



**MINUTES OF THE MEETING OF THE BEAC AD HOC WORKING GROUP ON FINANCIAL MECHANISM
STUDY** **3.3.2015**

DATE: 27.1.2015, 09.45–16.00

LOCATION: Ministry for Foreign Affairs of Finland, Helsinki

1. Opening of the meeting and adoption of the agenda

Chair Birgit Autere opened the meeting and presented the agenda.

Decision:

Chair stated that the minutes of the previous meeting on 18 November, 2014 have been approved and sent to the members of the AHWG as well as to the BEAC Committee of Senior Officials. The meeting agenda was approved without any changes.

2. Questionnaire for NGOs and other civil society actors

The questionnaire for NGOs and other civil society actors, active in the Barents region, was open at the webpage of the International Barents Secretariat for 1,5 months during 4.12.2014 -25.1.2015. The questionnaire was available both in English and in Russian. Information about the questionnaire was disseminated through various channels:

- International Barents Secretariat's webpage
- Internet news service *BarentsObserver*
- Newsletter on Barents Cooperation *BarentSaga*
- Social Media (Twitter, Facebook)
- Kolarctic and Karelia CBC Programmes' networks
- Kolarctic ENPI CBC closing seminar
- BEAC Ad Hoc Working Group and Committee of Senior Officials contacts
- Northern Dimension Institute networks
- Finnish Foreign Ministry's and embassies' webpages
- The Association of NGOs in Norway announced the questionnaire among their members, in their own publication

Altogether 22 responses were received, of which five were from Finnish, one from a Norwegian and 16 from Russian civil society representatives, none from Sweden. The responding entities' size varied with eight stating to have less than ten employees, four having 10-21 employees, and ten being sizable organizations of more than 50 employees or declaring to be a non-governmental or a public organization.

The fields, in which the respondents work, can be categorized as

- environmental protection and energy efficiency (6 replies)
- social equity (incl. indigenous peoples' and LGTB rights) and health (6 replies)
- research and journalism and media (4 replies)
- business development, trade and tourism (3 replies)
- culture and people to people cross-border connections (2 replies)
- municipality (1 reply)

Financing was received from

- the ENI CBC Karelia programme (15 projects)
- the Nordic Council of Ministers (11)
- ENI CBC Kolarctic programme (5)
- the Northern Dimension Partnership on Health and Social Well-being (NDPHS) (2)
- government or another organization of own country (12), of another country in the Barents region (16), and of another country (3)

The following challenges were mentioned in the majority of the replies

- bureaucracy in applying for financing
- lack of funding (both for long and short-term activities)
- lack of information about existing funds
- difficulties in finding a foreign project partner, especially for a Russian organization
- lack of English language proficiency

The following proposals were stated

- information-sharing regarding the existing funding possibilities (through networks, training courses, meetings)
- creating a website that would bring together both the grantors and applicants and share information on potential funds available, their respective deadlines and the necessary application procedures
- organization of meetings for project partners and grantors to come together and form liaisons
- launching more flexible funding formats, especially for small-scale projects or more specific funding categories, such as non-profit media
- funding for businesses, especially for those with investment components and crowd funding to be created
- better ways for two organizations from different countries to coordinate the funds applied for and received, especially since national funding opportunities vary between countries

3. Next steps: meeting schedule in 2015

According to the Chair's proposal, the next meeting will be held on 18 March 2015 in Helsinki. The meeting will be the first drafting meeting of the final report. The first draft of the final report will be sent for comments to the members of the AHWG 10 days before the meeting.

4. Hilikka Halonen, Chairperson of the Advisory Board for Civil Society Organizations in the Lapland Region

The Regional Council of Lapland is an organization responsible for developing the municipalities of Lapland. In the spring of 2014 the Council drew up the Strategy of Associations in the Region of Lapland,

which specifies the long-term objectives for the future direction of associations as well as concrete measures for associations to take in 2014–2017. The aim of the Strategy is to guarantee that the voices of the regional associations of the Finnish Lapland will be heard in the various forms of public and private sector welfare work, as well as in the welfare work of educational institutions.

In the Finnish Lapland region there are approximately 7000 associations, operating in the following sectors: culture 20%, occupational/livelihood 19%, leisure activities incl. youth 17%, sport 14%, health and social well-being 8%, political associations 7%, international relations 4% and religion 2%.

Organizations use four main funding sources: for national projects there are Finland's Slot Machine Association's funds and municipality funding, for transnational projects there are EU's LEADER Programme and Kolarctic Programme. Also other EU funding is being used to a certain extent. According to Halonen, EU funding does not cover the needs of NGOs, since the programmes are mainly targeted at big organizations. Another challenge for regional associations is their lack of competency in drafting funding applications. Moreover, organizations are not aware of each other's project activities, and thus funding is applied for similar activities which then results in overlaps.

5. Marina Mihailova, Director of the Arkhangelsk Centre of Social Technologies "Garant"

The Arkhangelsk Centre of Social Technologies "Garant" has been working for 20 years with the aim of developing the Arkhangelsk region by enhancing the coordination and synergies of various organizations. According to Mihailova, all the Barents regions in Russia have a strong will for cross-border cooperation, because the areas on both sides of the borders share the same problems.

In addition to national budget money, Norwegian Barents Secretariat and different charity funds (business funding for NGOs) were mentioned as the main funding sources. Insufficient proficiency in English, insufficient competency in managing and implementing projects, lack of interest from the public sector (state, municipality) to support cross-border projects and difficulties in finding suitable project partners prevent Russian organizations from receiving funding for their activities. Moreover, Russian NGOs are not well-aware of the existing national and international funding programmes, which according to Mihailova, are isolated and often do not cover salaries. Additionally, the Foreign Agents' National Act hinders Russian NGOs from multilateral projects: authorities view international projects with suspicion, NGO actors and the surrounding society have negative stereotypes about international funding, and NGOs need to provide the authorities with additional reporting for foreign funding.

6. Daria Akhutina, General Director of the Association for Cooperation with Baltic Sea Countries "Norden"

The total number of registered NGOs in Russia is 125 000. Approximately 10–15 million people participate in NGO-related activities, which accounts for about 10% of the total population. Among all the federal districts, North-West Russia has the second biggest number of registered NGOs. The NGOs in Russia differ in vulnerability by their foundation basis: those established by citizens' initiative are the most vulnerable kind of civic organizations.

The main funding sources for multilateral NGO cooperation include the ENPI CBC programs (up to 2014 especially the Kolarctic CBC), the Norwegian Barents Secretariat, the Baltic Sea Region Programme and the Nordic Council of Ministers. Seed money financing is available through the Council of Baltic Sea States Project Support Facility, the EU Strategy for the Baltic Sea Region Seed Money Facility, the Nordic Council of Ministers and the Swedish Institute.

The challenges Russian NGOs face in their multilateral project activities include geographical limitations of funding programmes, unclear interpretation of programmes' priorities, complicated application and reporting procedures, requirements for highly developed programme management and accounting system of the applying NGO, untransparent decision making procedures, lack of available information, lack of knowledge in project development and management, insufficient language skills, lack of partners, local authorities' unwillingness to support international project activities initiated by NGOs, lack of finances for NGOs' basic activities, co-financing requirements: in-kind financing not considered as valid self-financing.

Recommendations on how to improve NGOs' abilities to be a part of international cooperation:

- To be flexible in formulation of the priorities, leave wider range of focuses - easier to adjust the project ideas from NGOs
- To motivate participation of smaller and less developed NGOs together with more advanced and sustainable
- To encourage the cross-sectorial approach by local actors from different sectors
- To reconsider the criteria of evaluation of NGO projects giving a similarly high priority for "soft" projects,
- To have two-stage application procedure: concept note (1) full application (2) for the selected project ideas
- To reduce the required co-financing percentage as much as possible
- All administrative costs and salaries should be permitted to be included into the project budget
- Seed money facilities should be linked to the existing financial instruments. The existing instruments should include both a seed money facility and financing for the implementation of the actual project.
- To shorten the time of the decision making on applications
- Better coordination, establishment of a common database where information about supported and implemented actions would be collected
- To consider a possibility to establish a common trans-border (CBSS and BEAC areas) financial instrument for NGO projects and activities
- To involve experts from nonprofit/NGO sector at the first stage of creation of financial support instruments

7. Merja Hannus, Secretary General of the Finland-Russia Society

Hannus stated that in the recent years, NGOs have become more and more involved in regional cooperation. Since the upcoming ENI CBC Programmes focus on economic cooperation and improvement of border infrastructure, NGOs' needs are not covered sufficiently. Only 1–2% out of all NGOs are able to apply for ENI CBC funding, because the CBC Programmes are generally too complicated to manage for NGOs and it is often impossible for NGOs to adjust to the financing system of the CBC Programmes, in which the expenses are reimbursed only afterwards. The current financing sources for NGO activities in the Barents region are Kolarctic ENI CBC 2014-2020, the Nordic Council of Ministers (NCM), and national sources: Finnish Ministry of Education and Culture, Finnish Ministry of Environment, Kone Foundation and Finnish Cultural Foundation. The Nordic Council of Ministers requires the projects to include three Nordic and a Russian project partner, which might be challenging for NGOs. Regional NGO meetings face-to-face are needed and therefore a tradition of annually or bi-annually organized NGO Forums and an NGO Network should be established in the Barents region. In addition to NCM instruments, there's a need to create an instrument for Barents Sea NGO cooperation,

that would be more flexible than CBC Programmes. Another option would be to channel more money for NGO activities through the existing funding instruments. For Russian NGOs it would be important to have a common financial support instrument in which Russia would be an equal partner.

8. Àile Jávo, President of the Saami Council

The Saami Council is an indigenous non-governmental organization that was established in 1956. The Saami Council is an umbrella organization, with nine member organizations in Finland, Norway, Russia and Sweden. The Saami Council represents the Sami civil society.

The primary aim of the Saami Council is the promotion of Sami rights and interests in the four countries where the Sami are living, to consolidate the feeling of affinity among the Sami people, to attain recognition for the Sami as a nation and to maintain the economic, social and cultural rights of the Sami in the legislation of the four states.

Global funds aimed at developing natural resources and combating climate changes provides an opportunity for dialogue between the heads of government in the region. This has been present in the international arena for several years. However there are significant questions about the governance and relevance of these funds, including whether they provide sufficient and appropriate economic or in-kind support for indigenous peoples and other vulnerable groups. In the Saami Council's point of view, it is therefore of the utmost importance that every financial instrument in the Barents region ensures respect for the rights and needs of indigenous peoples within the region.

Financing sources available for multilateral projects suitable for indigenous people in the Barents region include the Norwegian Barents Secretariat's funds, the Nordic Council of Ministers (a separate Arctic Programme), EU Interreg funding and the Foreign Ministries in the different countries (for instance the Norwegian Ministry of Foreign Affairs new programme "Arctic 2030" spends 150 million NOK on different projects and activities in the north). Although there is quite an amount of money available, only a small part of the funding goes to Sami or indigenous projects. It can be that the priorities of the funding do not suit the Sami society and/or there is a lack of capacity from the Sami society to apply for funding. Interreg North is the only EU funded programme that directly takes into account the Sami population.