industries, and prioritizing nature conservation and restoration measures—many of which likely apply to its Arctic region—are the key contributors to its high potential to create green jobs.

Figure 3: Estimated Arctic green job creation based on current Arctic COVID-19 stimulus measures

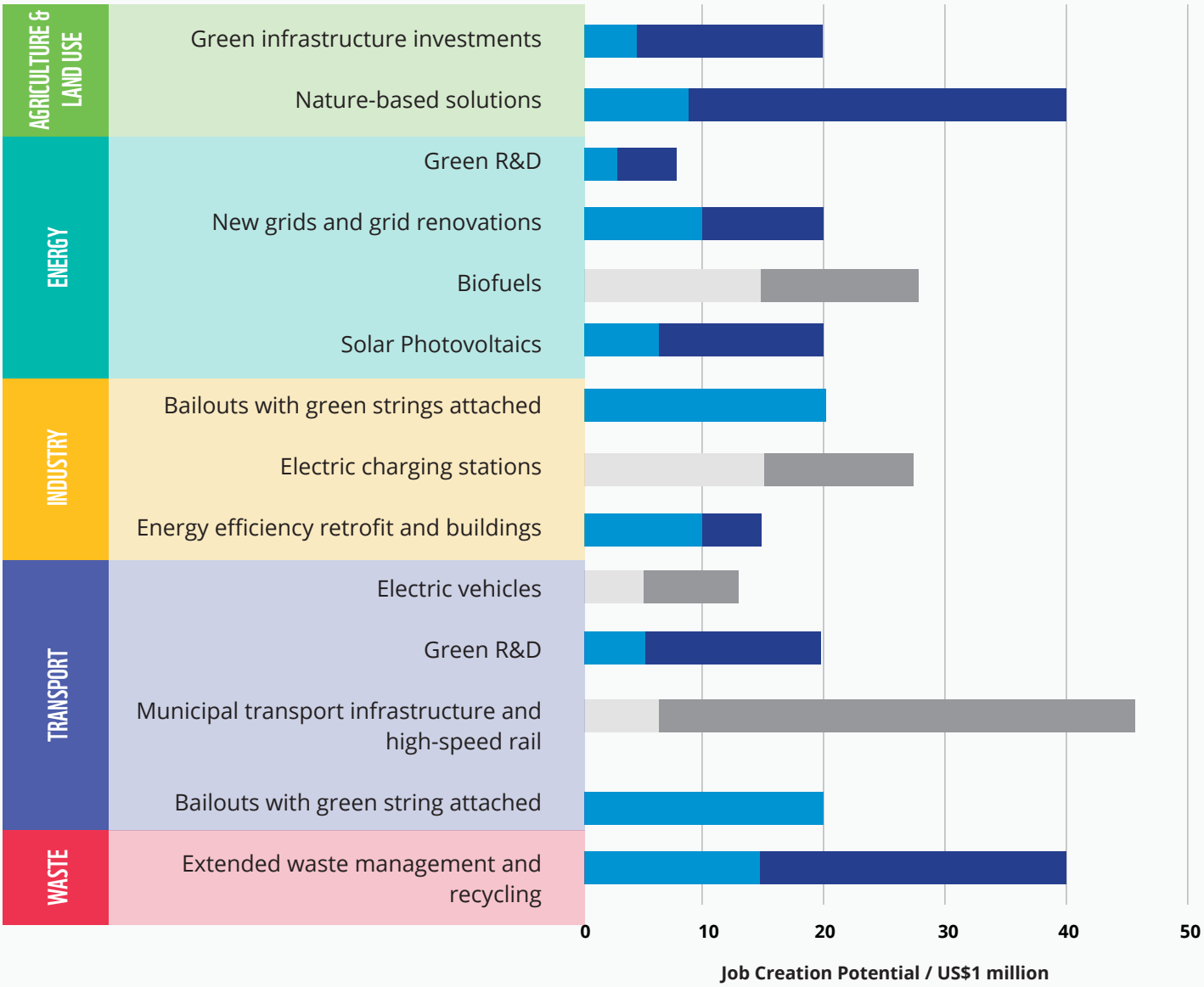


Source: Vivid Economics

Note: The number of jobs projected here include those created by quantified Arctic green stimulus measures. Given that many Arctic countries also include unquantified measures, this is likely an underestimation.

To maximize green job creation in the Arctic, countries should prioritize stimulus policies that target the agriculture and land use and waste sectors and that support sustainable transitions across all sectors. Figure 4 shows the job creation potential per US$1 million invested by sector and policy. The policies with the greatest potential to create jobs are those that focus on improving waste management and recycling, nature-based solutions, and sector bailouts with green strings attached. Funding for new environmental protection policies and measures and green industry investments, currently absent in most countries, would create a substantial number of new green jobs in the Arctic. Green investments in agriculture and land use are also forecast to create a substantial number of green jobs. Examples include Finland's funding to rehabilitate nature sites and initiate green area projects and Sweden's investments to restore wetlands and launch of a green jobs initiative.

Figure 4: Green job creation potential per US$1 million invested, by sector and policy



Source: Vivid Economics

Note: These numbers on job creation potential are based on international literature. The policy categories that have limited applicability in the Arctic context are shaded grey.

ABOUT THIS REPORT

The WWF Arctic Programme commissioned Vivid Economics to produce this report, which analyses COVID-19 fiscal stimulus measures that had been announced or implemented as of 31 October 2020. This report is based on desktop research, publicly available information and stakeholder interviews in each of the Arctic countries. For a detailed analysis of each Arctic country and the report's methodology, please visit arcticwwf.org.

Endnotes:

i Figure current as of 31 October 2020.
ii United Nations Policy Brief 13 (2018). https://sustainabledevelopment.un.org/content/documents/17495PB13.pdf
iii International Institute for Applied Systems Analysis (2020), Arctic Policies and Strategies — Analysis, Synthesis, and Trends. http://pure.iiasa.ac.at/id/eprint/16175/1/ArticReport_WEB_new.pdf
iv The Greenness of Stimulus Index (GSI) is constructed by combining the flow of stimulus into five key sectors (agriculture and land use, energy, industry, waste and transport) with an indicator of each sector's environmental impact. This impact captures both historical trends and specific measures taken under the country's stimulus measures.
v Greenness of Stimulus Index (2020). https://www.vivideconomics.com/wp-content/uploads/2020/09/GSI_924.pdf
vi Further details regarding COVID-19 stimulus measures in Greenland and the Faroe Islands are available in the country report for the Kingdom of Denmark.

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