



Barents Financial Mechanism (BFM)

Rules and Procedures

Valid from 1 January 2022



Barents Financial Mechanism

1. Objective

The objective of the Barents Financial Mechanism (BFM) is to enable funding of projects in the Barents region. The mechanism shall contribute to developing the Barents region as a unique Arctic region based on sustainability and people-to-people contacts.

The mechanism shall enhance cross-border cooperation in line with the objectives set in the Kirkenes Declaration of 1993, subsequent ministerial declarations, and rotating chairmanships' priorities. BFM shall contribute to the overall aim of the Barents cooperation to enhance stability, sustainable development and people-to-people contacts, taking into account the indigenous peoples. The financial mechanism will support projects within the parameters defined below.

2. Funding of the BFM

The funding of the mechanism will cover three-year periods, consisting of contributions from the state parties to the Agreement on the Establishment of an International Barents Secretariat (IBS).

Proposed initial annual funding commitment for the financial mechanism:

- Finland EUR 30 000 (amount for the first year EUR 50 000)
- Norway EUR 30 000 (amount for the first year EUR 90 000)
- Russia EUR 30 000
- Sweden EUR 30 000

All the members of the Barents Euro-Arctic Council (BEAC) and the Barents Regional Council (BRC) are in addition to the funding commitment above welcome to contribute to the mechanism with additional funding on a voluntary basis.

Funding commitment from the members above shall cover a three-year period in order to secure continuity and a stable framework. Payments should be done for a three-year period or annually. Funds undisbursed from one year within a three-year period will be carried forward to the following year. The CSO shall decide on the further handling of funds remaining at the end of each three-year period.

3. Management and administration

Project proposals will be assessed by the Selection Committee (SC). The SC will comprise of 3 members: The Chair of the CSO, the Chair of the Regional Committee and the Head of IBS, or representatives appointed by them.

The IBS will support the SC administratively, inter alia with publication of calls, pre-selection of project proposals, notification to applicants and assessing reports.



4. Calls for grant applications

Publication of calls for grant application will be conducted once a year. The CSO will, no later than three months prior to the publication of a call decide on the amount available, and at the same time decide on the total budget for grants in the following year's call.

- **The priority for grants will be** relevant to the objectives of the Barents Programme and priorities of the BEAC and the BRC Chairmanships.

For periods after Year 1, the CSO may decide to choose specific priorities within the above areas for the following years calls.

The IBS will on the basis of the CSO decision formulate a call for proposals, which will be published after approval of the CSO.

The IBS shall provide potential applicants with information, based on fairness and without exclusivity. Deadlines for application will be set in the publication of the call.

Applications shall be submitted on a pre-designed form provided by the IBS. Applications and reports shall be written in English.

5. Eligibility criteria for applicants

All applicants must have status as legal entities. The CSO will decide whether funding can be granted to the following legal entities, including the lead applicant:

- National, regional and local public authorities
- Educational and research institutions
- Associations
- NGOs and non-profit organisations

Working Groups reporting to the BEAC and the BRC and BRYC are eligible to apply for funding from the BFM to support projects relevant to their area of responsibility. However, as the working groups and BRYC are not legal entities, they shall appoint one organization (legal entity) to act as a lead partner. The lead partner takes full financial and legal responsibility for the implementation of the project.

After the first year of the existence of the mechanism, the CSO will decide whether BFM will be opened to serve as a fund also for projects run by other stakeholders in the Barents region.

6. Project criteria

The following criteria shall be fulfilled to be eligible for funding:

- Alignment with priorities of the call for application/proposal
- Involvement of partners or associated partners from at least three BEAC members including the lead partner, in exceptional cases two BEAC members may be eligible (see below)



- Relevance to the objectives of the Barents Programme and priorities of the BEAC and/ or the BRC Chairmanships
- Relevance to the work of the Barents working groups
- Bring added value to and visibility of macro-regional cooperation in the Barents region
- Engage multiple actors and strive to increase coherence in cooperation among the BEAC and BRC member states and regions
- Demonstrate how the results are envisaged to be sustainable

CSO can in some cases accept projects below EUR 25 000 with only two BEAC members and an additional partner outside the formal Barents cooperation. In such cases the SC must present the circumstances that allow for exception from the criteria of three BEAC members to the CSO for decision making.

7. Funding conditions

The following criteria shall apply:

- Project implementation period is a maximum of 2 years, but can with the permission of the IBS and based on reasonable grounds be extended to a maximum of 3 years
- The funding per grant will have a maximum of EUR 40 000 (extraordinary exceptions to the budget maximum can be approved by the CSO for projects of high region-wide importance)
- Projects proposals must have a minimum of 10% co-funding
- A project can start only after the funding decision has been made by the CSO and the project agreement is provided by IBS. Projects that have already started at the date of application will not be eligible
- Costs already financed by other sources will not be eligible
- The project shall strive for gender balance in relation to project partners and participants

8. Selection procedure

In assessing project proposals, the SC may consult the technically eligible applications with relevant experts in the Working Groups.

The SC will, taking opinions received into account, make a quality assessment of the eligible applications and elaborate a ranking list of the projects, accompanied by funding recommendations. The main assessment criteria are the following:

- Relevance to the objectives of the Barents Programme and priorities of the BEAC and/ or the BRC Chairmanships
- Project must provide substantial added value to one of the BEAC priority areas;
- Coherence, durability, dissemination and sustainability of results;
- Quality of project partnership and of budget and project management capacity;
- Quality of the methodological approach including content and qualities of the project;
- Applicability
- Cost efficiency
- Risk management



The SC will:

- Summarise applications on the basis of the aforementioned criteria
- Submit summary of application to the CSO for final approval within total budget limit.
- The Barents Regional Committee representative in the CSO will present the short list to the BRC.
- CSO member can request more information and can provide their written input to the SC.

The Chair of the CSO will inform the SC and IBS about the decision regarding selected projects. The decision of the CSO is final and not subject to appeal. Part of the funds at disposal in the call may be left unused due to lack of projects of required quality or insufficient amount of funds available.

The IBS will endeavour to notify all applicants of the outcome of their application within one-month after the decision-making process is finalised.

Applicants that have been granted funding will receive an explanatory note of actions required to complete the contractual procedure.

9. Disbursements

If selected by the CSO, project agreements will be provided by the IBS.

The minimum size of grants from the BFM is EUR 10 000.

For project budgets not exceeding EUR 10 000, the whole grant may be disbursed at the start of the project.

For project budgets exceeding EUR 10 000, funding shall be made by the IBS as follows:

Projects of 1 year's duration

- 80% upon signing
- 20% upon approval of final report

Projects with duration of more than 1 year

- 50% upon signing
- 30% after approval of the progress report for Year 1
- 20% upon approval of final report

Recipients will be required to return unused funds within a certain period after approval of the final report.



10. Budget structure

Every project applicant has to indicate the planned budget in the application form. The planned costs are divided per partner into different budget lines. The projects have to be planned and reported within the following budget lines:

Eligible cost categories	EUR	Financing plan	EUR	Financing %
Travel and subsistence costs		BFM funding		
Sub-contracting		Contribution of lead partner		
Other direct costs		Contribution of Co-partner 1		
Personnel costs		Contribution of Co-partner 2		
		Other sources of funding		
Administration costs including audit report max 10%				
Total eligible costs		Total funding		100 %

Budget flexibility allows projects to exceed their planned individual budget line by 10% without contacting the IBS. Changes exceeding 10% in individual budget lines must be approved by the IBS.

Increases of total project budget will not be financed by the BFM. Recipients of BFM grants must obtain approval of the IBS regarding to increase the project budget from other sources.

11. Project budget clarifications

Costs which are not included in any of the above-mentioned budget lines (e.g. equipment, investments) are not eligible.

The main conditions for eligibility of expenditure are:

- All activities comply with the principles of efficiency, sound financial management and cost-effectiveness;
- All expenditure is directly linked to and necessary for the project's implementation;
- Expenditure has to have incurred during the lifetime of the project;
- Expenditure is compliant with applicable tax and social legislation;
- Project costs must be comparable and adequate as well as proportionate to the costs in the country/countries involved. Cost figures are assessed on the experience of the IBS and projects previously funded by the BFM.



Personnel and administration costs:

- Personnel costs shall be charged according to the actual time devoted specifically to the project. They shall be calculated on the basis of the actual gross salary plus obligatory social charges and any other statutory costs included in the remuneration. The time which each employee spends working on the project, shall be recorded using timesheets or an equivalent time registration system.
- Administration costs are indirect costs such as rental of premises and administrative equipment

Travel and subsistence costs shall be charged in accordance with the internal rules of the partner.

Sub-contracting costs relate to work undertaken by external companies.

Other direct costs are costs necessary for the project not falling within a defined category. Expenses listed must be verifiable.

Value added tax (VAT), which is recoverable by whatever means, cannot be considered eligible, even if it is not actually recovered by the final partner or individual recipient. Only non-recoverable VAT borne by the project partner that may not be refunded or offset by the tax authorities or by any other means may be included in the final report.

Financial charges (e.g. charges for transnational financial transactions, bank charges for opening and administering the bank account(s) of the project) are not eligible as costs. This also applies to debit interests and exchange rate losses, which have to be borne by project partners.

Exchange rate: Amounts indicated in the application form and expenditure reported in the financial report must be denominated in EUR.

The monthly exchange rate announced by the European Central Bank shall be applied in reporting, thus the current rate of the month during which the expenditure was paid by the project partner.

https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html

Any exchange risk will be borne by project partners.

12. Reporting

A uniform reporting system with a user-friendly template will be mandatory for all BFM beneficiaries. The IBS will approve the final report when the requirements in this section, and any additional requirements in the project agreement, have been met.



Projects not exceeding 12 months duration are requested to submit only one report after the implementation of the project is finalised. The deadline for the final report is 3 months after the date of completion of project activities.

For projects exceeding 12 months, progress reports shall be submitted as agreed in the grant agreement.

Guidelines for reporting:

- Narrative report is consistent with the Financial Report. Results reporting: conducted in relation to objectives and activities – using indicators for goal achievement
- Financial reporting: actual expenditure in relation to approved budget
- Sources for external funding and contributions and the source of this financial resources from co-partners should be explicitly noted in the report;
- Documents are written in English or are explained in English (handwritten explanation is acceptable);
- A prospect of the future development of the project should be included in the final report, along with contact details for possible future follow-up by the IBS.
- Supporting documents:
 - Publications and examples of results: should be available for submission to the IBS, but not submitted with the final report
 - Financial and accounting documents: all project partners are obliged to keep all invoices, tickets, receipts and other accounting documents concerning the activities financed under the BFM until seven years after the project's finalisation (date of the final payment), and accessible upon request

CSO members can request to receive final reports from specific projects of their interest.

The IBS should be contacted in case:

- the project encounters any difficulties in the implementation phase;
- there is a change in contact data of the lead partner or the Co-partner;
- there is a change of the bank account of the lead partner;
- there are work plan adjustments;
- there is a replacement or drop-out of the Co-partner;
- there is a reallocation between budget lines above the flexible level (10%);
- there is a change in the project duration.

In case of any changes listed above the lead partner shall submit the request to the IBS at latest one month before the last day of the project duration.

The IBS is committed to transparency and takes appropriate measures to prevent irregularity, fraud or corruption in the use of its resources and funds. The IBS reserves the right to suspend payments or claim repayment in full of the unused portion of the funds or in part, including the interest accuser to the contribution if the funds are found to be misused or not satisfactorily accounted for.

Auditing: The project shall be audited according to the partner's internal rules and the certificate of fund use shall be submitted together with the project report.



13. Communication and visibility

The project implementer shall use the logo of the BEAC, and mention BEAC financial contribution in all public documents regarding the project and in all public material produced during and at the end of the project.

14. Abbreviations

Abbreviation	Long form
BFM	Barents Financial Mechanism
BEAC	Barents Euro-Arctic Council – sometimes shortened to “Barents Council”
BRC	Barents Regional Council
CSO	Committee of Senior Officials
RC	Regional Committee
IBS	International Barents Secretariat
SC	Selection Committee