



## **PILLAR 2: Connecting the Region**

### **2015 ANNUAL PROGRESS REPORT**

Prepared by Pillar Coordinators and approved by TSG2 on 28/04/2016

**Background:**

As provided in the TSG Rules of Procedure, every year, by end-February<sup>1</sup>, Pillar Coordinators shall submit to the Governing Board an Annual Progress Report for the pillar concerned covering the preceding year (1<sup>st</sup> January-31<sup>st</sup> December)

The Annual Progress Report, jointly prepared by Pillar Coordinators, is approved by the respective TSG prior to transmission to the Governing Board.

The Governing Board will be called to take note of the aforementioned reports, and, on that basis, to establish an Annual Progress Report for the EUSAIR as a whole, to be presented to the EU-28 High Level Group on macro-regional strategies and to the EUSAIR political/ministerial level.

**General remarks:**

The following table of content and the template itself show the sections that should be completed (none of them should be left blank or deleted from the report). If necessary and justified, additional (sub) sections could be added.

The report shall not exceed a maximum number of 5 pages (*Arial 12 or equivalent*).

Additionally, please note the following:

- The information should be well-structured within each of the sections and should be synthetic and to the point, addressing the content and not aiming for quantity.
- Do not include information which could be found elsewhere, e.g. minutes of the meetings or list of TSG members.
- The language should be direct and clear. Using acronyms, jargon or internal technicalities is not recommended.
- Refer to factual information, and be as concrete as possible. Vague and general comments (e.g. "the situation is progressing favourably and quite rapidly") without justification should be avoided.

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<sup>1</sup> Please note that this first report is exceptionally due by end-April 2016. This template is referring to the 2015 TSG report (i.e. first year of implementation), and may evolve in the future reporting periods, to include additional or more exhaustive information.

## 1. TSG PROCESS (GOVERNANCE)

The Pillar 2. “Connecting the Region”, has a specific nature encompassing two main domains, respectively 'transport' (Topic 1. “Maritime Transport” and Topic 2. “Intermodal connections to the hinterland”), and the “energy networks” which represent the third Topic. Such condition determined that from the beginning, all EUSAIR Countries designated their representative members at the ministerial level for both the fields with the exception only of Montenegro. As a consequence the Coordinating Countries (Italy and Serbia) appointed one Pillar Coordinator, each for Transport and Energy, and in all 4 Coordinators jointly coordinating the TSG2. In line with the EUSAIR national governance adopted by Italy, which oversees the participation of the regional level to the TSGs, representatives of the two designated Italian Regions for Pillar 2 (Abruzzo and Friuli Venezia Giulia) were included as standing members.

Because of the peculiar characteristic of the Pillar, a possible solution was evaluated to split the Group in two Subgroups which was proposed from the beginning with the aim to allow thorough analysis and a more focused thematic discussion. Therefore the management of the TSG2 proved to be quite complex, requiring common approaches and joint decisions to be agreed upon first of all by four Coordinators, and then by the entire Group, according to the specific patterns of transport and energy matters.

The members who took part to the TSG2 meetings were those designated and other representatives joined the entitled members on a one-off basis.

DGREGIO representatives participated to all the meetings whereas representatives of European Commission line DGs to some of them.

On an exceptional and temporary basis, pending the set up of the EUSAIR Facility Point, Commission's Technical Assistance funds were used to cover travel and accommodation costs for up to 2 delegates per non-EU country.

Three meetings were organized during 2015: the first in April, the second in July and the last in December.

The Group suffered from the constant absence of some Countries. A serious lack of participation was registered at the second meeting in July and as a result the envisaged subgroup on Energy did not take place (only three Countries were represented) hindering the possibility to move forward with joint discussion and with the general progression of the activity. The Italian and Serbian National Coordinators made joint efforts to give a substantial contribution to the situation; the Governing Board was also duly informed during the meeting held on 6<sup>th</sup> - 7<sup>th</sup> October in Zagreb.

In order to support the execution of the Pillar Coordinators' tasks and the entire process of carrying out planned activities the TSG2, there was an approval at the second meeting of a role of Technical Support Unit conferred to the Friuli Venezia Giulia Region (see below) which will be developed under the supervision and direction of the Pillar Coordinators.

The TSG2's role and key core competencies were debated during the first two meetings and a careful analysis was devoted to the Rule of Procedures model approved by the Governing Board. Some slight revisions were introduced in order to adapt the model to the needs of the Group and the final version was approved on the 26<sup>th</sup> of August by written procedure.

### **First TSG2 meeting in Trieste (20-21 April 2015):**

- Six out of eight countries participated (Bosnia Herzegovina and Montenegro were not present). Moreover, Croatia, Italy and Serbia were represented by delegates from both the 'transport' and 'energy' sectors. For Greece and

Slovenia, only delegates from the 'transport' sector attended the meeting, while Albania was represented by the delegate from the 'energy' sector only. The European Commission was represented by DGREGIO.

- Guaranteeing adequate technical and financial support was mentioned in order to cover costs and needs for the effective functioning of the TSG.
- The possibility to foresee and adopt a mechanism to ensure the feasibility phase of proposed interventions was recalled.
- Priorities and selection criteria, screening source of financing, methodology for the identification of baselines/indicators/targets and ADRION Facility Point were introduced in a preliminary manner and discussed;
- The Friuli Venezia Giulia Region offered its availability to provide technical secretariat support to TSG.

#### **Second TSG2 meeting in Belgrade (6-7 July 2015):**

- Representatives from five out of eight EUSAIR Countries attended the meeting with delegates from the transport sector. Delegates for the energy sector from Croatia, Italy, and Serbia were present. The European Commission was represented by DGREGIO and DGMOVE. EUSAIR Serbian National Coordinators and representative of SEETO (as guest) took also part in the meeting.
- Two Subgroups, one for "Transport" and one for "Energy" networks, were established within TSG2 to commence from the next meeting
- Prioritisation of actions and projects, possible specific criteria and source of financing, available databases and involvement of stakeholders were debated;
- The Technical Support Unit offered by the Friuli Venezia Giulia region was approved to operate under the supervision, direction and guidance of Pillar 2 Coordinators.

#### **Third TSG2 meeting in Rome (14-15 December 2015)**

- All eight EUSAIR Countries attended the meeting. Five Countries are represented by delegates from the transport sector, where six Countries by delegates from the energy networks sector. The European Commission was represented by DGREGIO, DGMOVE, DGENER and DGMARE. EUSAIR Italian National Coordinators took also part in the meeting together with representatives of SEETO Secretariat, CEI Secretariat, EIB, Energy Community as invited guests.
- Priority Actions and Sub-Actions as well as a proposal of cross cutting issues were endorsed by the TSG2 Transport and Energy Sub-Groups
- Proposals of specific criteria for identifying and endorsing projects, mapping of relevant financial resources to be activated, promotion of possible forms of cooperation with SEETO and Energy Community, possible synergies with EUSDR PAs for transport and energy were the other issues touched.

## **2. ACHIEVEMENTS**

For each Topic of Pillar 2 the TSG2 endorsed the following short list of priority Actions and Subactions on which to focus its initial activities. These were the results of a prioritization exercise promoted by the Pillar Coordinators who elaborated two Background Papers respectively for Transport and Energy which were sent to the Group members together with a template to be filled by each EUSAIR Countries. Seven of them provided their contribution for Transport and six out of eight in the case for Energy.

Topics	Priority Actions	Priority Sub-actions
<b>Maritime transport</b> <i>(Specific objective: To strengthen maritime safety and security and develop a competitive regional intermodal port system)</i>	Improving and harmonizing traffic monitoring and management	Enhancement and simplification of the existing ADRIREP Mandatory Ship Reporting system and proposal for the amendment of the IMO Res. MSC n.139(76). Implementation of an integrated Adriatic and Ionian common VTMS, the related alerting system and the common training and certification schemes of the operators.
	Developing ports, optimizing port interfaces, infrastructures and procedures/operations	1) Adoption of a common framework for the development of Single Window systems (Directive 2010/65/EU) allowing exchange of information between the ship and the onshore competent authorities and operators for streamlining administrative procedures (e.g. customs clearance, phytosanitary controls, etc.).
		2) Adoption of a common framework for the development of internal and external port infrastructures (road/rail/berths/equipment) to support the ports' intermodality and related SSS transport flows by aligning them with TEN-T requirements.
		3) Adoption of a common framework for the development of green shipping solutions as the necessary facilities for bunkering with alternative fuels (LNG) and cold ironing in Adriatic-Ionian ports.
<b>Intermodal connections to the hinterland</b> <i>(Specific objective: To develop reliable transport networks and intermodal connections with the hinterland, both for freight and passengers)</i>	Developing the Western Balkans transport network	Supporting the TEN-T extension (Networks and Corridors) to the WB - taking in to account the so-called "Berlin process" - by identifying and developing infrastructure projects aimed at complementing the networks with intermodal and strategic links improving the connectivity in the Adriatic Ionian Region.
	Developing motorways of the sea	Identifying transnational IT tools for tracking and tracing of ITUs using MoS in the Adriatic Ionian Region, supporting intermodality through its integrated with inland terminals and port / inland operators and improving last mile connections.
	Cross-border facilitation	1. Adoption of common standardized administrative procedures at border crossings (e.g. for security, phytosanitary and custom controls) and implementation of small and target scale investments and joint training programmes.
2. Facilitation and implementation of rail services (passengers and freight) and simplification of crossing border procedures among Member State and non UE countries		
<b>Cross-Cutting Issues</b> <i>(Specific objective: To improve the governance and build an efficient institutional and administrative capacity)</i>		
<b>Priority Actions</b>	Removing of barriers for the mobilization of cross-border investments in transport networks by the definition of agreements and memorandums of understanding	
	Development of a joint lifelong learning plan, training tools and methodologies	

Topic	Priority Actions	Priority Sub-Actions
<b>Energy Networks</b>  <i>(Specific objective: To achieve a well-functioning internal energy market supporting: the three energy policy objectives of the EU: competitiveness, security of supply and sustainability)</i>	Construction and establishment of a well-connected power system and well-functioning electricity market	<ol style="list-style-type: none"> <li>1. Construction of new transmission capacities and smart grids to achieve a balanced, sustainable and timely development of an interconnected electricity system</li> </ol>
	Construction and establishment of an integrated natural gas infrastructure and a well-functioning gas market	<ol style="list-style-type: none"> <li>2. Development of a regional efficient, integrated and transparent electricity market (including a co-ordinated auction office) with the aim to provide competitive and secure power supply through the Region</li> </ol>
	Clean fuels for maritime transport and their logistics	<ol style="list-style-type: none"> <li>3. Integrate energy efficiency and development of conventional and renewable energy sources with aim at environmental concerns and reduction of greenhouse gas emissions</li> </ol>
		<ol style="list-style-type: none"> <li>1. Diversification of natural gas sources, infrastructures, and routes (notably, TAP, IAP and other pipelines) to promote security of natural gas supply and competitiveness</li> </ol>
		<ol style="list-style-type: none"> <li>2. Development of interconnections, counterflows and natural gas storage along a regional perspective</li> </ol>
		<ol style="list-style-type: none"> <li>3. Establish an efficient gas trading hub towards an integrated natural gas market for the Region</li> </ol>
	<ol style="list-style-type: none"> <li>1. Developing a master plan for the use of LNG and other clean fuels in the Adriatic and Ionian Seas with a view to an Environmental Controlled Area</li> </ol>	
<ol style="list-style-type: none"> <li>2. Establishing a few ports with infrastructure to allow fuel switching to LNG in shipping and wider LNG deployment (by the year 2020)</li> </ol>		
<ol style="list-style-type: none"> <li>3. Converting ship engines to dual fuel use (by the year 2020)</li> </ol>		
<ol style="list-style-type: none"> <li>4. Harmonising security norms and technical standards for LNG deployment and direct use while adopting EU directives and reducing risk (by the year 2020)</li> </ol>		
Topic	Priority Actions	Priority Sub-Actions
<b>Cross-Cutting Issues Energy</b> <i>(Specific objective: To improve the governance and build an efficient institutional and administrative capacity while promoting participation and partnerships)</i>	Simplification of border-crossing procedures among Member Countries and non-UE Member Countries, while removing of barriers to investments by the definition of agreements and common rules	<ol style="list-style-type: none"> <li>1. Coordinate and align permits, technical standards and regulation (by the year 2020)</li> <li>2. Adopting rules and legal frameworks to protect cross-border investments (by the year 2020)</li> <li>3. Adoption of relevant EU Directives and policy frameworks (by the year 2020)</li> </ol>
	Development of joint lifelong learning, training	<ol style="list-style-type: none"> <li>1. Joined capacity building for implementing a common (energy) market</li> </ol>

	tools and industrial partnerships	
		2. Development of small and medium-size enterprise partnerships across the Region while promoting private-public dialogue and collaboration on innovative technologies

Each priority was openly and broadly discussed. In the case of Transport it was decided to promote a synergic interaction with the so-called “Berlin process” and to work on the accomplishment of harmonisation and soft measures needed for each modality of transport. Project proposals would comply with three main objectives: interconnectivity, intermodality and integration (either at project and financial blending levels) in the Adriatic Ionian Region. They should cover the "last mile" infra/info-structural connections between TEN-T corridors/axes and core nodes and the development of a modern and efficient intermodal transport model which integrates maritime transport, inland waterways, railways, roads and airports.

The TSG2 agreed in recognizing the importance of building actions and projects on existing initiatives in order to exploit synergies and create complementary interventions. In this respect, forms of co-operation with existing European and multilateral organizations having similar or converging objectives (for instance South East Europe Transport Observatory - SEETO in the case of Transport; Central and South Eastern Europe Gas Connectivity- CESEC initiative and Energy Community in the energy field) were envisaged. SEETO Secretariat and Energy Community representatives participated as invited guests to the third TSG2 meeting in Rome in order to present and share their experiences. Permanent links with EUSDR correspondent Priority Areas 1.b and 2. were also sustained. Pillar Coordinators of EUSDR 1.b was invited as well to the third TSG2 meeting to illustrate activities realized and give suggestions.

Regional surveys, technical and economic feasibility studies and comparative analyses were identified as essential components for moving into the implementation phase in both Transport and Energy sectors.

Significant contribution to the discussion was given by EC line DGs, especially DGMOVE and DGENER, confirming the relevance of their active involvement in the TSG2 activity.

Mapping of available financial resources were investigated at the preliminary stage. Each of the Countries gave initial inputs of available types of funds in association with the identified Priority Actions. Presentations were delivered by European Investment Bank, Central European Initiative Secretariat, South East Europe Transport Observatory Secretariat and Energy Community during the TSG2 third meeting in order to share opinions on the mechanisms already in place for attracting potential financial resources to implement projects/measures. The TSG2 agreed during the third meeting in Rome that a template will be prepared with the help of the TSG2 Technical Support Unit in order to permit each Country to map the different types of EU-National and Donors/Private Funds available starting from the Priority Actions-Subactions identified.

Pillar Coordinators through the TSG2 Technical Support Unit ensured a regular flow of communication toward the Pillar 2. Members the updating of the EUSAIR intranet specific session which is dedicated to the Pillar 2. “Connecting the Region”: documentation related to the TSG2 activities was uploaded on regular basis.

In addition Pillar Coordinators and the TSG2 Technical Support Unit contributed to the dissemination of information on EUSAIR Pillar 2 and of the state of the art implementation of the Action Plan to the following Conferences/meetings at the national and EU level:

- Central European Initiative and European Commission- DGNear Conference on “The role of the European Union in the Western Balkans: transport interconnections and the enlargement process” – Trieste 21<sup>st</sup> April 2015 (Intervention by Italian Pillar 2. Transport Coordinator, EUSAIR Countries Pillar 2. and Friuli Venezia Giulia Region Representatives) <http://www.cei.int/content/cei-%E2%80%93dg-near-conference-%E2%80%93C-role-eu-western-balkans-contribution-transport-enlargement-proces>
- Twelfth Meeting of the WBIF Steering Committee - Rome 25<sup>th</sup> June 2015; (Intervention by Italian Pillar 2 Coordinator) [https://wbif.eu:9443/alfresco/service/api/node/workspace/SpacesStore/31e657ac-d05c-47dc-8c84-19a1e94b4165/content?alf\\_ticket=TICKET\\_0c4740ec4c77322f8951ab644da4c83c97f87169](https://wbif.eu:9443/alfresco/service/api/node/workspace/SpacesStore/31e657ac-d05c-47dc-8c84-19a1e94b4165/content?alf_ticket=TICKET_0c4740ec4c77322f8951ab644da4c83c97f87169)
- International Conference of Intermoadria and Easyconnecting EU Projects on “Intermodal Connections in the Adriatic-Ionian Macroregion” – Ancona, 2<sup>nd</sup> July 2015 (Interventions of Italian Ministry of Infrastructures and Transport, of Pillar 2. Italian Coordinator and Italian Regions representatives) <http://www.easyconnectingproject.eu/news/macro-theme-meeting-intermodal-connections-adriatic-ionic-macroregion>
- Final Conference of EU ADRIPLAN Project on “Planning the Sea Towards an effective Maritime Spatial Planning in the Mediterranean Sea” - AQUAE VENICE 2015 EXPO - Venice, 10<sup>th</sup> July 2015 (Intervention by Italian EUSAIR Pillar 2. Transport Coordinator) <http://adriplan.eu/index.php/sample-pages/past-events/302-adriplan-final-conference-planning-the-sea>
- Seminar on “Blue Growth: boosting sustainable development of marine and maritime economy – the case of Adriatic-Ionian region (Intervention by Italian EUSAIR Pillar 2. Transport Coordinator) – Venice 28<sup>th</sup> September 2015 <http://www.aquae2015.org/event/blue-growth-boosting-sustainable-development-of-marine-and-maritime-economy-the-case-of-adriatic-ionic-region/>
- National Conference of EASEAWAY EU Project “ Pilot Projects presentation and analysis on future projects on people mobility in the Adriatic Ionian area” – Trieste, 3<sup>rd</sup> December 2015 (Intervention of Friuli Venezia Giulia Region on “EU Strategy for the Adriatic -Ionian Region: implementation of Pillar 2. Connecting the Region”) <http://www.easeaway.eu/item/193-ea-sea-way-national-conference-trieste-december-3rd>.

### **3. MAIN ISSUES/CHALLENGES ENCOUNTERED**

At the present stage organisation of the meetings and the developing of working process had to count on the Pillar Coordinators their own facilities and resources in conjunction with the Technical Support Unit who in some cases contributed to limited logistic costs. Setting up and running of Facility Point under EU ADRIAN Programme should play relevant functions in supporting the TSG2 activities under technical and financial point of view.

Pillar Coordinators recognize that accurate and solid preparation phase as well as maintaining permanent communication flow with the TSG2 members are

prerequisite condition to have successful meeting. Active involvement by all the Countries should be continuously fostered.

#### **4. NEXT STEPS**

TSG2 approved during the third meeting in Rome a draft work plan for 2016, to be potentially revised and enriched in accordance to the following implementation steps.

Three meetings have been scheduled, tentatively in spring, summer and late fall. The identification of specific projects (and measures) of macroregional value, of their possible actors and means for financing will mark the advancement of the TSG2 activity. In this respect master plans, scenarios, assessments might help, while defining and adopting Specific Criteria to complement the General Criteria of the Action Plan. It is assumed that the Specific Criteria should be non-binding and in principle differ along to the variety of identified Priority Actions and Sub-Actions. EUSAIR countries may also wish to intensify the dialogue with stakeholders and the business community through the Region and streamline the operations (EUSAIR Stakeholders Platform would provide guidance to the purpose).

Ad hoc Conferences and experts seminars will be organized hopefully on a regular basis with the aim to feed technical knowledge on specific issues relevant for Transport and Energy Subgroups tasks.

Relations with other EU Macroregional Strategies should be taken into account and cross-learning can be envisioned.

The mapping of financial available resources should be based on structured approach: verification of the coherence of projects (and measures) with the existing financial instruments and means for attracting private investment will be conducted by the TSG2 in parallel with the labelling process. The establishment of a permanent dialogue with ESIF and IPA Managing Authorities for potential alignment of Funds to the strategy, with IFI's and private investors remains a key goal.

Communication and awareness-raising will be supported including:

- a) Participating into 1<sup>st</sup> EUSAIR Forum which will be held in Croatia in May 2016
- b) Implementing intranet EUSAIR web session and common web page on the TSG2 activities;
- c) Participating into local, national, European events with the aim of disseminating information regarding TSG2 activity.