

BEAC AD HOC WORKING GROUP ON FINANCIAL MECHANISM STUDY
Mandate of 12 December 2013

MIDTERM REPORT

9.12.2014

1. Mandate

Prime Ministers and other high-level representatives of the members of the Barents Euro-Arctic Council, (BEAC), Denmark, Finland, Iceland, Norway, Russia, Sweden and the European Union convened on the occasion of the 20th Anniversary of the Barents Euro-Arctic Cooperation on 3–4 June 2013 in Kirkenes, Norway. The Declaration of the Summit welcomed the proposal by Russia to investigate the possibility of establishing a financial mechanism in the Barents region to support project activities and to make full use of the region's investment potential. The Barents Euro-Arctic Council was encouraged to take appropriate action in this regard.

The Barents Euro-Arctic Council convened its XIV Session under the chairmanship of Norway on 29 October 2013 in Tromsø. Foreign ministers and senior representatives of Denmark, Finland, Iceland, Norway, Russia, Sweden and the European Union participated together with representatives of the Barents Regional Council, indigenous peoples, parliaments, regional bodies, observer states and invited guests. The Council decided to set up an ad hoc expert group to conduct an extensive study on the financing of the Barents cooperation.

The mandate of the Ad Hoc Expert Group was adopted by the Barents Euro-Arctic Council Committee of Senior Officials in Helsinki on 12-13 December 2013.

2. Work Programme

The 1st meeting of the Ad Hoc Working Group on Financial Mechanism Study convened on 18 February 2014. During the meeting the members of the working group were approved and the working methods and the schedule were confirmed. The meeting schedule was as follows:

- 18 February 2014 in Helsinki: Kick-off Meeting
- 29 April 2014 in Helsinki: International Financial Institutions
- 9 September 2014 in Helsinki: Regional Cooperation Structures and the Northern Dimension Partnerships
- 18 November 2014 in Helsinki: EU Funding Programmes
- 27 January 2015: other civil society actors

3. Written Contributions

An enquiry on the national funding of the Barents Cooperation was sent to the four Barents region countries, namely Finland, Sweden, Norway and Russia. All the respective members submitted their answers. The EU also submitted the requested information about EU funded cross-border and transnational programmes in the Barents region.

Questionnaires on the financing of Barents cooperation were also sent to the Chairmen of the intergovernmental, regional and joint working groups in the Barents cooperation. Altogether 11 working groups out of 16 submitted their answers. The response rate was satisfactory, taking into account the number of dormant working groups.

The Members of the Barents Regional Committee were also asked to reflect upon the financing of Barents cooperation. Altogether 11 out of 13 regions submitted their answers. A brief summary on the outcomes of the questionnaire results was compiled and sent to the members of the Ad Hoc Working Group on Financial Mechanism Study.

4. International Financial Institutions

The 2nd meeting of the Ad Hoc Expert Group was devoted to round-table talks of the International Financial Institutions as follows: the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Nordic Investment Bank (NIB), the Nordic Environment Finance Corporation (NEFCO), and Russian financial institution Vnesheconombank.

The representatives of the International Financial Institutions stated that they are more than well-equipped to provide financial resources for investment purposes in Northern Europe. However, there is a lack of high-quality projects especially in the Barents region.

5. Regional Cooperation Structures and the Northern Dimension Partnerships

The 3rd meeting of the Ad Hoc Working Group dealt with the Northern Dimension Partnerships and regional cooperation structures. The invited organizations were the Northern Dimension Environmental Partnership (NDEP), the Northern Dimension Partnership on Transport and Logistics (NDPTL), the Northern Dimension Partnership in Public Health and Social Well-being (NDPHS), the Northern Dimension Partnership on Culture (NDPC), the Northern Dimension Institute (NDI), as well as the Arctic Council (AC) and the Council of the Baltic Sea States (CBSS).

The representative from the Nordic Council of Ministers (NCM) being unable to attend, Ms. Christina Lehtinen, counsellor from the secretariat for Nordic Cooperation of the Ministry for Foreign Affairs of Finland provided the Ad Hoc Group with information on the scope of work and the funding mechanisms of the NCM.

The Nordic Council of Ministers has traditionally had financing for regional cooperation in the Barents region but the amount has decreased during recent years. The project funding instruments of the Arctic Council and the Council of the Baltic Sea States have been launched relatively recently.

The Northern Dimension Partnerships have different structures for project support. The Northern Dimension Environmental Partnership and the Northern Dimension Partnership on Transport and Logistics have established Support Funds pooling together contributions to

support project activities. The NDEP Support Fund has proved to be a success story in its field. The NDPTL Support Fund was established in December 2012 and grants have so far been allocated for 7 projects. The Northern Dimension Partnership in Public Health and Social Well-being and the Northern Dimension Partnership on Culture have been supported mainly by EU financing.

6. European Union

The fourth meeting was devoted to EU funding instruments of relevance to cooperation in the Barents region. The EU gave an overview of relevant EU funding programmes in the new 2014–20 financing period. The working group heard the representatives of the following EU funded cross-border and transnational cooperation programmes: Kolarctic Cross-Border Cooperation Programme, Karelia Cross-Border Cooperation Programme, Interreg Baltic Sea Region Programme, Northern Periphery and the Arctic Programme and the Interreg North Programme. Additionally, the Joint Technical Secretariat of the Baltic Sea Region Programme provided the Ad Hoc Group with information on the Seed Money Facility of the EU Strategy for Baltic Sea Region (EUSBSR) in writing.

7. Further Proceedings

The work of the Ad Hoc Working Group on Financial Mechanism Study will proceed according to the work programme. Other sources, namely civil society actors, will be heard in January 2015. After that the drafting process of the final report will commence. There will be one to two drafting meetings during the spring of 2015. The Ad Hoc Group will keep the BEAC Committee of Senior Officials informed of the progress of its work. The Ad Hoc Group will submit its final report including recommendations to the BEAC CSO by September 2015.

8. Annexes

- Mandate
- List of members of the Ad Hoc Working Group on Financial Mechanism Study
- Work Programme
- Questionnaires