



**MINUTES OF THE MEETING OF THE BEAC AD HOC WORKING GROUP ON FINANCIAL MECHANISM
STUDY** **25.6.2015**

DATE: 27.5.2015, 12.00–16.00

LOCATION: Ministry for Foreign Affairs of Finland, Helsinki

List of participants

Finland

Birgit Autere, Ministry for Foreign Affairs

Marja-Leena Vuorenpää, Ministry for Foreign Affairs

Laura Quist, Ministry for Foreign Affairs

Timo Tolvanen, Ministry for Foreign Affairs

Harry Ekestam, Ministry of Employment and the Economy

Sweden

Sven Hegelund, Ministry for Foreign Affairs

Norway

Pål Erik Holte, Ministry of Local Government and Modernisation

Russia

Sergey Petrovich, Ministry for Foreign Affairs

International Barents Secretariat

Tomas Hallberg

1. Opening of the meeting and state of play

Chair Birgit Autere opened the meeting and presented the agenda. Autere stated that this is the 8th meeting of the BEAC ad hoc Working Group on Financial Mechanism (AHWG) and the 3rd meeting devoted to drafting the Final Report. The Agenda was approved without any changes.

The minutes of the previous meeting held on 27 April were approved without any changes. The minutes will be distributed to the members of the BEAC CSO.

The Chair presented the following timeline for the drafting process:

- Next meeting will be held on 17 June in Helsinki at the Ministry for Foreign Affairs. This will be the last meeting of the AHWG. After that all possible amendments to the Report will be handled by written procedure.
- The Final Report will be presented to the BEAC CSO in August 2015.
- The BEAC Ministerial Meeting will take place on 14-15 October in Oulu, Finland. The outcomes of the AHWG's Final Report will be reflected in the final communiqué of the Ministerial Meeting.

There will be both a printed version and an online version (e-publication) of the Final Report. The Report will be available only in English.

The Chair repeated the principles to be followed by the Secretariat while compiling the Report:

- Comments from all members will be taken into account, yet bearing in mind that the outcome of the Final Report must be something that all members have a mutual understanding of. Hence, it is inevitable that compromises must be made and all comments from the members cannot be used as such.
- All the information presented in the Final Report is to be based on the hearing sessions and the answers derived from the questionnaires and the internet survey.

2. Drafting of the Final Report

The main focus of the meeting was on chapter 5 (Analysis) and chapter 6 (Recommendations). The Secretariat received written comments prior to the meeting from Sweden, Norway, Finland, EU and the Barents Regional Committee.

The following general comments were expressed regarding the **analysis part** of the Report:

Russia is, for the most part, pleased with the text and sees that it reflects well the outcome of the hearings and the work the AHWG has done during the past 18 months. Russia stressed that the analysis and recommendations are interconnected and they should be therefore formulated "hand in hand".

Sweden stated that the analysis should emphasize the fact that there are already several funding mechanisms in the Barents region. There are funds available both for large investment projects and small project preparation. There are no financing gaps. Sweden wishes to underline the commercial approach to Barents cooperation – viable projects and private funding will always find each other. There is no need to establish a new financing instrument just because some actors in the Barents region have expressed their need for more funding. Additionally, analysis section should also reflect the current political situation in Europe – there is not much happening in the Barents region for the moment.

Norway sees that the mandate of the AHWG has been very broad and this should be, in some way, addressed in the analysis section. The situation in the Barents region should be analysed along several dimensions, including socio-economic aspects and policy questions. Norway highlights the role of Bodö Process, which may, to some extent, give answers to the questions that have arisen during the work of the AHWG. The analysis section should be seen as "a bridge" between the body text and recommendations. The strategies, objectives and goals of the BEAC should also be kept in mind while composing the analysis.

EU stated that it should be clearly sorted out whether views, opinions, recommendations etc. are presented by stakeholders or the AHWG.

Ambassador Marja-Leena Vuorenpää pointed out that the analysis section is based on the body text and focus on available financing and possible gaps in the Barents region. However, there is no need to repeat what has already been said in the body text including socio-economic analysis. The Final Report must be formulated so that it reflects the task given in the mandate. This applies both to analysis and recommendations.

The following comments were expressed regarding the **recommendations part** of the Report:

Finland/Harry Ekestam called for a concrete approach when composing the recommendations in order to add something new to what has earlier been said and done in regards to financial instruments. If possible, recommendations could answer the following questions: *how* dissemination of information about financial sources could be improved and *how* collaboration between stakeholders could be enhanced.

Sweden stated that recommendations 1 and 2 are acceptable, whereas recommendation 3 should be deleted.

Norway stated that recommendations 1 and 2 are acceptable, but recommendation 3 should be deleted or reformulated.

Russia sees that a new financing instrument should be established. This would give a strong political signal from all participating countries that they appreciate and value Barents cooperation. It is obvious, based on the hearings, that there is a financing gap in the Barents region especially in the "grass root level" and people-to-people cooperation. The size of the suggested fund could be something along the lines of the CBSS's Project Support Facility. Russia understands the difficulties in launching a new instrument given the current economic challenges in some member states. It is also clear from Russia's point of view that recommendations must be formulated so that all member states can commit to them.

Tomas Hallström stressed that - according to the AHWG's mandate - recommendations must include some reference to the financial mechanism.

Regarding the recommendation no 2, EU pointed out that there is not much room for adjusting the existing EU programmes. EU calls for "softer" measures in enhancing the Barents cooperation, like joint training for applicants and joint thematic calls.

3. Next steps

The Secretariat will send a new draft of the analysis section of the Final Report to the members of the AHWG by 5.6.2015. The amended version of the whole Final Report will be sent to the members of the AHWG by 15 June. This version will already have undergone the verification process of the relevant stakeholders. An updated summary, analysis and recommendations will be included into the report, as well as the annexes.